

Canada: TD Credit & Debit Card Spending

Canadian Card Spending Remains Healthy with a Little Help from FIFA

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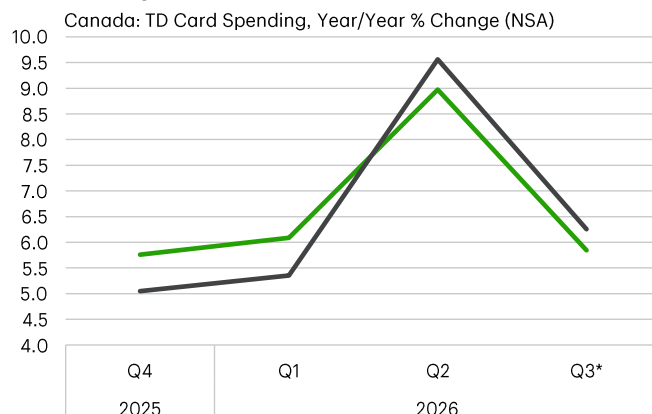
Highlights

- TD Spend data point to a relatively healthy pace in early Q3, even stripping out the boost from higher energy prices. We expect real consumer spending to grow at 2.6% quarter-on-quarter annualized in Q3 2026.
- Goods spending moderated in Q3 following a strong Q2, with the necessities remaining the largest contributor. Housing-related spending recovered in Q2 and continued to grow in Q3 alongside a pick-up in housing activity.
- Services spending accelerated in Q2 with recreation and entertainment carrying the load. Early data for Q3 points to some moderation, but travel spending has picked up the baton pointing to a turnaround after a weak Q2.
- The FIFA World Cup left a visible but relatively small footprint on Canadian card spending, concentrated in a few categories. The total economic impact was likely somewhat larger given that spending by international visitors is not captured in our card data.

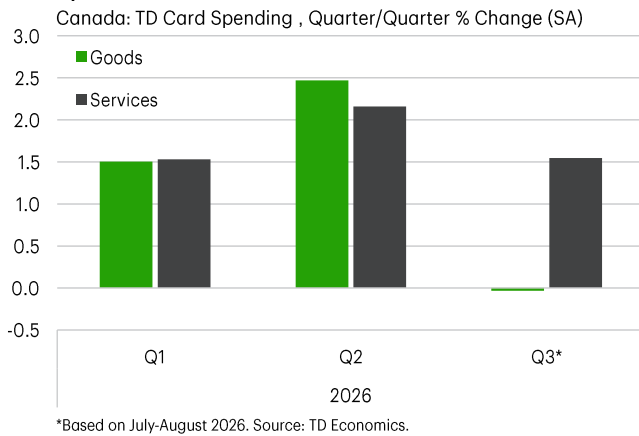
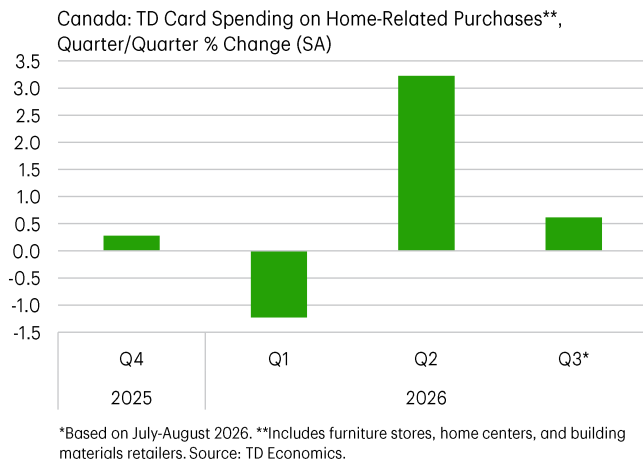
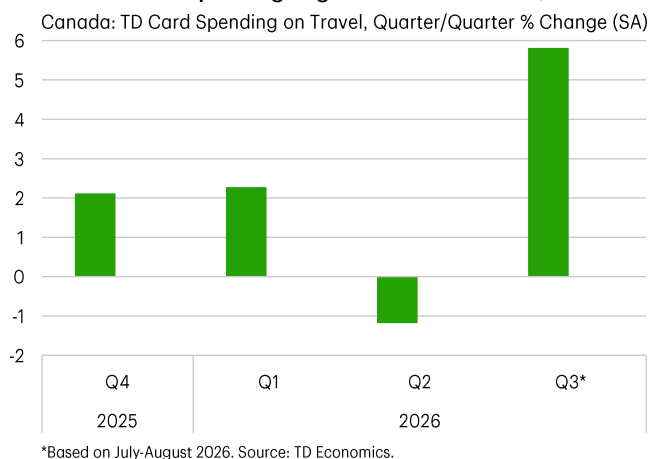
TD Spend data for July and August point to a moderation in Canadians' spending in the third quarter. Our internal TD Spend data has downshifted from 9.6% in Q2 to 6.3% in Q3 2026. A sizeable part of the strength continues to reflect higher spending at gas stations amid elevated energy prices (Chart 1). But even excluding gas stations, spending was still up a solid 5.8%.

Credit and debit card spending is currently tracking a 0.7% quarter-on-quarter (q/q, unannualized) gain in Q3, moderating from 2.3% in Q2 and 1.5% in Q1. Taken together with other macro indicators, these signals are consistent with our expectation for real consumer spending (PCE) growth of around 2.6% annualized in the third quarter.

Chart 1: Higher Gasoline Prices Boost Headline Sales



*Based on July-August 2026. Source: TD Economics.

Chart 2: Goods Spending Remains Volatile, While Services Carry the Load**Chart 3: Home-Related Purchases Come Back to Life****Chart 4: Travel Spending Regains Momentum in Q3**

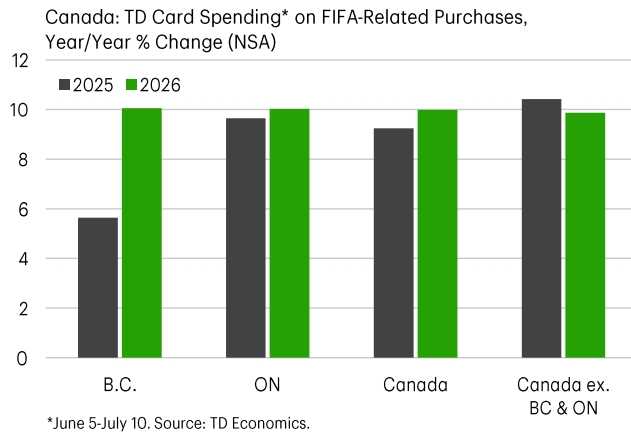
The moderation is primarily driven by goods spending, which is currently tracking flat in Q3 following a 2.5% gain in Q2. Essential categories – which, apart from gas, include grocery stores, convenience stores and general merchandise retailers – remain the largest contributors to goods spending growth. However, their contribution has continued to moderate from earlier in the year, when necessities were the predominant driver of growth.

At the same time, consumers have continued to spend on home-related purchases (Chart 3), although at a more moderate pace than in Q2. This is consistent with the gradual improvement in Canada's housing market. National home sales rebounded 6.9% q/q in Q2, following a 12.3% decline in Q1, and are currently on track to gain another 3.4% in Q3. As housing activity continues to grind higher, we expect it to provide some ongoing support to home-related outlays, even as the pace of spending growth moderates.

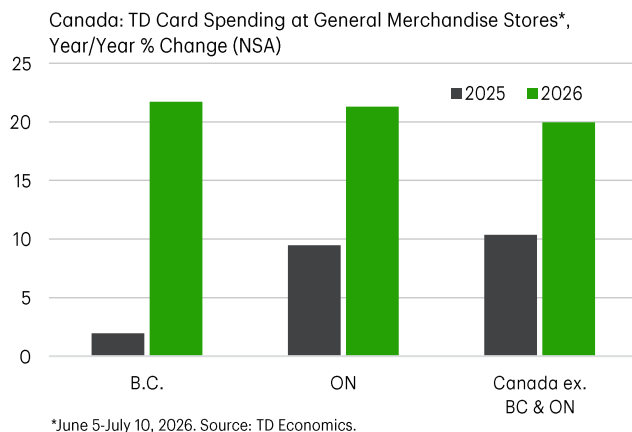
Services spending has also cooled, from 2.2% growth in Q2 to 1.5% gain in Q3. The composition, however, has shifted. Recreation & entertainment spending received a sizeable boost in the World Cup host provinces of Ontario and B.C. in Q2 (see below), while transportation spending – including public transit, car sharing and taxis, but excluding airfares, also strengthened. In Q3, travel has taken the lead. After contracting on average in Q2, spending on hotels and airfares turned around sharply: it rose in June, accelerated in July and held steady in August. Taken together, travel spending is currently tracking a solid 5.8% gain in Q3.

FIFA-Related Spending: A Sleeping Dragon

June and July spending provided us with a unique opportunity to examine outlays related to the FIFA World Cup. Our data can be broken down by province and spending category, allowing us to compare Ontario and B.C. – the two host provinces – with the rest of Canada. We focused on categories we expected to be most affected, including recreation & entertainment, travel, grocery stores, and beer & liquor stores, among others. We looked at aggregate spending over the high-intensity period from June 5 to July 10, as well as spending specifically on match days.

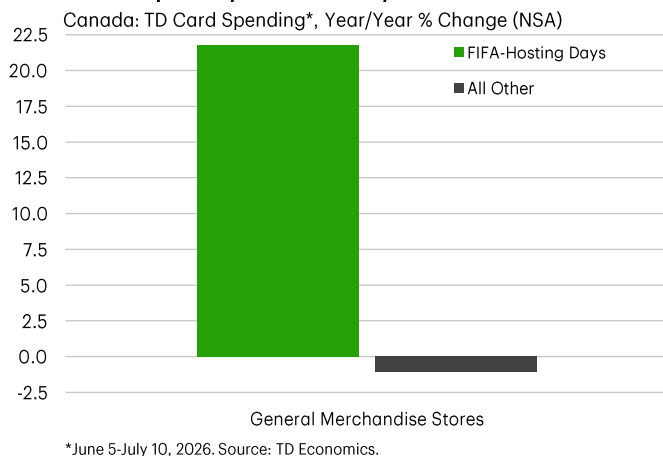
Chart 5: FIFA Barely Moved the Needle on Canadian Card Spending

The overall impression is that Canada looked a little like the humble resting dragon from the famous FIFA meme – peacefully sleeping, seemingly unaware that it was hosting the World Cup. We estimate FIFA added around 0.1 percentage points to aggregate annual card spending growth. Across the selected categories, nationwide spending growth accelerated modestly, from 9.2% during the comparable period in 2025 to 10.0% in 2026, while growth slowed slightly when Ontario and B.C. were excluded (Chart 5). Ontario saw only a limited acceleration during the period, while in B.C., spending growth almost doubled from a year earlier, although this partly reflected the province's under-performance in 2025.

Chart 6a: Canadians Did Stock Up on Food and Drinks Ahead of the Games

There are, however, signs that the Canadian dragon was paying attention. One was a notable acceleration in year-on-year (y/y) spending at general merchandise stores. This category includes warehouse clubs such as Costco, suggesting Canadians may have stocked up on favourite foods, drinks and other supplies ahead of the games (Chart 6a). The acceleration was a national phenomenon, with provinces that did not host matches seeing a pickup similar to that in the host provinces. Spending growth in non-host provinces averaged 20% y/y, roughly twice the 10.4% pace during the comparable period in 2025. Ontario and B.C. outperformed, but only slightly.

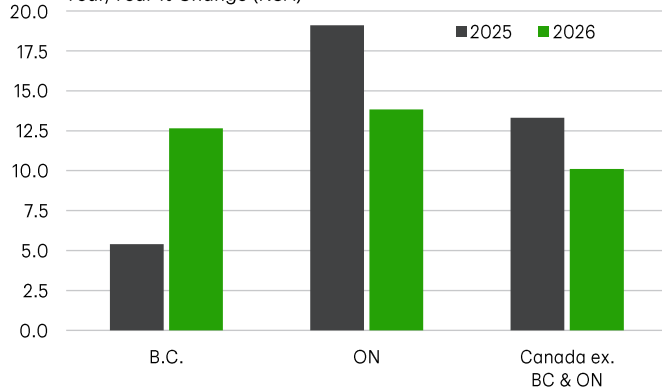
Digging deeper, it becomes clear that match days kept the dragon awake. Spending growth strengthened more meaningfully on days when Canada hosted matches (Chart 6b), with a similar, though smaller, pattern visible at grocery stores and beer, wine & liquor stores.

Chart 6b: Especially on Match Days

So, was there a host premium at all? Yes – most clearly in recreation & entertainment. As fans filled stadiums, bars and other venues, spending in both host provinces received a boost, helping them outperform the rest of Canada. The West Coast saw the largest host premium. Spending growth in B.C. more than doubled, from 5.4% to 12.7%. Ontario's growth slowed from last year but at 13% still outperformed the rest of Canada, where spending was around 10% (Chart 7a). Importantly, nominal growth has slowed relative to last year in recreation categories, but inflation also eased

Chart 7a: Host Provinces Outperformed the Rest of Canada

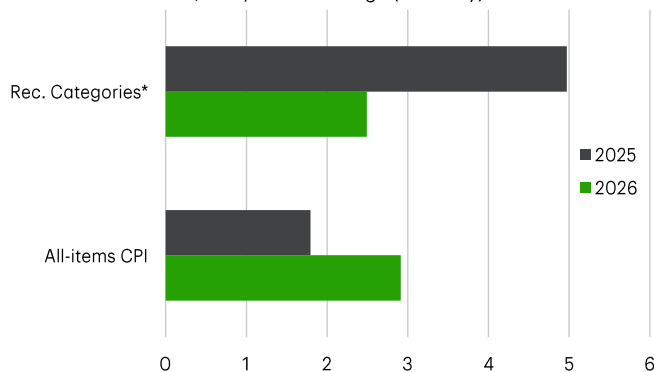
Canada: TD Card Spending on Entertainment & Recreation *, Year/Year % Change (NSA)



*June 5-July 10. Source: TD Economics.

Chart 7b: Inflation Eased Across Recreation Activities

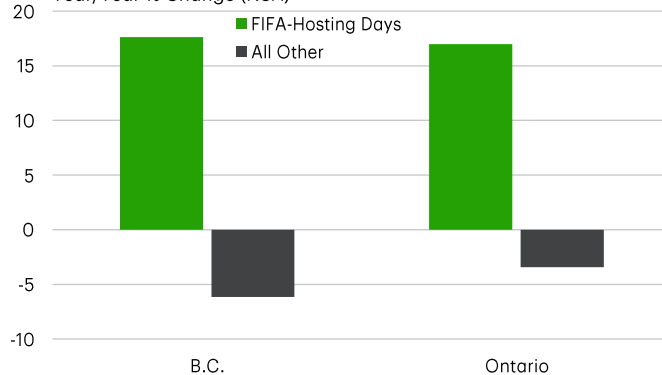
CPI, Year/Year % Change (June-July)



*Includes: recreational services, food and alcohol purchased at bars and restaurants. Source: Statistics Canada, TD Economics.

Chart 7c: FIFA Host Days Drove the Spending Boost

Canada: TD Card Spending on Entertainment & Rec.*, Year/Year % Change (NSA)



*June 5-July 10, 2026. Source: TD Economics.

(Chart 7b), suggesting that much of nominal spending likely reflected stronger real activity rather than simply higher prices.

The boost to recreation & entertainment becomes even more visible when we focus specifically on days when Toronto and Vancouver hosted matches (Chart 7c). On these days, spending in Ontario and B.C. grew at 13% y/y, on average, while it contracted on other days during this period. A similar pattern was visible in the rest of Canada, but the host premium remained intact, with Ontario and B.C. outperforming.

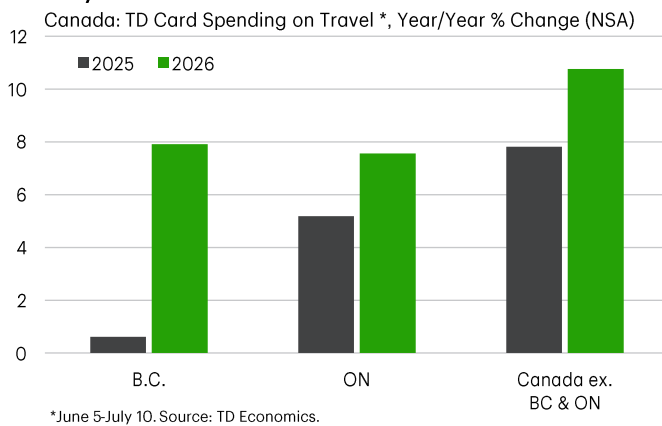
There was also a mirror image of the host premium visible in travel, with Ontario and B.C. underperforming the rest of Canada. This makes intuitive sense: residents of the host provinces were already at the destination, while visitors from elsewhere had to travel to get there. Relative to 2025, travel spending growth nationwide excluding the host provinces accelerated from 7.8% to 10.8%. Both Ontario and B.C. fell short, with growth of 7.6% and 7.9%, respectively (Chart 8). Still, the acceleration from the previous year was more pronounced in B.C., reflecting its weaker starting point in 2025.

Spending on other categories that could potentially capture FIFA spillovers was either mixed or unremarkable. Transportation – seemingly a natural candidate for a direct boost – broadly matched its year-ago performance but did not strengthen further. Spending at home electronics retailers was weaker everywhere except B.C., while clothing spending was softer in the host provinces and broadly matched last year's performance nationally.

Bottom Line

Canadian consumer spending is tracking at a resilient 2.6% pace in Q3, even after stripping out the boost from higher gasoline prices. TD Spend data point to some moderation in services and a small contraction in goods spending following a strong Q2.

Chart 8: Travel Accelerated Across Canada with Growth Led by Non-Host Provinces



The World Cup left a visible but relatively small footprint on Canadian card spending. The clearest effects were concentrated on match days and in recreation & entertainment in the host provinces, alongside broader gains in general merchandise and travel. Overall, card spending data point to only a marginal boost from FIFA, although the total economic impact was likely somewhat larger given that spending by international visitors is not captured in our data.

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