



## UNITED STATES

### Encouraging news from consumers

#### HIGHLIGHTS

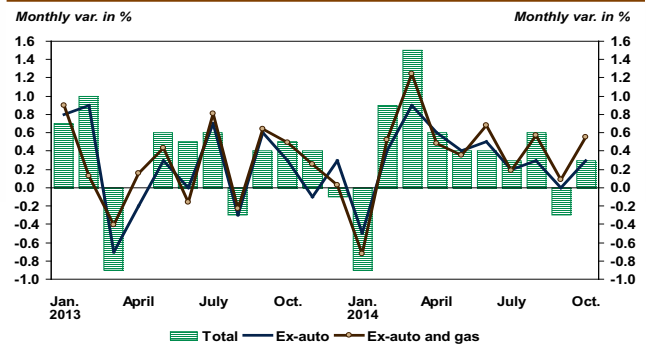
- Retail sales went up 0.3 % in October. This increase follows an equivalent decrease in September. Auto sales were up 0.5% after September's 1.2% tumble. Excluding automobiles, sales were also up by 0.3%.
- Most retail categories have posted an increase in sales. The strongest growth stems from nonstore retailers, sporting and leisure goods stores and food services.
- Sales by electronics stores decreased sharply, down 1.6% following a 4.7% jump in September. Department store sales slipped 0.3%, marking a fifth drop in six months. Gas stations saw their sales slow by 1.5% due to lower gas prices. Excluding autos and gas, sales increased 0.6%.
- Consumer confidence improved again in November according to the preliminary version of the University of Michigan index, which went from 86.9 to 89.4, its highest level since July 2007.

#### COMMENTS

The trend in retail sales has been rather disappointing in recent months, and has not reflected the notable improvement in several other economic indicators. September's data was particularly bad, with a generalized pullback in sales. In light of that, October's better performance is encouraging. The slump in electronic stores sales (due to a retreat following a jump in September resulting from the release of new Apple products) and gas stations was predictable. Excluding these two components, retail sales posted their highest monthly growth since March.

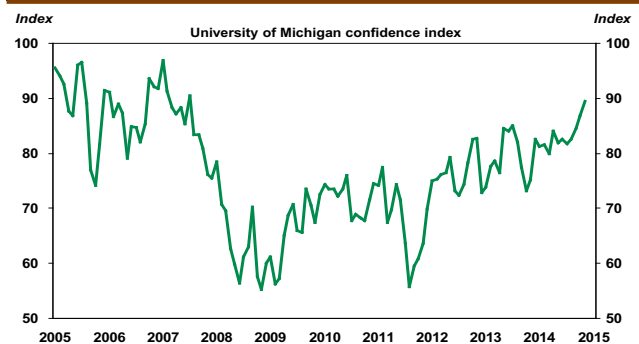
**Implications:** Good growth in retail sales in October and increased consumer confidence, supported by the strength of the job market and the pronounced drop in gas prices, suggest further positive monthly growth as the holiday season approaches. Accordingly, real consumption should show more verve in the fourth quarter, following modest growth of 1.8% during the summer.

#### Retail sales are looking better in October



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

#### U.S. consumer confidence is up



Sources: University of Michigan and Desjardins, Economic Studies

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