

Economics

ECONOMIC FLASH!

economics.cibccm.com

May 22, 2026

Canadian retail sales (Mar, Apr adv); Feeling the squeeze

by **Andrew Grantham** andrew.grantham@cibc.com

Retail sales (period/period % chg, quarters are annualized % chg)	25:Q3	25:Q4	26:Q1	Jan	Feb	Mar	Mar Y/Y
Total retail sales	0.7	1.6	8.6	1.2	0.7	0.9	3.4
• Vehicle & parts dealers	-6.0	-4.4	5.1	1.7	0.8	-0.5	-2.2
• Total ex-vehicle & parts dealers	3.4	3.9	9.9	1.0	0.6	1.4	5.6
Total real retail sales	-1.1	-2.0	4.8	1.1	0.4	-0.7	0.1

Source: Statistics Canada

- A solid quarter for retail sales ended on a softer note in March, with higher gasoline prices already appearing to put a squeeze on spending in other areas. While headline sales appeared healthy in nominal terms, that was due to higher pump prices and in inflation-adjusted terms retail sales fell for the first time in three months. Unfortunately, advance data for April suggests more of the same (higher nominal sales but potentially lower volumes), setting Q2 up to be a much weaker quarter for consumer spending.
- While nominal sales posted a solid 0.9% advance in March which was a little above the 0.6% consensus forecast, that was flattered by the surge in pump prices seen during the month. Core retail sales (ex autos and gasoline) actually edged down by 0.1%, while overall sales volumes fell by 0.7%.
- A stagnant housing market continues to weigh on retail sales. Building materials & supplies sales fell by almost 3%, while furniture, electric & appliance posted a decline (albeit marginal) for the fifth consecutive month.
- Still, even with the March dip, retail sales volumes rose by a respectable 4.8% annualized in the first quarter. However, that followed two consecutive quarters of contraction and in year-over-year terms sales volumes as of March were broadly unchanged.
- The advance estimate for April pointed to a 0.6% increase in the overall value of retail sales, although as in March that figure will be flattered by another rise in gasoline prices and therefore in volume terms will look softer.

Implications & actions

Re: Economic forecast — Overall, while headline sales were a little stronger than the consensus forecast and advance estimate, that surprise wasn't large enough to change the underlying message – namely that inflation-adjusted consumer spending appears to be stalling again following a solid start to the year. That stall in spending will limit the ability of higher gasoline prices to spread to wider inflationary pressures, enabling the Bank of Canada to look through the near-term spike in headline inflation and keep interest rates on hold this year.

Re: Markets — Despite the headline beat, the weak details saw bond yields continue to edge lower following the release.

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce ("CIBC"), its subsidiaries and affiliates (including, without limitation, CIBC World Markets Inc., CIBC World Markets Corp. and CIBC Capital Markets (Europe) S.A.) provide different products and services to our customers around the world. Products and/or services offered by CIBC include corporate lending services, foreign exchange, money market instruments, structured notes, interest rate products and OTC derivatives. CIBC's Foreign Exchange Disclosure Statement relating to guidelines contained in the FX Global Code can be found at www.cibccm.com/fxdisclosure. Other products and services, such as exchange-traded equity and equity options, fixed income securities and futures execution of Canadian securities, are offered through directly or indirectly held subsidiaries of CIBC as indicated below.

Distribution

This report is written by the economics team at CIBC Capital Markets and is not the product of a CIBC Capital Markets research department. This report is issued and approved for distribution: (a) in Canada, by CIBC World Markets Inc., a member of the Canadian Investment Regulatory Organization, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund; and (b) in the United States, by either: (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada and does not constitute an offer or solicitation to buy or sell any securities discussed herein, including (without limitation) in any jurisdiction where such offer or solicitation would be prohibited.

The distribution of this report in the United Kingdom is being made only to, or directed only at, persons falling within one or more of the exemptions from the financial promotion regime in section 21 of the UK Financial Services and Markets Act 2000 (as amended) ("FSMA") including, without limitation, to the following:

- authorised firms under FSMA and certain other investment professionals falling within article 19 of the FSMA (Financial Promotion) Order 2005 ("FPO") and directors, officers and employees acting for such entities in relation to investment;
- high value entities falling within article 49 FPO and directors, officers and employees acting for such entities in relation to investment; and
- persons who receive this presentation outside the United Kingdom.

The distribution of this report to any other person in the United Kingdom is unauthorised and may contravene FSMA. No person falling outside such categories should treat this report as constituting a promotion to them or rely or act on it for any purposes whatsoever. This report is distributed solely to eligible counterparties or professional clients and not retail clients as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

For all other jurisdictions, this report is distributed solely to institutional clients and not retail clients as defined by the applicable securities legislation and regulation to which CIBC Capital Markets may be subject in any jurisdiction.

Miscellaneous

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.

CIBC Capital Markets and the CIBC Logo Design are trademarks of CIBC, used under license.

CIBC Capital Markets – PO Box 500, 161 Bay Street, Brookfield Place, Toronto, Canada M5J 2S8 – Bloomberg @ CIBC