

Strong Retail Trade Continues with Record E-commerce Sales Projected for Q4

[Chris Ferris](#), Senior Economist
November 27, 2020

Bottom Line

While September 2020 retail sales in Canada, Manitoba, and the Winnipeg Census Metropolitan Area (CMA) are up year-over-year, their trajectory slowed month-over-month based on tighter public health restrictions. **With the further tightening of public health restrictions in October and November, we expect retail sales to be flat or down in each month of the fourth quarter of 2020.**

At the same time, we expect to see increasing sales via e-commerce, curbside, and delivery. Black Friday and the Christmas season are likely to push already record e-commerce sales to new heights, improving the odds of saving the seasonal sales of retailers (particularly of non-essential goods). **As we have seen in Canada and around the world, the faster we get the second wave under control, the sooner we can get back to something closer to normal.**

Recent announcements about promising vaccines that are in phase two or three of clinical trials have given people hope. **Still, it will take time for these to reach Canadians, so we cannot ease back on our vigilance just yet.**

Analysis

On November 20, Statistics Canada released retail trade statistics for September 2020. We reviewed the unadjusted statistics for Canada, Manitoba, and the Winnipeg Census Metropolitan Area (CMA).¹

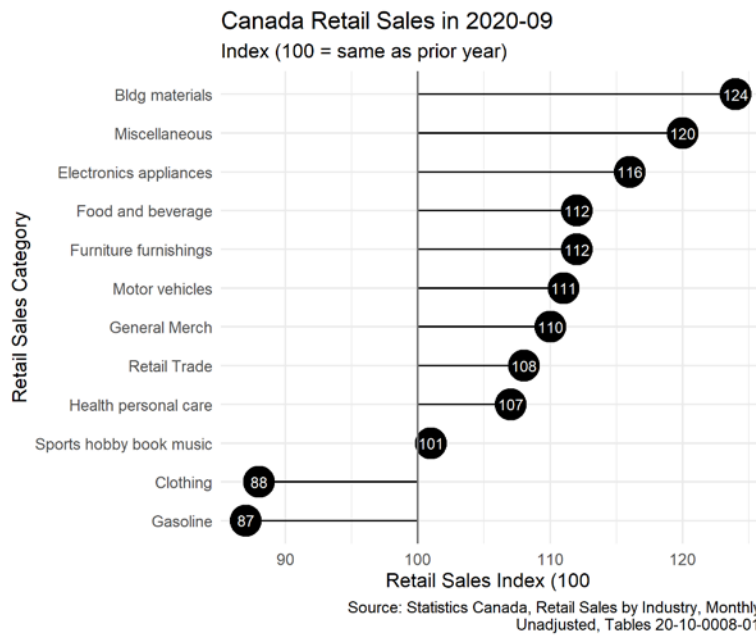
Table 1: Unadjusted Retail Trade by Month by Geography (\$ Billions, % change)

Geography	Sep-19 (\$B)	Aug-20 (\$B)	Sep-20 (\$B)	Y/Y % Change	M/M % Change
Canada	\$51.07	\$55.13	\$55.17	8%	0%
Manitoba	\$1.71	\$1.97	\$1.93	13%	-2%
Winnipeg CMA	\$1.08	\$1.26	\$1.23	14%	-2%

As shown in **Table 1**, Canada's Sep 2020 unadjusted retail sales of \$55.17 billion increased by 8 per cent year-over-year (y/y), and flat month-over-month (m/m). Manitoba's Sep 2020 unadjusted retail sales of \$1.93 billion was up 13 per cent y/y and down 2 per cent m/m. Winnipeg CMA's Sep 2020 unadjusted retail sales of \$1.23 billion was up 14 per cent y/y, and down 2 per cent m/m. **With the tightening of public health restrictions, we expect retail sales to be flat to slightly declining in each month of the fourth quarter of 2020.**

¹ Source: Statistics Canada, unadjusted data, Retail Sales, [Table 20-10-0008-01](#). We used unadjusted data so that we can include the data from the Winnipeg CMA too.

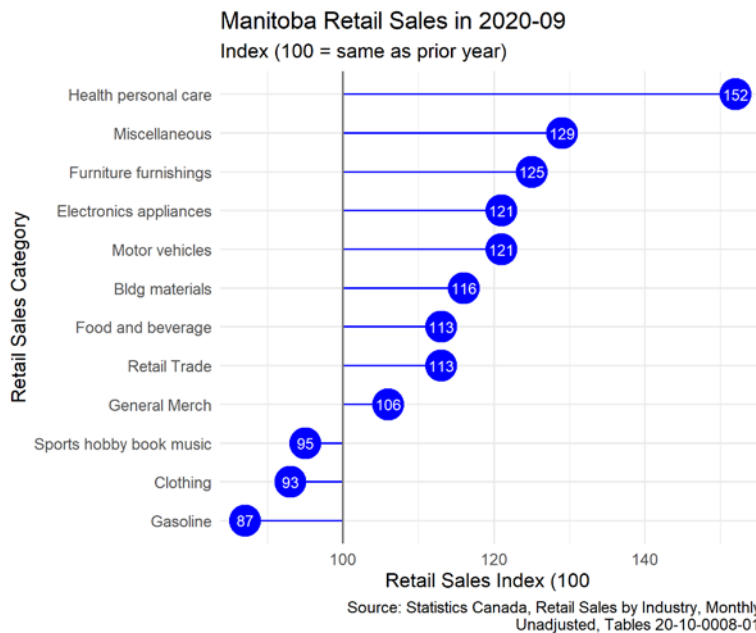
Figure 1: Year-over-Year: **Canada's Retail Sales Index** (100 = same as last year)



Canada's retail sales of **building materials** in September 2020 were up 24 per cent y/y (**Figure 1**).

While most other retail sectors were also up y/y, sales of **clothing** (-12 per cent), and **gasoline** (-13 per cent) continue to lag. Direct and indirect effects of COVID-19 are responsible for holding these two subsectors back.

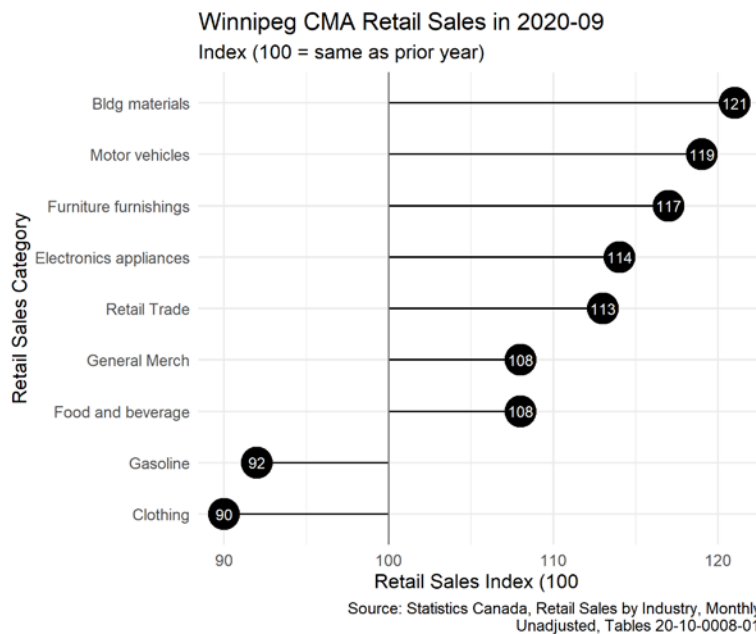
Figure 2: Year-over-Year - **Manitoba's Retail Sales Index** (100 = same as last year)



Manitoba's retail sales of **health and personal care** in September 2020 was up 52 per cent y/y (**Figure 2**).

While most other retail sectors were also up y/y, sales of **clothing** (-7 per cent), and **gasoline** (-13 per cent) continue to lag. Direct and indirect effects of COVID-19 are responsible for continuing to hold these two subsectors back.

Figure 3: Year-over-Year - **Winnipeg CMA's Retail Sales Index** (100 = same as last year)



The Winnipeg CMA's retail sales of **building materials** in September 2020 were up 21 per cent y/y (**Figure 3**).

While most other retail sectors were also up y/y, sales of **gasoline** (-8 per cent), and **clothing** (-10 per cent) continue to lag. Direct and indirect effects of COVID-19 are responsible for continuing to hold these two subsectors back.

Companies in high contact industries will be the most heavily affected by the tightening COVID-19

restrictions. Those high contact retailers with strong or expanded e-commerce and local delivery capability should be better able to weather these restrictions.

Figure 4: **Canada's Retail E-commerce Sales Index** (unadjusted)



When we look at this historically, we see that the typical seasonal pattern is for November and December to have the strongest seasonal sales, with the level of e-commerce sales continuing to rise y/y. The six strongest months for e-commerce sales have been April to September 2020. May 2020 had sales of \$3.9 billion (highest thus far), while September 2020 saw sales of \$3.2 billion.

Figure 4 shows that Canadian e-commerce sales are still above their level a year ago. E-commerce sales in September 2020 are up 74 per cent y/y, while overall retail sales are

only up 8 per cent.² **Given the typically seasonal pattern, combined with the COVID-19 boost, we expect to see record e-commerce sales in Q4 2020.**

As we have recently heard, Canada has reserved its place in line to get many hundreds of millions of doses from a [variety of makers](#). This includes a vaccine candidate from the Quebec City Company [Medicago](#) in partnership with [GSK](#).³ It will take time to manufacture and distribute COVID-19 vaccine doses, whether made in Canada or elsewhere. **In the meantime, Canadians will continue to live with the COVID-19 pandemic even as vaccine doses start to become available in 2021 from a variety of makers.**⁴

Therefore, we need to exercise patience and continue following the fundamentals; there is light at the end of the tunnel. In the meantime, it is important from a public health and economic perspective to get the COVID-19 virus outbreak back under control. Lower case numbers and positivity rates will eventually enable us to ease back from Manitoba's code red. This in turn will mean improving business revenues, job markets and tax revenues as restrictions can be safely eased.

EDW Contacts for Assistance or Inquiries:

- **For Winnipeg businesses looking for help accessing government programs, please reach out to our Yes! Winnipeg Team** through our [Help us help you form](#) if you are not sure who to contact on the Y!W team.
- For general inquires please email wpginfo@edwinnipeg.com.
- For Marketing & Communications Inquiries, please [email marketingandbranding@edwinnipeg.com](mailto:email.marketingandbranding@edwinnipeg.com).

We may be facing tighter restrictions but that does not need to restrict your holiday shopping. You can [Shop often, and shop local](#) right from the comfort of your home. You will be supporting businesses and helping to build back the Winnipeg and Manitoba economy.

² Statistics Canada released information on November 23, 2020 that says [25 per cent of Canadian businesses had at least some e-commerce sales in 2019](#). (This data goes well beyond retail e-commerce sales).

³ The Medicago and GSK vaccine candidate entered phase 2 trials on [November 12, 2020](#). They hope to enter phase 3 trials before the end of 2020.

⁴ We addressed the Bank of Canada's assumptions in [WED issue 38](#) for example. [October 2020 Monetary Policy Review](#).