

May 13, 2014



UNITED STATES

Less than anticipated growth in retail sales

HIGHLIGHTS

- Retail sales were only up 0.1% in April, following a 1.5% (revised from 1.1%) rise in March and growth of 0.9% (revised from 0.7%) in February.
- Motor vehicle sales advanced 0.6% after jumping 3.6% in March. Excluding automobiles, sales remained stable.
- Most other retail categories are posting increased sales, with the strongest growth coming from clothing and department stores. Gas station sales grew 0.8%.
- Sales were down sharply for electronics stores in April. Flagging sales were also noted for nonstore retailers, furniture stores and food services. Excluding motor vehicles and gas, sales slipped 0.1% in April following a 1.4% spike in March.

COMMENTS

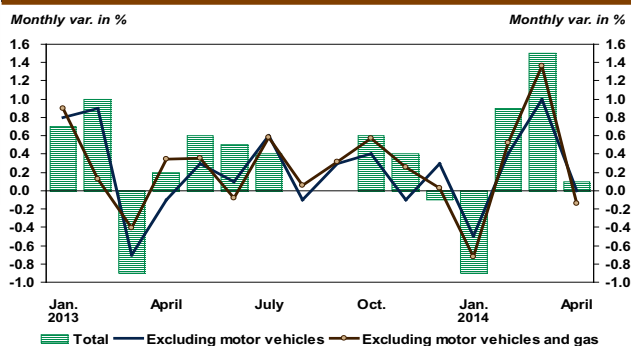
The improvement in spending appears to be quickly losing steam. Stagnating retail sales in April were a big disappointment since the consensus had been calling for a gain of 0.4% (0.6% excluding motor vehicle sales).

April's weak numbers reveal some backslide from the previous two months' gains (which are even better than initially estimated, thanks to positive revisions). Consumers, back in stores after spending less during the particularly harsh winter months, boosted sales. Caught up now, the level is back to normal. Excluding motor vehicles and gas, the level of sales is 1.7% above January's level, making for an excellent three-month rise.

Sales growth was strongly hindered by some sectors, particularly electronics, where a 2.3% retreat followed three good months of growth. The lack of any new major product being launched in April (unlike in previous years) seems to have exacerbated seasonal adjustments.

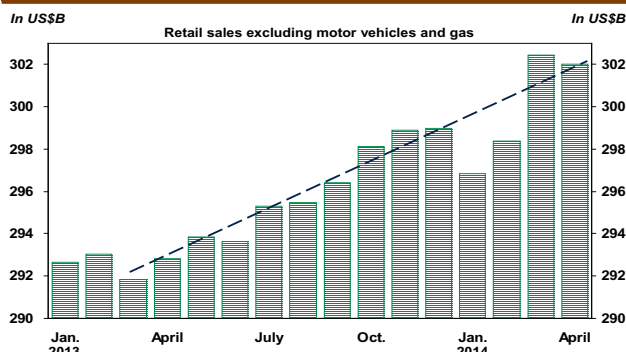
Implications: Sluggish retail sales are disappointing, but not too serious given the strength of the increases in the previous two months. Growth in spending should still be good in the second quarter of 2014.

Sales flag after two months of strong growth



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

After negative and positive blips triggered by a hard winter, sales have returned to a more normal trend



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

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