

February 12, 2015



UNITED STATES

Gas prices drag down total retail sales

HIGHLIGHTS

- Retail sales dropped 0.8% in January after slipping 0.9% in December. Auto sales contracted by 0.5% after falling 0.8%. Excluding automobiles, sales were down 0.9%.
- Gas stations saw the value of their sales tumble by 9.3% due to lower gas prices. It was the worst decline since December 2008. Excluding autos and gas, sales increased 0.2% after being stable in December.
- Aside from autos and gas, many retail categories have posted a decrease in sales. The biggest decreases are in stores related to recreation, clothing and department stores.
- Sales are up in food services, renovation centres, electronics stores and nonstore retailers.

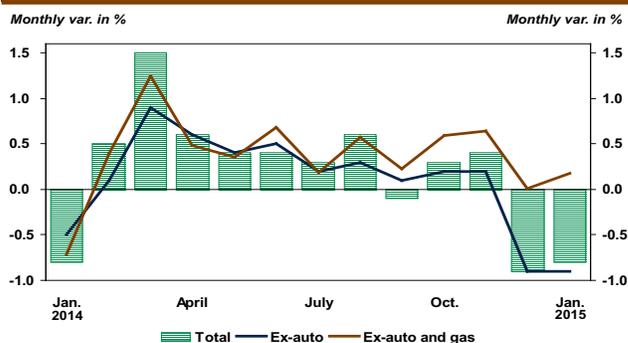
COMMENTS

It was clear that a severe contraction in retail sales was on the horizon for January. For eight months in a row now, gas station sales have made a negative contribution to retail sales growth, and the effect was particularly painful at the start of the year: the entire 0.8% drop stems from the decrease in value of gas stations sales. Excluding gas station sales, retail sales went up 0.03% in November. This gain is anemic, however, after an already disappointing December. Note that auto, clothing, recreational goods and department store sales were unable to recover after significant pullbacks in the previous months.

There is still hope that the situation will quickly improve. Consumer confidence has been very high, and should soon impact consumption. Falling gas prices gives households some financial leeway so they can focus on other spending. Lastly, the weather was difficult for January, and better weather conditions should help jumpstart sales.

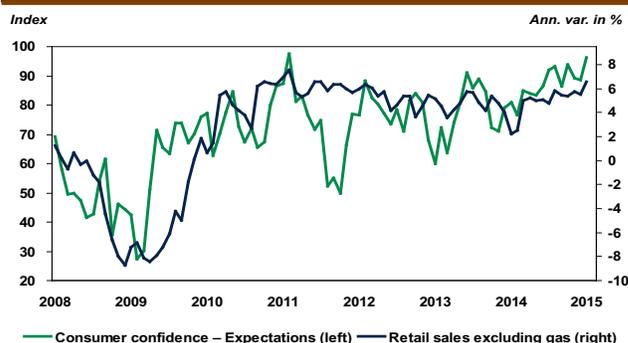
Implications: After a solid 2014, U.S. households seem to be catching their breath. Yet, we anticipate new acceleration in retail sales that would further reflect the improved household sentiment.

Gas sales weigh heavy on overall retail sales



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

Better consumer confidence should boost retail sales



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

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