

April 14, 2014



## UNITED STATES

### Retail sales surge more than forecast

#### HIGHLIGHTS

- Retail sales climbed 1.1% in March following a 0.7% (revised from 0.3%) rise in February and a 0.7% drop in January.
- Motor vehicle sales were up 3.1%, the biggest advance since September 2012. Excluding automobiles, sales increased 0.7%.
- In addition to motor vehicles, most other retail categories are showing sales on the rise, with the strongest growth coming from renovation centres, nonstore retailers and food services.
- Sales were down for electronics stores and gas stations. Excluding autos and gas, sales were up 1.0% in March following a 0.4% increase in February.

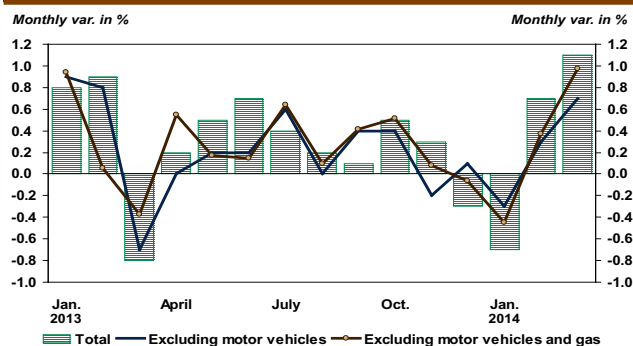
#### COMMENTS

The return of nicer weather has done a lot of good for U.S. retailers. Monthly growth of sales in March was at its strongest since September 2012. As expected, a large portion of these gains comes from the motor vehicle sector, where we already knew that, after two dismal months likely caused by the difficult winter, the number of new vehicles sold was up significantly. The rebound also shows very clearly in renovation centres, which, after slipping 0.6% in February, jumped 1.8% in March, posting the strongest increase in nearly a year.

The seasonal variation in gas prices are clearly reflected in falling gas station sales. Prices at the pump were up in March, but that growth was slower than usual during the month. This same phenomenon should also appear in the consumer price index that will be released tomorrow.

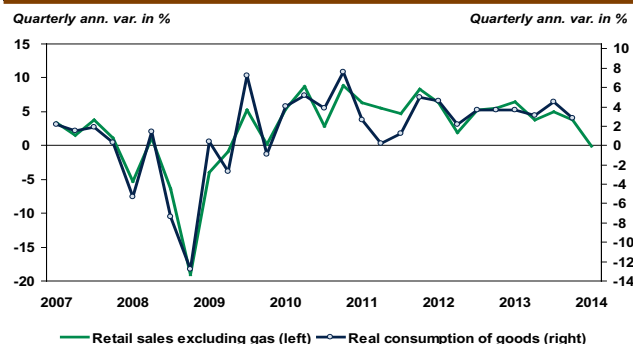
**Implications:** The recovery in retail sales is very good news, proving that the weakness seen in the economy at the very end of 2013 and the beginning of 2014 was principally caused by difficult weather conditions. Despite the jump in retail sales in February, and especially in March, growth in consumption should be relatively weak, even though one month ago we could have feared it would be negative. The

#### Weaker sales around the new year were temporary



Sources: U.S. Census Bureau and Desjardins, Economic Studies

#### Despite the rebound, growth in real consumption of goods should be weak in the first quarter



Sources: U.S. Census Bureau, Bureau of Economic Analysis and Desjardins, Economic Studies

situation is therefore improving quickly, and a faster pace of economic growth in the United States should clearly emerge starting in the second quarter of 2014.

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NOTE TO READERS: The letters **k**, **M** and **B** are used in texts and tables to refer to thousands, millions and billions respectively.

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