

# MONTHLY BUSINESS CONDITIONS REPORT

OCTOBER, 2025

ISSUE 22

Canadian Market Insights You Can Act On



## IN THIS REPORT

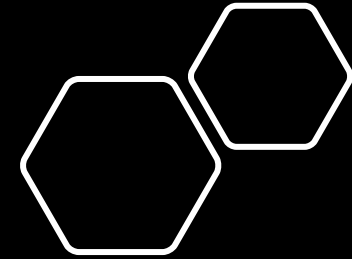
**Economic Summary**

**Budget 2025 (Proposed) :**

Highlights and 30 other tax and regulation changes

**Wholesale Trade:**

*What Is Wholesale? Not-A-Straight forward Question*



- Economic Summary
- Budget
- Wholesale Trade



*By Simply  
 Stated*

**“CREATING A CONTEXT IN WHICH OTHER PEOPLE CAN THINK.”**

**EDWIN SCHLOSSBERG**

## **ECONOMIC SUMMARY (YOY)**

- Prices/ CPI – September 2025: +2.2%
- Building Permits – August 2025 (-1.2%)
- Industrial Product Price (+5.5%) & Raw Materials Prices (+8.4%)
- Wages (+3.5%), Employment (+0.2) & Unemployment (-0.2%)
- Trade – August 2025 (Exports -3.0%, Imports +.9%)
- U.S. Tariffs and Employment Impacts – 2025

## Budget 2025 (Proposed)

- o Budget Highlights
- o List of items also in the budget list
- Framing Fiscal Responsibility: Deficit-to-GDP vs. Debt-to-GDP

## KEY METRICS

- A. Debt-to-GDP: Represents the total accumulated government debt relative to GDP. It is a stock measure indicating long-term fiscal burden
- B. Deficit-to-GDP: Measures the annual shortfall between government spending and revenue as a percentage of total economic output. It reflects the flow of a fiscal imbalance in a given year. (most of the world except USA)
- C. Net-Debt – GDP : Is calculated by subtracting the value of government assets (like cash, investments, and buildings) from its total debt and then dividing that result by the country's total economic output.

# Net-Debt – GDP

Canada's net debt includes deductions for assets held by the Canada and Quebec Pension Plans (CPP/QPP), which totaled \$716.7 billion as of December 2023. CPP 10-year average annual net return is 8.4% to 9.2% before contributions. These funds are fully capitalized and independently managed, investing in diversified global portfolios—unlike the U.S. Social Security system, which holds only U.S. Treasury securities.

## **Fully Funded**

- Canada
- Australia
- Chile
- Netherlands
- Switzerland
- Kazakhstan

## **Pay-as-you-go systems**

Pay-as-you-go systems (e.g., Germany, France, Japan): Current workers fund current retirees. These are not fully funded and face sustainability challenges with aging populations.

# Wholesale

# Trade

\$12.9  
billion

*Wholesale trade (excluding petroleum, petroleum products, and other hydrocarbons and excluding Oilseed and grain)*

- If this were GDP, it would be close to the size of Canada's economy.
- If it were corporate revenue, it would dwarf even the largest global companies.
- If it were a government budget, it would be on the scale of the U.S. federal spending.





## What Is Wholesale? Not-A-Straight forward Question

Imagine walking into a Staples store and buying a printer for your office. You're a business, buying for business use so is that wholesale? Not quite.

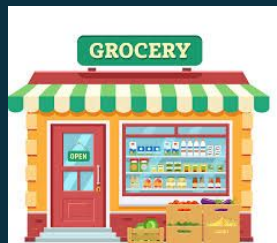
What about retailers importing goods or buying directly from manufacturers? That's not wholesale either — not unless the retailer is reselling through a wholesale channel.



The term Wholesale in Canada does not refer to business to-business (B2B) transactions. It specifically captures sales made by a GST/ HST-registered business to another GST/HST-registered entity

Exclusions:

- Petroleum, hydrocarbons, oilseeds, and grains
- Retail Channel:
  - When Retailers buy direct from manufacturers or import direct
- Wholesale Trade Agents and Brokers





## By Definition or Statistical Reports

1. In Canada Wholesale transactions involve GST/HST. If the buyer provides a GST/ HST registration number it is a Wholesale transaction as it's eligible for Input Tax Credits (ITCs).
2. Wholesale Trade Agents and Brokers are by definition part of the Wholesale Trade sector. However, Statistics Canada is unable to collect or publish sales as the agent or broker are not the owners or importers of record. i.e. These sales are not reported as; Wholesale sales, inventory or price Indexes.
3. When a Retailers imports goods or buys directly from manufacturers it's considered part of the "Retail" supply chain and excluded from Wholesale unless a GST/ HST registration number is provided by the buyer.



1. There is no federal sales tax, and only some states impose sales tax.
2. Businesses use "Resale Certificates" to buy goods tax-free for resale. The requirements and application process vary in each state. Requirements also vary widely by state, leading to inconsistent classification, loopholes, and statistical distortions.

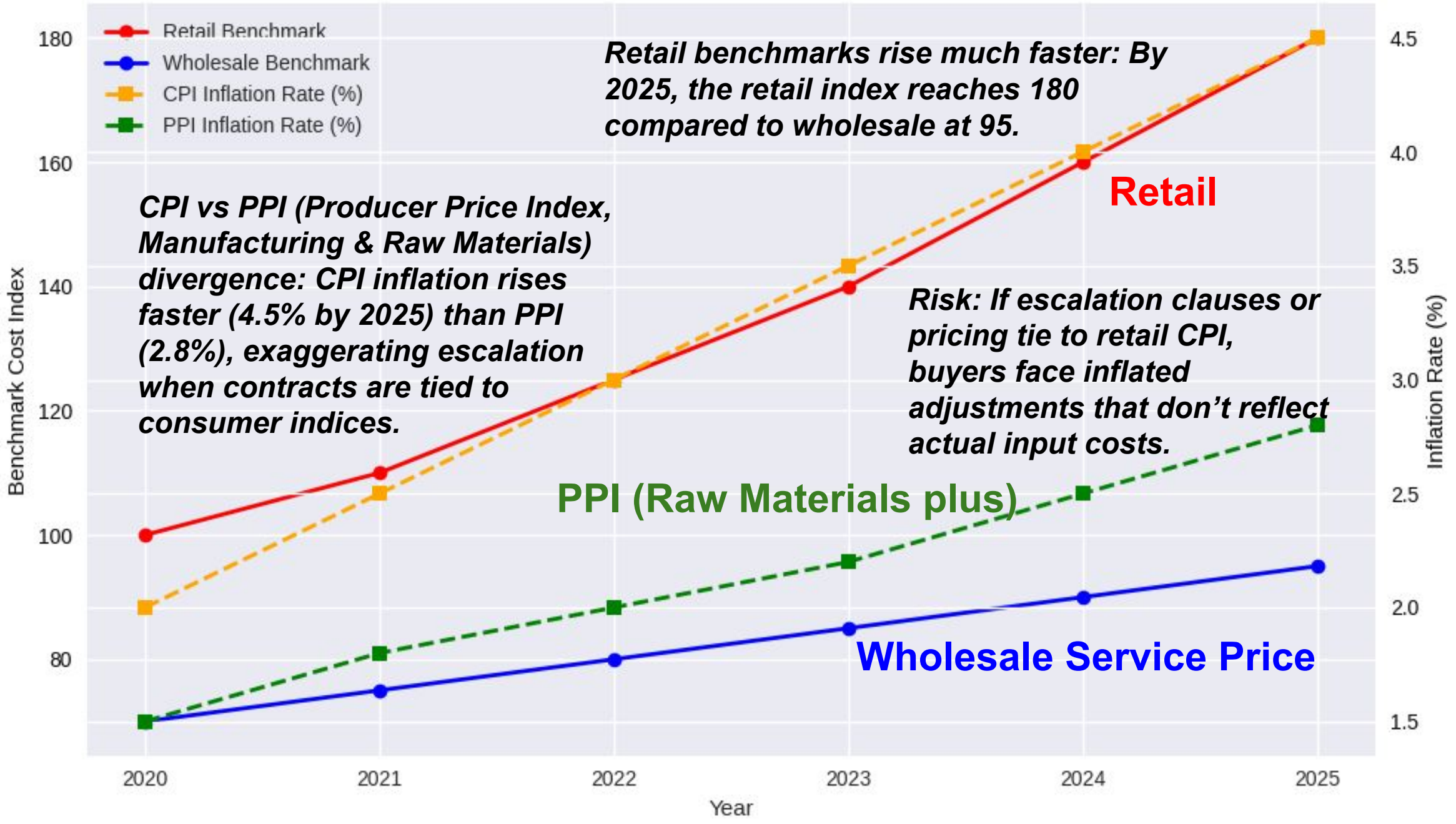
# Wholesale is a good example

## Source and Content

Understanding the source and content of numbers is key to any analysis. Numbers are never neutral; they reflect the assumptions and limitations of their source.

- Credibility & Trustworthiness of source
- Definitions matter
- Timeframes and baselines
- Bias (and there is always a bias)
- Comparability, Methodology
- Contextual Relevance: ( accurate but irrelevant) “ Household Debt” Cultural framing
- Limitations & Blind spots ( Agents & Brockers)

*CPI baskets differ across countries, so “inflation” isn’t a universal measure.*



- Retail Benchmark
- Wholesale Benchmark
- CPI Inflation Rate (%)
- PPI Inflation Rate (%)

***Retail benchmarks rise much faster: By 2025, the retail index reaches 180 compared to wholesale at 95.***

***CPI vs PPI (Producer Price Index, Manufacturing & Raw Materials) divergence: CPI inflation rises faster (4.5% by 2025) than PPI (2.8%), exaggerating escalation when contracts are tied to consumer indices.***

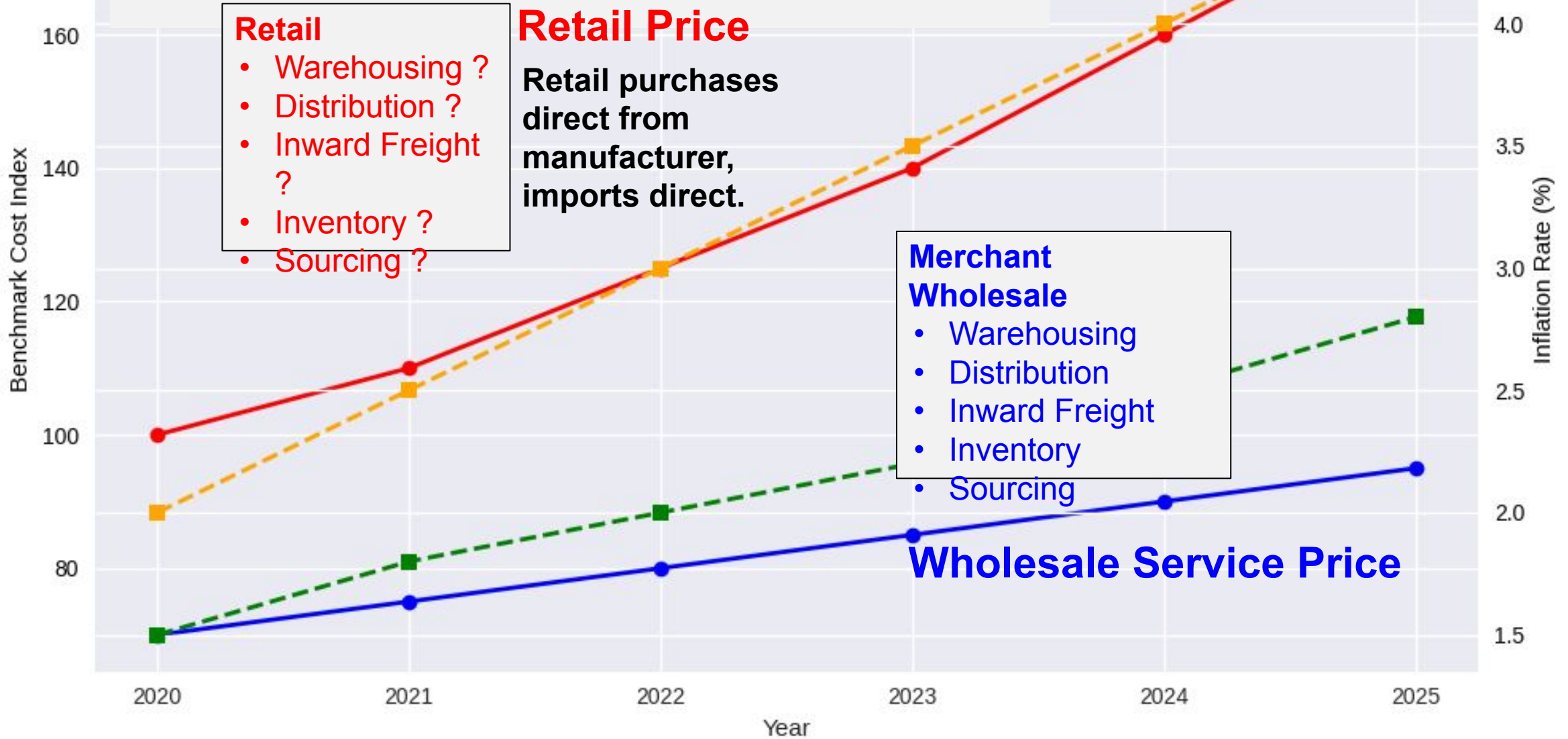
***Risk: If escalation clauses or pricing tie to retail CPI, buyers face inflated adjustments that don't reflect actual input costs.***

**Retail**

**PPI (Raw Materials plus)**

**Wholesale Service Price**

# Direct imports , Manufacturer Direct, Private Label



# SHIFTS IN WHOLESALE TRADE

- Global sourcing and e-commerce platforms allow retailers to connect directly with producers, especially in Asia.
- Private label expansion: Large retailers increasingly develop their own brands, contracting with manufacturers directly.
- Technology and logistics improvements: Retailers now manage inventory and fulfillment in-house, reducing reliance on intermediaries.
- Cost control pressures: Retailers seek margin improvements by cutting out wholesale markups but are they trading efficiency for margin.

# Is it time for Wholesalers to change?

## ***Wholesalers are a hybrid service distribution industry. Sell services.***

- Logistics Integrators: Coordinate multi-modal transport, customs clearance, and last-mile delivery across global supply chains.
- Data Service Providers: Support digital logistics platforms with real-time tracking, inventory visibility, and performance analytics.
- B2B Platform Operators: Manage e-commerce portals, procurement hubs, and matchmaking services that connect buyers and sellers across borders.
- Consulting: Guide clients through complex import/export regulations and evolving tax regimes.
- Hybrid Wholesale Trade Agents and Brokers: Act as transaction facilitators without owning inventory, often underrepresented in trade statistics but critical to market access and pricing efficiency.

# Merchant Wholesalers Price Index

<b>Merchant Wholesalers</b>	<b>January</b>						<b>June</b>
<b>North American Industry Classification System</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>June 2025</b>
Building material and supplies	102.3	105.9	142.2	149.8	155.8	146.7	147.3
Personal and household goods	101.8	100.0	104.9	109.8	111.2	114.6	115.0
Petroleum and petroleum products	112.8	82.8	113.7	187.9	294.3	384.3	348.4
Farm product	88.8	109.7	103.9	113.4	132.5	118.1	127.9
Food, beverage and tobacco	98.0	102.1	112.0	139.1	135.2	147.0	147.8
Machinery, equipment and supplies	97.5	97.3	119.8	133.0	141.3	164.3	163.2
Miscellaneous	98.7	102.4	118.8	133.7	135.8	142.5	144.4
Motor vehicle and motor vehicle parts and accessories	102.2	101.9	104.0	115.8	121.7	105.8	114.8

*Source: Statistics  
Canada*

**Contacts:**

**Questions, comments**

**Want a copy of the presentation or  
report.**

**Sam Moncada: [smoncada@chpta.ca](mailto:smoncada@chpta.ca)  
[smoncada@copa.ca](mailto:smoncada@copa.ca)**

**Michael Jorgenson:  
[mjorgenson@chpta.ca](mailto:mjorgenson@chpta.ca)**

**Bob Smith: [rsmith@chpta.ca](mailto:rsmith@chpta.ca)**

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