

Manitoba’s Wholesale and Retail Sales Stronger during April 2020 Lockdowns than Canadian Average

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June 26, 2020

Bottom Line

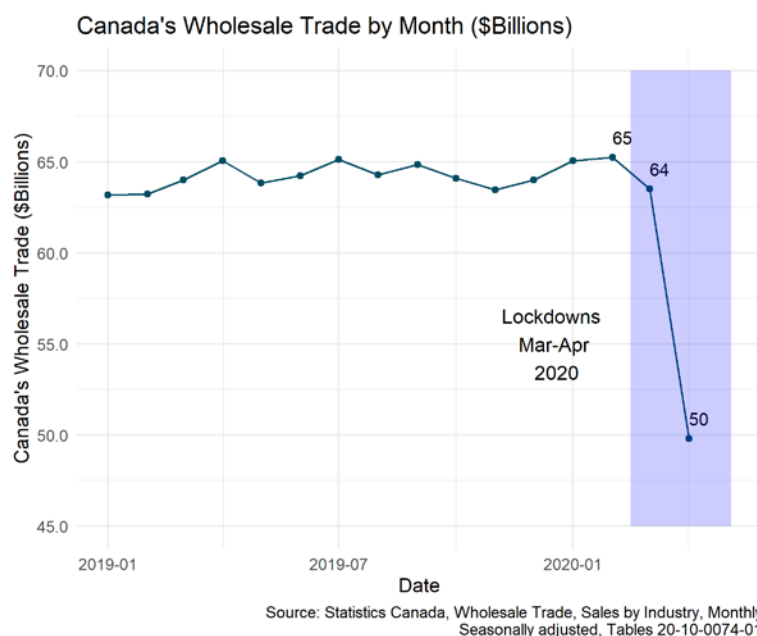
As expected, April 2020 wholesale and retail sales figures continued to decline. On average, the Manitoba sales figures held-up better than the Canadian average. Wholesale sales of motor vehicles, parts and accessories experienced the sharpest drop at the Canadian level.

We expect that May 2020 retail sales for Canada and Manitoba will begin to rebound from April 2020 lows precipitated by lockdowns. In Manitoba, the sectors that were allowed to open up in phase one will likely see some gains in May. Retail outlets that were allowed to reopen in phases two and three will likely see gains from June onwards.

Firms that had e-commerce capability in place, or added it during the lockdown, saw more resilient retail sales compared to their non-e-commerce peers. **E-commerce will likely continue to be an area of strength for companies going forward.**

Wholesale Trade Sales – April 2020

Figure 1: Canada’s Wholesale Trade by Month (\$Billions)

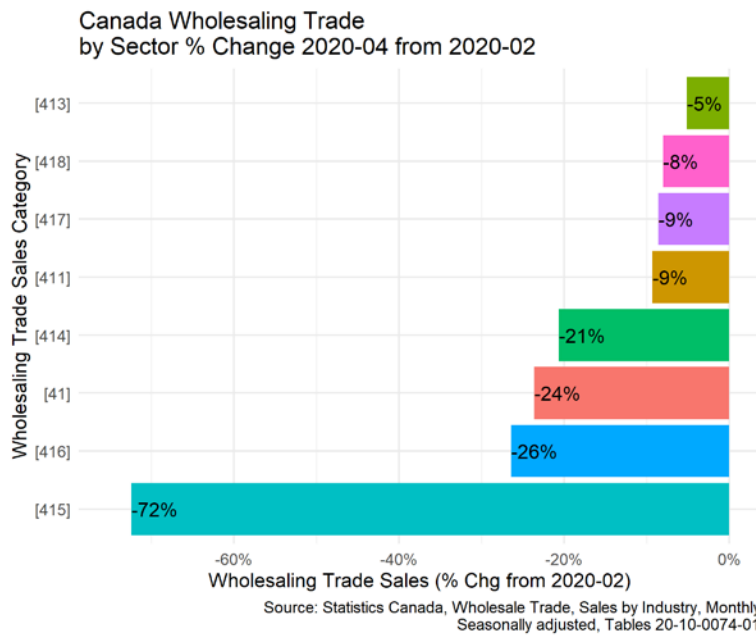


The Canadian wholesale trade sales for April 2020 fell sharply (to 50 billion dollars) in April 2020. This was down 24 per cent from the February 2020 figure of 65 billion dollars (**Figure 1**).

Canadian wholesale trade inventories as a whole rose only slightly in April 2020 to 93 billion dollars, from 92 billion dollars in both February and March 2020. This implies a sharp reduction of purchases by wholesalers, from manufacturers and

importers, as outbound sales were slowing.

Figure 2: Canada Wholesaling Trade by Sector (Percentage Change Apr/Feb 2020)



Canada's average percentage change in sales between April and February 2020 by the wholesale trade was -24 per cent. Only two sectors saw a greater decline from the average (**Figure 2**):

- **[415] Motor Vehicle and MV parts and accessories** (-72 per cent), and
- **[416] Building material and supplies** (-26 per cent).

The only other sector close to the average performance was **[414] Personal and household goods (-21 per cent)**. The other sectors all had percentage declines of less than 10 per cent (see **Table 1**).

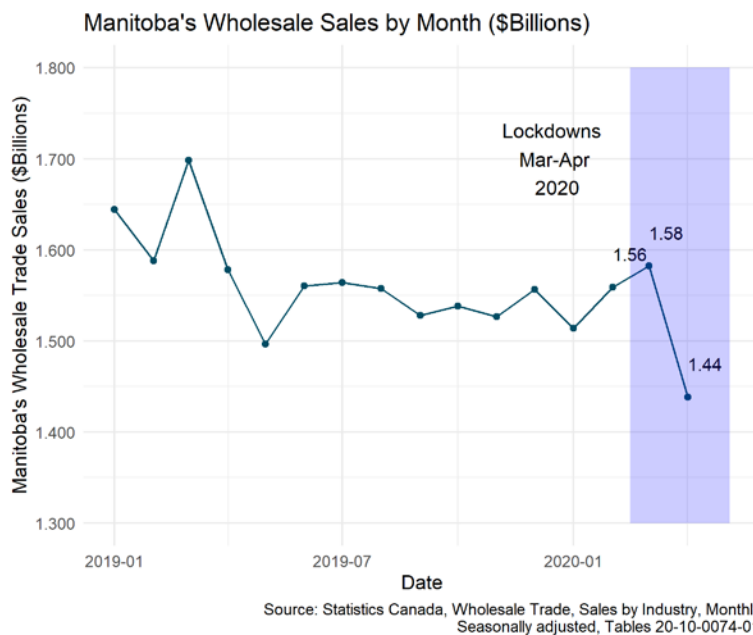


Figure 3: Manitoba's Wholesale Trade by Month (\$Billions)

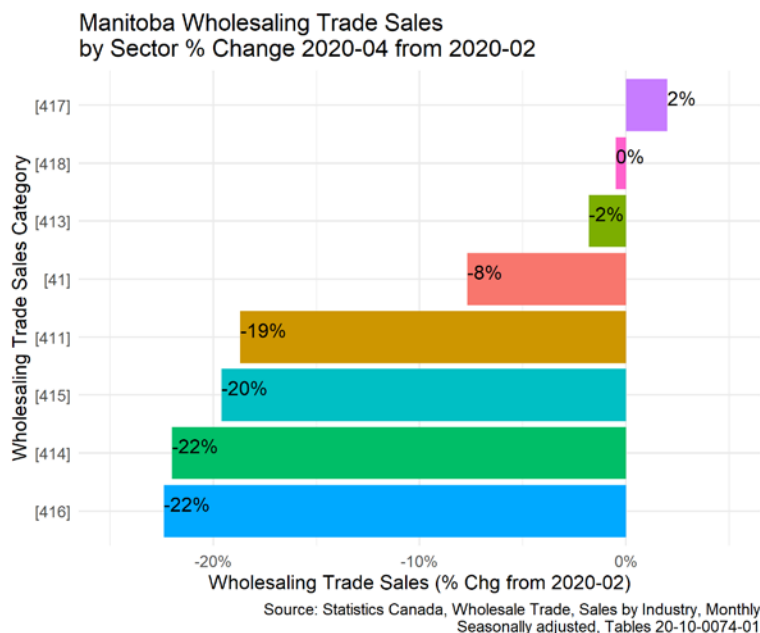
Manitoba's wholesale trade sales for April 2020 fell to 1.44 billion dollars. This was down only 8 per cent from the February 2020 figure of 1.56 billion dollars (**Figure 3**).

Table 1: The Various Types of Merchant Wholesalers using the NAICS System

41 – Wholesaling Trade	415 – Motor Vehicle and MV parts and accessories
411 - Farm Products	416 - Building material and supplies
413 - Food, Beverage and Tobacco	417 – Machinery, equipment, and supplies
414 – Personal and household goods	418 – Miscellaneous

Surprisingly, none of Manitoba's wholesale trade sectors Apr/Feb 2020 percentage change fell as much as the Canadian average of -24 per cent.

Figure 4: Manitoba Wholesaling Trade Sales by Sector (Percentage Change Apr/Feb 2020)



Only Manitoba's wholesale sales for **[411] Farm Products** (-19 per cent) and **[414] Personal and household goods** (-22 per cent) saw a greater decline for the same sectors than that of Canada as a whole (see **Figure 2**, and **Figure 4**). The remainder of Manitoba's wholesale sectors experienced a smaller decline than Canada as a whole.

Manitoba's [417] Machinery, equipment, and supplies sector experienced a 2 per cent increase from Apr/Feb 2020, the only sector to experience a gain in April vs February 2020.

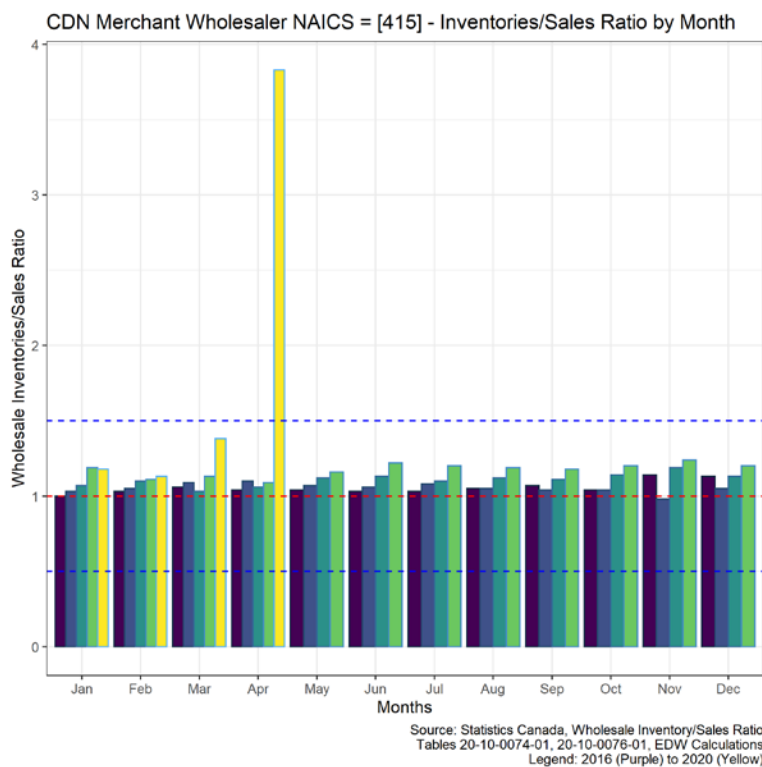


Figure 5: Canada – Motor vehicle and MV parts and accessories Inventory/Sales Ratio by Month

For **[415] MV and MV parts and accessories** Canada's Inventory/Sales ratio rose from 1.13 in February to 3.83 in April.¹ Sales dropped from \$11.8 billion in February to \$3.2 billion in April 2020. As noted above, Manitoba's wholesale sales for this sector were down 20 per cent in April to 114 million dollars (from February's 142 million dollars).

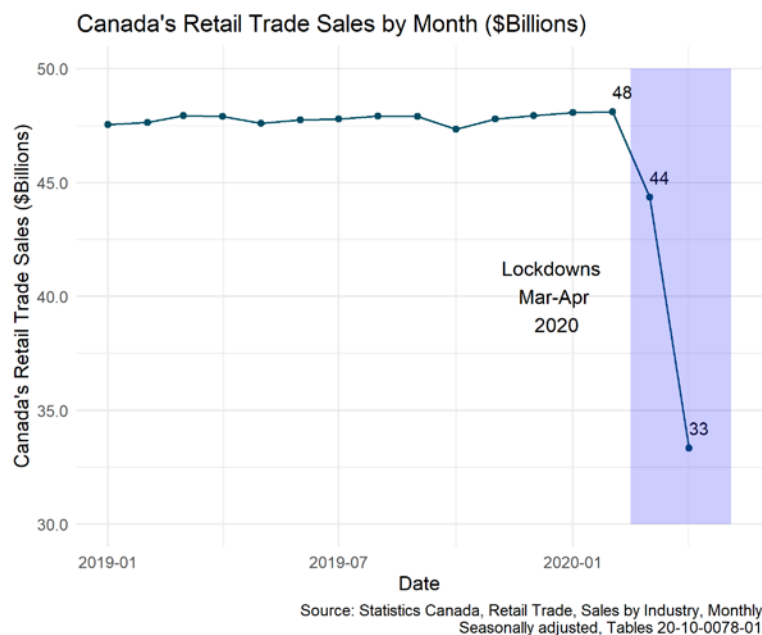
How quickly the sector's wholesale trade sales come

¹ An Inventory/Sales ratio of one or more: inventory is sufficient to cover a month or more of sales. An I/S ratio of less than one: inventory has to be renewed partway through the month.

back will depend on the confidence of buyers of new/used vehicles (personal and fleet buyers). In the meantime, there will remain a need for MV parts and accessories to maintain the current stock of vehicles.

Retail Trade Sales –April 2020

Figure 6: Canada's Retail Trade Sales by Month (\$Billions)



As we had expected in [issue 16](#), Canada's April 2020 seasonally adjusted retail sales fell sharply (to 33 billion dollars). This was down 31 per cent from the February 2020 figure of 48 billion dollars (**Figure 6**).

Three retail sector saw sales decline about two-thirds in the following sectors:

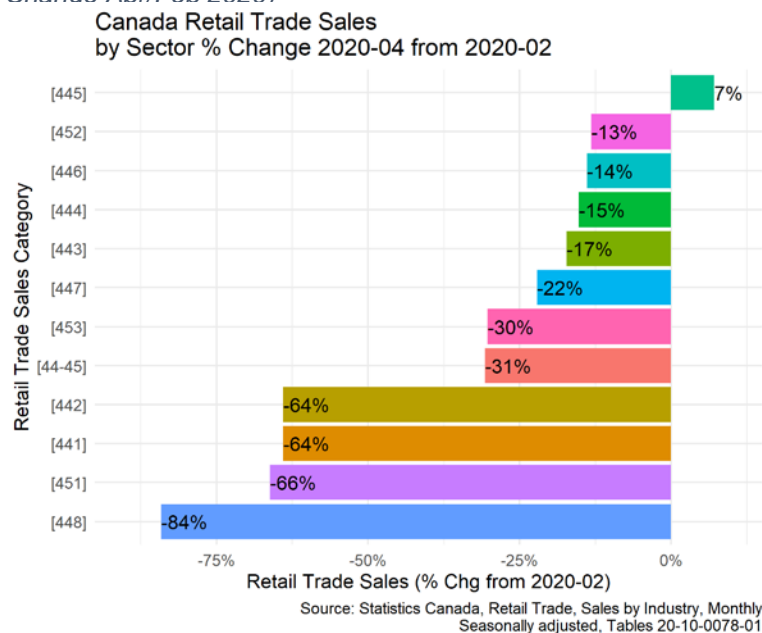
- **[442] Furniture and home furnishings,**
- **[441] Motor vehicle and parts, and**
- **[451] Sporting goods, hobby, book and music.**

[448] Clothing and clothing accessories declined 84 per cent (**Figure 7**).²

[445] Food and beverage stores saw an increase of 7 per cent from February to April 2020.

Much of this was driven by businesses being declared non-essential in Canada during the March/April lockdown. **COVID-19 helped encourage the adoption of e-commerce marketing channels**

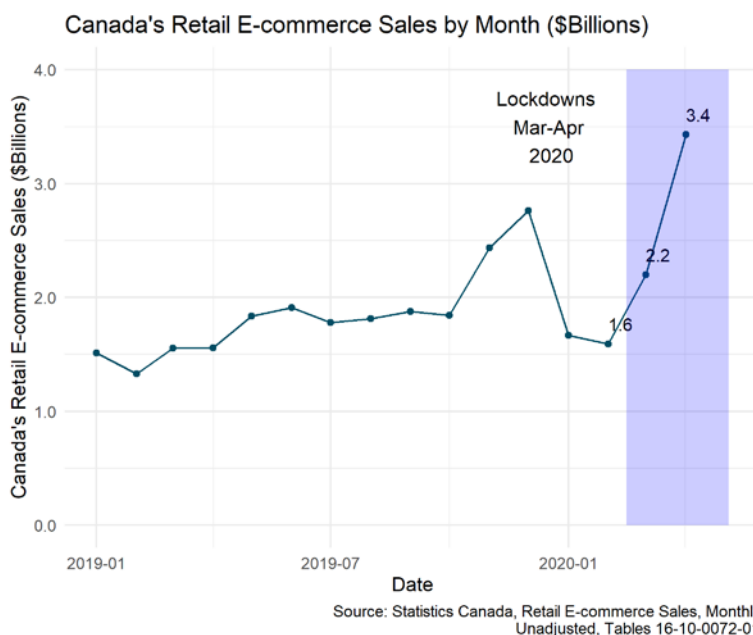
Figure 7: Canada Retail Trade Sales by Sector (Percentage Change Apr/Feb 2020)



² See **Table 2** to see what the retail trade NAICS codes signify.

(including curbside and delivery), given the constraint on in-person sales and marketing.³

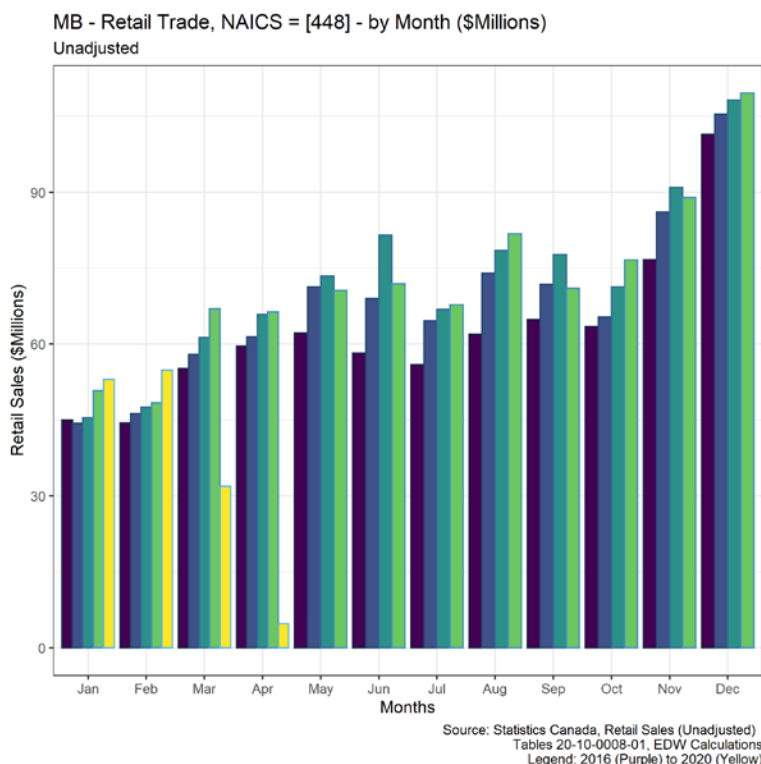
Figure 8: Canada's Retail E-commerce Sales by Month (\$Billions)



This will be particularly useful for small or medium enterprises (SMEs) that relied primarily on in-person sales/marketing.

While there is typically a large increase in e-commerce sales in November and December, and flatter sales in other months, the COVID-19 related lockdown pushed Canada's e-commerce sales to an unprecedented 3.4 billion dollars (Figure 8).

Figure 9: Manitoba – Retail Sales of 448 Clothing and Clothing Accessories (\$Millions)



The unadjusted retail sales for Manitoba, sales fell 13 per cent from February to April 2020.

The largest decline from February to April 2020 for Manitoba retailers was [448] **Clothing and clothing accessories** (-91 per cent); see Figure 9. Much of this decline was driven by businesses being declared non-essential in Manitoba during the March/April lockdown.

Considering February to April 2020, unadjusted retail sales for Manitoba saw 445 – Food and beverage up by 21 per cent (Figure 10). Some of this was

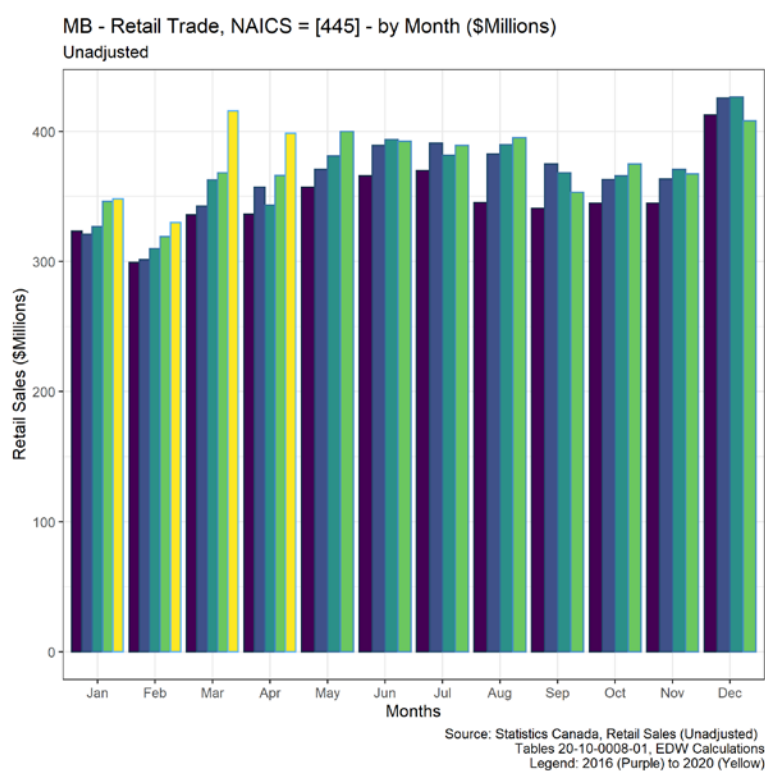
³ E.g. Ottawa's [Shopify](#) platform & Winnipeg's [Bold Commerce](#) (which offers platform e-commerce tools).

and is elevated due to reduced sales by restaurants and food services companies during the pandemic lockdowns.

Table 2: The Various Types of Retailers using the NAICS System

[44-45] - Retail Trade	446 – Health and personal care
441 – MV and parts dealers	447 – Gasoline stations
442 – Furniture and home furnishings	448 – Clothing and clothing accessories
443 – Electronics and appliance	451 - Sporting goods, hobby, book and music
444 – Building material and garden equipment and supplies	452 – General Merchandise
445 – Food and Beverage	453 – Miscellaneous Retailers

Figure 10: Manitoba – Retail Sales of 445 Food and Beverages (\$Millions)



Looking forward, we can expect to see gains in retail sales in May. In Manitoba, the May retail sales gains will likely be focused in sectors that opened up in [phase one](#) (May 4, 2020).

Manitoba's [phase two](#) (began June 1, 2020), and [phase three](#) (began June 21, 2020) will positively affect the June and July 2020 retail numbers.

Future phases of reopening will affect the remaining sectors as the phases are put in place.

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.