

# Retail Sales Renovated

Canadian retail sales rose 0.7% in January, a tad above expected and continuing the trend of solid data this week. (December's gain was revised up one-tenth.) Autos were down 1.5%, a little disappointing since new motor vehicle purchase volumes were flat (reported earlier this week). Sales ex-autos were up a towering 1.8%, more than triple the consensus call and the biggest gain since November 2007. Strength was across the board with all major categories higher (except autos). About one-third of the high-side surprise was due to a 7.4% surge in sales in building and outdoor supply stores, as shoppers rushed to take advantage of the expiring home renovation tax credit (I did my part). Other sectors that saw notable gains were home furniture stores (+15.1%) and food and beverage (+1.9%).

The only downer in this report was that retail sales volumes were up a meagre 0.1%. That's disappointing considering the strong headline gain. However, preliminary reports point to a bounce in February auto sales, which should provide a boost to retail sales next month.

Provincially, Ontario led the way with sales rising 1.4%. Newfoundland (+2.1%), PEI (+1.6%) and Alberta (+0.7%) also had solid gains. It wasn't all good news though, as sales fell in New Brunswick (-1.2%) and Saskatchewan (-0.2%).

(seasonally adjusted)	(month/month % change)			(% change : a.r.)	
	Jan	Dec	Nov	3-month	12-month
<b>Total</b>	0.7	0.5	-0.4	3.5	6.0
<b>Ex. Auto Dealerships</b>	1.8	0.7	0.0	10.1	5.5
<b>Auto Dealerships</b>	-3.1	0.0	-1.7	-17.8	7.9
<b>Gasoline Stations</b>	1.5	2.5	3.2	32.4	18.6
<b>Food</b>	1.9	-0.7	0.3	6.2	1.0
<b>Drugs</b>	0.3	-0.7	-0.5	-3.7	2.5
<b>Clothing</b>	0.5	2.5	-3.8	-3.4	-0.2
<b>Furniture &amp; Electronics</b>	2.5	0.6	0.6	15.7	4.5
<b>Total (volume-terms)</b>	0.1	0.8	-1.1	-0.8	3.4

**The Bottom Line:** That makes a trio of solid data for January, pointing to another very strong month for real GDP following December's 0.6% gain. Our preliminary calculations put January real GDP up 0.4%-to-0.5%, boosting our call for Q1 growth to 4.7% annualized from 3.7% previously.

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