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Releases

Retail trade, July 2006	2
Retail sales bounced back in July, more than offsetting declines in May and June, mainly on the strength of the automotive sector.	
Current economic conditions	6
Deliveries of major grains, August 2006	6
Crushing statistics, August 2006	6
Cereals and oilseeds review, July 2006	6

New products

8



Releases

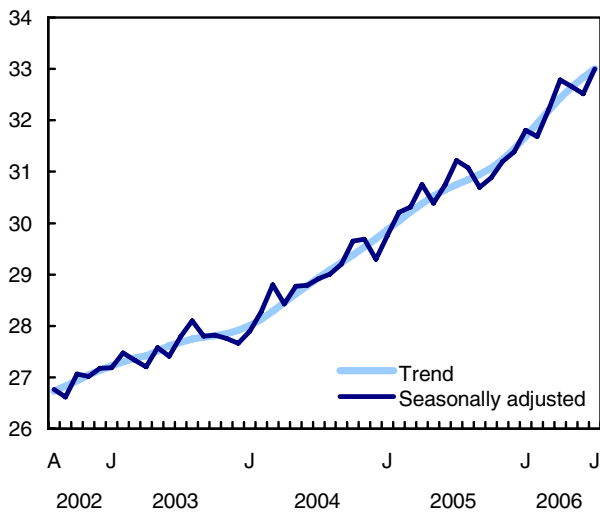
Retail trade

July 2006

Retail sales bounced back in July, more than offsetting declines in May and June. Sales advanced 1.5% to a record high \$33.0 billion, mainly on the strength of the automotive sector. Total retail sales, which exclude sales taxes, have generally been rising at a rapid clip following a slowdown in 2003.

Retail sales bounced back after two months of declines

\$ billions



Excluding sales by dealers of new, used and recreational vehicles and auto parts, retail sales rose 0.7% from June, after two months of flatness. The main contributor to the growth in the rest of retailing in July was gasoline station sales; excluding this component as well, retail sales edged up by only 0.2%.

Contrasting with the strong gains made in the automotive sector (+4.0%), five other sectors showed only modest growth in July: pharmacies and personal care stores (+0.8%), food and beverage stores (+0.4%), general merchandise stores (+0.4%), furniture, home furnishings and electronics stores (+0.3%) and building and outdoor home supplies stores (+0.3%).

Meanwhile, sales in the clothing and accessories stores (-1.7%) and miscellaneous retailers (-0.3%) sectors declined from the previous month.

Miscellaneous retailers include stores such as sporting goods, hobby, music and book stores.

Once price changes were taken into account, total retail sales in constant dollars grew by only 0.4%, indicating that much of July's growth was price driven, mainly due to higher prices at the pump.

Retail sales get a boost from strong auto sales

Sales at new car dealers bounced back 4.3% in July, following three months of weak sales. According to the New Motor Vehicle Sales Survey, the number of automobiles sold was up by 3.0% in July, buoyed in part by the return of some incentive programs. Among automobiles sold in July, trucks, which generally sell for more, surged ahead 7.8%.

Used and recreational motor vehicles and parts dealers saw their sales advance by 3.1% in July. Sales at these dealers have increased at a rapid clip since November 2005. July's sales were over 20% higher than they were in the same month last year. The recent demand for recreational vehicles made a large contribution to this rise.

Prices rose at the pump in July, resulting in an increase of 3.7% in the value of sales at gasoline stations. Over the long run, gasoline station sales have been on the rise since mid-2003. Prices have played a major role in this run-up.

Outside of the automotive sector, the pharmacies and personal care stores sector led with a 0.8% increase in sales. July's advance was the ninth consecutive increase.

In the food and beverage stores sector, a 0.8% increase in supermarkets, the largest component in the sector, was partially offset by a 1.3% decline in beer, wine and liquor stores. Sales in convenience and specialty food stores edged up 0.2%, making it the eighth monthly sales increase in a row for these types of stores.

The general merchandise stores (+0.4%) and the furniture, home furnishings and electronics stores (+0.3%) sectors each posted modest increases in July. A sales gain of 1.2% in home electronics and appliance stores, the largest component in the latter sector, offset a 1.3% sales decline in home furnishing stores. Despite July's increase, sales growths in these two sectors have been relatively moderate compared to the large sales gains seen in both sectors in January 2006.

Consumer spending at the building and outdoor home supplies stores sector was up 0.3% in July,

as sales in specialized building material and garden stores increased by 2.4%. Retail sales in home centres and hardware stores were essentially flat (-0.1%). Although the annual rate of increase has been declining since 2003, these types of stores have maintained double digit annual sales growth in the previous four years.

Third decline in a row for clothing and accessories stores

Shoppers spent fewer dollars (-1.7%) in the clothing and accessories stores sector in July, making it the third monthly decline in a row. Both clothing stores (-1.8%) and shoe, clothing accessories and jewellery stores (-1.4%) had lower sales in July compared to June. The recent declines in this sector followed a period of steady growth as sales picked up momentum at the start of 2006.

Miscellaneous retailers reported their second decline this year as sales slipped by 0.3% in July. The 0.4% sales gain in sporting goods, hobby, music and book stores was more than offset by a 1.0% decline in miscellaneous stores retailers.

Sales increase in all provinces in July

All provinces registered sales increases in July. Sales in the Atlantic provinces (+2.7%) bounced back from the 2.9% decline in June. Nova Scotia (+3.5%) and New Brunswick (+2.9%) lead the Atlantic provinces in sales growth.

The Prairie provinces continued to post sales growth at or above the national average with Manitoba gaining 2.1% in sales and Saskatchewan and Alberta each gaining 1.5% in July. Quebec (+1.4%) and Ontario (+1.3%) both posted increases after two months of

lacklustre sales. Sales in British Columbia bounced back in July, increasing by 1.2% after falling by a similar amount in June.

Related indicators for August

Employment was little changed for the third consecutive month in August, marking the longest stretch without gains since the end of 2001. The unemployment rate edged up 0.1 percentage points to 6.5%, still among the lowest in 30 years.

Housing starts were down 9.6% in August to a seasonally adjusted annual rate of 213,700 units, according to the Canada Mortgage and Housing Corporation.

Based on preliminary sales data, the number of new motor vehicles sold in August is estimated to have grown by about 3%. Truck sales were responsible for 80% of this increase.

Available on CANSIM: tables 080-0014 to 080-0017.

Definitions, data sources and methods: survey numbers, including related surveys, 2406 and 2408.

The July 2006 issue of *Retail Trade* (63-005-XIE, free) will soon be available.

Data on retail trade for August will be released on October 23.

For more information or to order data, contact Client Services (toll-free 1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). For analytical information, or to enquire about the concepts, methods or data quality of this release, contact Lucy Chung (613-951-1903), Distributive Trades Division.

□

Retail sales

	July 2005	April 2006 ^r	May 2006 ^r	June 2006 ^r	July 2006 ^p	June to July 2006	July 2005 to July 2006
Seasonally adjusted							
	\$ millions					% change	
Automotive	10,968	11,485	11,273	11,156	11,596	4.0	5.7
New car dealers	6,436	6,168	6,053	5,936	6,193	4.3	-3.8
Used and recreational motor vehicle and parts dealers	1,296	1,547	1,524	1,511	1,557	3.1	20.2
Gasoline stations	3,236	3,769	3,696	3,708	3,846	3.7	18.8
Furniture, home furnishings and electronics stores	2,123	2,271	2,305	2,311	2,319	0.3	9.2
Furniture stores	733	789	794	788	790	0.3	7.9
Home furnishings stores	395	444	449	450	444	-1.3	12.5
Computer and software stores	130	124	129	135	135	0.0	3.7
Home electronics and appliance stores	865	913	933	938	949	1.2	9.7
Building and outdoor home supplies stores	1,896	2,054	2,072	2,082	2,089	0.3	10.2
Home centres and hardware stores	1,513	1,683	1,683	1,706	1,704	-0.1	12.6
Specialized building materials and garden stores	383	371	389	376	385	2.4	0.4
Food and beverage stores	7,261	7,358	7,326	7,324	7,351	0.4	1.2
Supermarkets	5,279	5,287	5,253	5,244	5,286	0.8	0.1
Convenience and specialty food stores	770	790	796	797	799	0.2	3.8
Beer, wine and liquor stores	1,212	1,281	1,277	1,282	1,266	-1.3	4.4
Pharmacies and personal care stores	1,992	2,170	2,211	2,239	2,256	0.8	13.2
Clothing and accessories stores	1,764	1,879	1,874	1,871	1,839	-1.7	4.2
Clothing stores	1,356	1,431	1,442	1,428	1,402	-1.8	3.4
Shoe, clothing accessories and jewellery stores	408	448	432	443	437	-1.4	7.0
General merchandise stores	3,634	3,889	3,912	3,850	3,866	0.4	6.4
Miscellaneous retailers	1,582	1,680	1,682	1,687	1,682	-0.3	6.3
Sporting goods, hobby, music and book stores	804	839	835	837	841	0.4	4.6
Miscellaneous store retailers	778	841	847	850	841	-1.0	8.1
Total retail sales	31,220	32,787	32,654	32,520	32,998	1.5	5.7
Total excluding new car dealers, used and recreational motor vehicle and parts dealers	23,488	25,072	25,078	25,073	25,247	0.7	7.5
Provinces and territories							
Newfoundland and Labrador	493	504	501	497	503	1.3	2.1
Prince Edward Island	118	123	124	120	121	0.5	2.6
Nova Scotia	888	945	954	912	944	3.5	6.3
New Brunswick	715	742	745	728	749	2.9	4.8
Quebec	7,036	7,295	7,261	7,255	7,359	1.4	4.6
Ontario	11,485	11,863	11,656	11,659	11,811	1.3	2.8
Manitoba	1,075	1,100	1,108	1,094	1,117	2.1	3.9
Saskatchewan	949	988	985	976	991	1.5	4.5
Alberta	4,154	4,700	4,729	4,744	4,817	1.5	16.0
British Columbia	4,199	4,419	4,480	4,425	4,476	1.2	6.6
Yukon	37	38	38	38	38	0.8	3.4
Northwest Territories	49	50	51	50	49	-1.7	0.3
Nunavut	21	21	21	21	22	2.4	3.4

^r revised
^p preliminary

Retail sales

	July 2005	June 2006 ^r	July 2006 ^p	July 2005 to July 2006
Unadjusted				
	\$ millions			% change
Automotive	11,846	12,936	12,709	7.3
New car dealers	6,892	7,129	6,771	-1.8
Used and recreational motor vehicle and parts dealers	1,473	1,884	1,770	20.1
Gasoline stations	3,481	3,923	4,168	19.7
Furniture, home furnishings and electronics stores	2,072	2,229	2,250	8.6
Furniture stores	792	814	843	6.4
Home furnishings stores	380	445	424	11.7
Computer and software stores	111	128	119	6.8
Home electronics and appliance stores	789	843	864	9.5
Building and outdoor home supplies stores	2,172	2,658	2,404	10.7
Home centres and hardware stores	1,747	2,152	1,965	12.5
Specialized building materials and garden stores	425	506	439	3.3
Food and beverage stores	7,933	7,646	7,787	-1.8
Supermarkets	5,585	5,425	5,428	-2.8
Convenience and specialty food stores	864	860	888	2.8
Beer, wine and liquor stores	1,484	1,360	1,472	-0.9
Pharmacies and personal care stores	1,920	2,247	2,173	13.2
Clothing and accessories stores	1,654	1,867	1,718	3.9
Clothing stores	1,261	1,423	1,310	3.9
Shoe, clothing accessories and jewellery stores	393	443	408	3.9
General merchandise stores	3,704	4,020	3,932	6.2
Miscellaneous retailers	1,537	1,691	1,636	6.4
Sporting goods, hobby, music and book stores	759	790	799	5.2
Miscellaneous store retailers	777	902	837	7.6
Total retail sales	32,839	35,294	34,611	5.4
Total excluding new car dealers, used and recreational motor vehicle and parts dealers	24,473	26,281	26,069	6.5
Provinces and territories				
Newfoundland and Labrador	539	555	541	0.4
Prince Edward Island	142	137	142	-0.1
Nova Scotia	956	1,025	1,005	5.1
New Brunswick	763	809	799	4.7
Quebec	7,443	7,999	7,800	4.8
Ontario	11,927	12,624	12,227	2.5
Manitoba	1,129	1,199	1,174	4.0
Saskatchewan	1,009	1,072	1,051	4.2
Alberta	4,365	5,052	5,047	15.6
British Columbia	4,448	4,701	4,704	5.7
Yukon	43	45	44	3.5
Northwest Territories	54	54	54	0.6
Nunavut	22	22	22	2.1

^r revised

^p preliminary

Current economic conditions

The resurgence of overseas demand at a time of slower growth in the United States was reflected in the distribution of our exports, where a pickup in shipments abroad partly offset a drop to the United States over the past year.

In fact, shipments to the United States dipped 0.3% in the past year despite gains in energy, but total exports continued to grow thanks to gains of 22% to the European Union and 12% to Japan.

The current account surplus was cut in half in the second quarter, mostly due to a falling surplus in merchandise trade. The non-energy trade balance slipped into a small deficit for the first time since 1992, the result of lower exports (especially forestry products) and strong import demand.

Domestic demand remained robust except for a dip in construction in the second quarter. The simultaneous drop of both residential and non-residential building suggests that weather, and not economic forces, played a major role in slowing construction activities. Construction had soared in the first quarter when temperatures were unusually mild, and activity returned to more normal levels in the second.

Housing starts and building permits point to a resumption of growth during the summer. Housing prices remain strong, up 10% from last year, in marked contrast with the sharp deceleration in the United States. Much of the strength in Canada originated in the West.

Residential building and renovations rose 8.5% in the year ending in the second quarter. Nominally, this represents a healthy gain. But growth was increasingly concentrated in the West: excluding Alberta's 36% gain, growth would have been 4.8%, or only slightly more than in the United States. And without British Columbia's 23% increase, growth would have been only 1.5%.

Nominal growth in Western Canada's housing industry was increasingly driven by higher prices. New housing prices in Calgary were 56% higher than July 2005, while Edmonton was up 30%. As a result, the overall implicit price index for housing rose 6.2% in the past year, double the rate in mid-2005.

Definitions, data sources and methods: survey numbers, including related surveys, 1301, 1901, 2152, 2306, 2406 and 3701.

The print version of the September 2006 issue of *Canadian Economic Observer*, Vol. 19, no. 9 (11-010-XPB, \$25/\$243) is now available. See *How to order products*. This issue summarizes the major economic events that occurred in August and

presents an article entitled "The Alberta economic juggernaut: The boom on the rose."

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-9162; ceo@statcan.ca), Current Economic Analysis Group. ■

Deliveries of major grains

August 2006

Data on August grain deliveries are now available.

Available on CANSIM: table 001-0001.

Definitions, data sources and methods: survey numbers, including related surveys, 3403, 3404 and 3443.

The August 2006 issue of *Cereals and Oilseeds Review* (22-007-XIB, free) will soon be available.

For general information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-465-1991; agriculture@statcan.ca), Agriculture Division. ■

Crushing statistics

August 2006

Oilseed processors crushed 297 919 metric tonnes of canola in August. Oil production last month totalled 129 120 tonnes while meal production amounted to 173 406 tonnes.

Available on CANSIM: table 001-0005.

Definitions, data sources and methods: survey number 3404.

The August 2006 issue of *Cereals and Oilseeds Review* (22-007-XIB, free) will be available in October.

For general information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-465-1991; agriculture@statcan.ca), Agriculture Division. ■

Cereals and oilseeds review

July 2006

The July 2006 issue of *Cereals and Oilseeds Review*, Vol. 29, no. 7 (22-007-XIB, free) is now available from the *Publications* module of our website.

An overview of current grain supplies and markets is also included in this publication.

Definitions, data sources and methods: survey numbers, including related surveys, 3401 and 3464.

For further information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-465-1991; agriculture@statcan.ca), Agriculture Division. ■

New products

Canadian Economic Observer, Vol. 19, no. 9
Catalogue number 11-010-XPB (\$25/\$243).

Whole Farm Database Reference Manual, 2006
Catalogue number 21F0005GIE
 (free).

Whole Farm Database Reference Manual, 2006
Catalogue number 21F0005GPE
 (free).

Cereals and Oilseeds Review, July 2006, Vol. 29,
 no. 7
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 (free).

Wholesale Trade, July 2006, Vol. 69, no. 7
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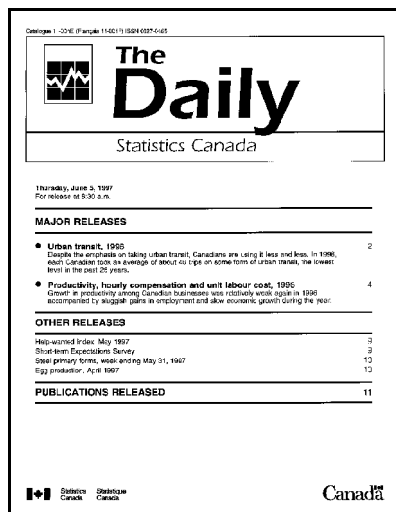
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