

Consumers Keep their Wallets Open in January-February

TD Credit and Debit Card Spending Report

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TD credit and debit card transactions for January and February reveal solid momentum in spending for the first two months of 2024. Year-on-year growth (non-seasonally adjusted) in total spending ran at a steady pace of just below 6% through January and February (Chart 1).

Zooming in on the monthly pattern, spending picked up in February after a softer January, led by spending on services. February saw a significant 2.1% m/m rebound in services outlays after a weak January. February's rebound was driven by bounce backs in recreation and entertainment, even as travel spending remained weak but positive (Chart 2).

Consumers shifted their focus away from goods, which dropped in February, after a couple of strong months supported by growth in clothing and general merchandise categories (Chart 3). The last month of winter reversed this trend, also witnessing a downturn in grocery store spending, possibly influenced by [softer price growth](#). We'll have a better understanding of these dynamics once February's [retail sales](#) data is reported at the end of April.

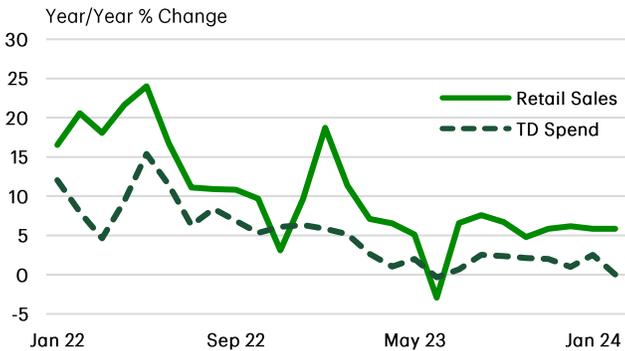
The combined regions of the Atlantic provinces, Ontario, Manitoba, and Quebec surpassed the national spending benchmark during the review period (Chart 4). [Ontario's](#) spending patterns appear to be influenced by a rebound in the housing market, which is significant given its representation in our dataset, likely contributing to the observed strong growth in overall figures. On the other hand, Alberta's spending slightly fell below the national benchmark, reversing its previous trend of outperformance. British Columbia's spending continued to trail, aligning with expectations of muted growth prospects in the region (see our [provincial forecast](#)).

Bottom line

TD's spending data suggest that consumers kept their wallets open to start the year, potentially influenced by warmer-than-expected weather and improvements in their [financial portfolios](#). Combined with solid growth in auto sales, we expect real consumer spending growth to come in around 3.0% percent (annualized) in the first quarter of 2024, making a positive contribution to GDP ([see our forecast](#)).

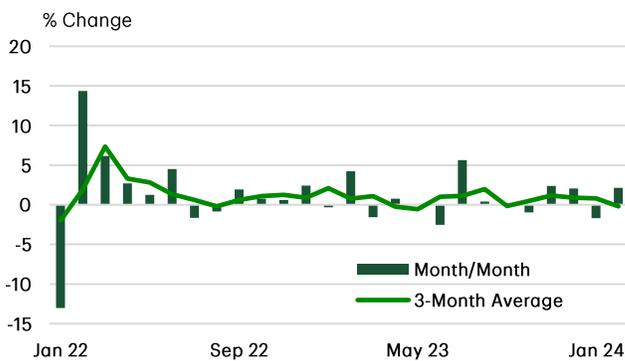
Exhibits

Chart 1: Card Spending Indicates Strong Consumption Momentum



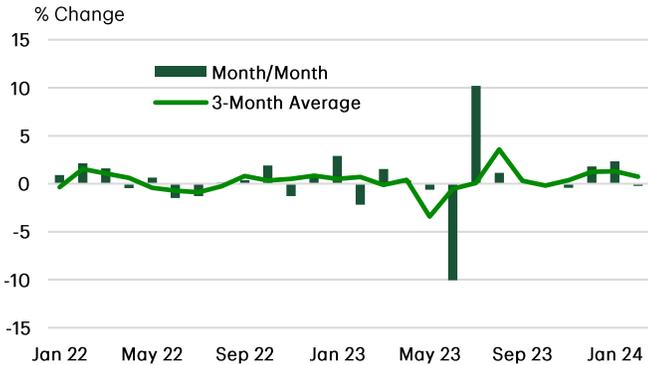
Source: Statistics Canada, TD Economics

Chart 2: Services Spending Rebounded in February



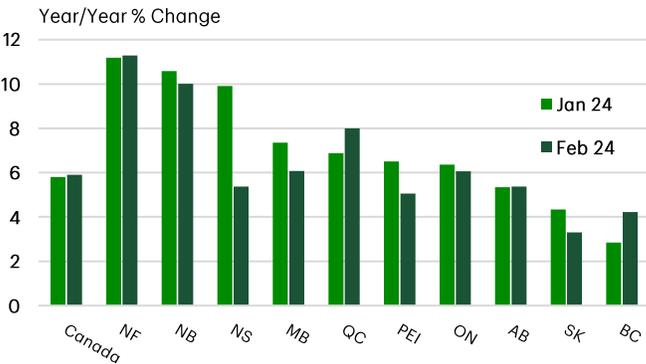
Source: TD Economics.

Chart 3: Goods Spending Declined in February



Source: TD Economics.

Chart 4: The Atlantic Region, Ontario, Manitoba and Quebec Exceeded Expectations in February



Source: TD Economics.

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