



## UNITED STATES

### Welcome acceleration in retail sales

#### HIGHLIGHTS

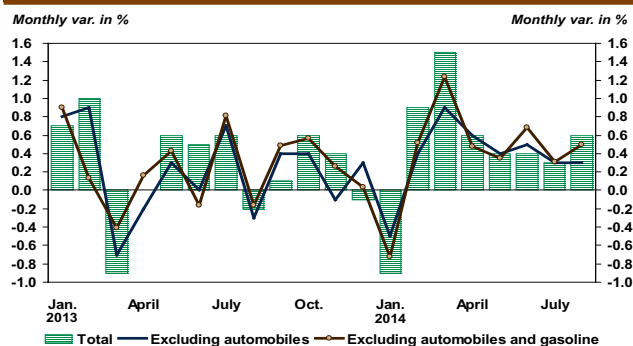
- Retail sales rose by 0.6% in August. This is the strongest growth since April, coming on the heels of a 0.3% gain in July (revised from 0.0%). Automobile sales surged by 1.5% after a 0.6% increase in July. If we exclude automobiles, sales were up by 0.3%.
- Most categories of retailers reported higher sales. Apart from cars, the strongest growth was seen in renovation centres, sporting goods and hobby stores and the "others" category.
- Service stations saw the value of their sales decline due to lower gasoline prices. If we exclude automobiles and gasoline, sales were up by 0.5%. Slumps were also seen at department stores.

#### COMMENTS

After the loss of steam that held sway during the spring and summer, retail sales are picking up a bit. This time, it was the automobile sector that greatly supported growth in August. While it was very positive, that gain was less strong than what was suggested by the excellent performance of new car sales, which were released earlier in the month; they reached their highest level since January 2006. Product line or price effects probably moderated the scope of the contribution from the auto sector.

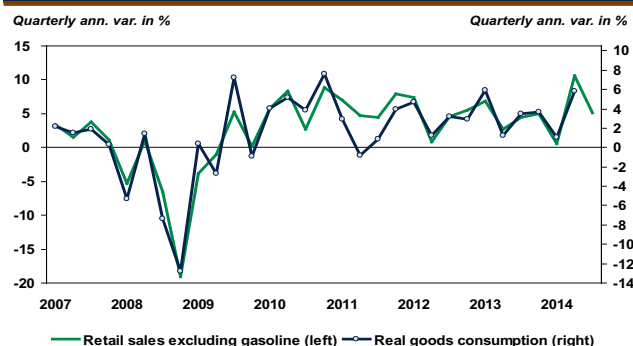
Apart from cars, we still see improvement if we also exclude the effect of lower gasoline prices on service station sales. The gain of 0.5% is encouraging, especially when taken together with the upwards revision of the July data. We also note improved sales at furniture and electronics stores in August, but sales trends were disappointing at clothing stores (+0.3%) and department stores (-0.1%) which do not seem to have benefited from the start of the back-to-school season. Nonstore retailers also disappointed with an increase of just 0.1%, the smallest since April. The arrival of new products from Apple in September should give a brief boost to sales (and imports) of electronic products.

#### After a few months of slowdown, retail sales advanced a little faster in August



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

#### Third-quarter growth in real goods consumption should be strong



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

**Implications:** The August acceleration in retail sales is welcome and suggests healthy growth in real goods consumption in the third quarter. As was the case in the spring, total consumption will probably be tempered by weakness in spending on services.

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