



Retail sales growth at nine-year high in March

Retail sales in British Columbia hit their highest level ever in March, surging 2.1% from February to total \$3.6 billion on a seasonally adjusted basis. This tops the previous high set in April 1995. Rising auto sales, including recreational vehicles, together with gains in most other retail sectors except general merchandise, contributed to strong sales growth.

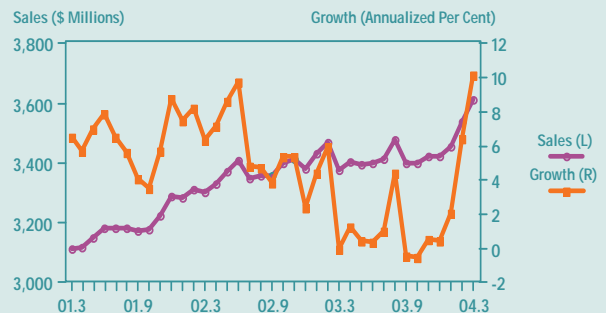
March marks three straight months of rapidly rising retail sales in B.C., following almost no growth during the last nine months of 2003. Sales growth was dampened last year by ebbing auto sales and tourist traffic, though these trends are now abating.

The outlook for retail sales is fairly positive, as the B.C. economy will post a higher growth rate this year and low interest rates are expected to persist. In fact, another cut in the prime lending rate is possible, although not expected. Low mortgage rates fuel housing and other durable goods markets such as furniture and appliances. A higher economic growth rate means higher income growth and that will also boost retail sales.

Retail sales are forecast to grow at a more normal pace this year, compared with last year's weak showing. Our forecast calls for 5% growth in 2004, which is at the high end of other forecasts that expect annual growth of about 2% to 3%.

Retail sales growth rate at nine-year high

B.C. Retail Sales, Seasonally Adjusted, Monthly



Source: Statistics Canada.