



## UNITED STATES

### Retail sales show better growth, at last

#### HIGHLIGHTS

- Retail sales rose 0.9% in March after retreating 0.5% in February. Auto sales jumped 2.7% on the heels of a 2.1% tumble. Excluding automobiles, sales advanced 0.4%.
- In addition to motor vehicles, several other retail categories posted increased sales. The strongest growth comes from renovation centres, furniture stores, clothing stores and department stores.
- The value of service station sales fell 0.6%, although an increase had been expected. Excluding autos and gas, sales went up 0.5% after February's 0.3% decline.
- There were declines at grocery and electronics stores.

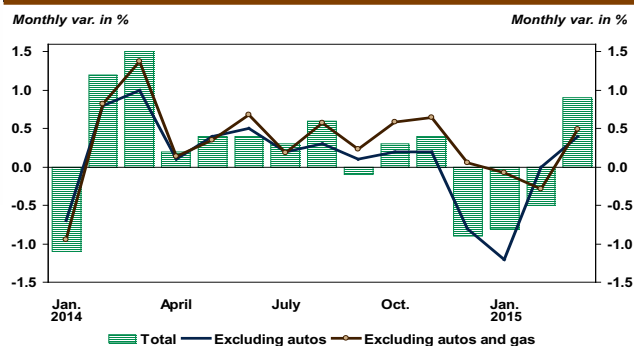
#### COMMENTS

A rebound had been hoped for after the disappointing results released since the holidays. After pulling back for three straight months, sales posted a positive change in March. Much of the gain comes from the auto sector. Since November's surge, auto sales had been on a downtrend, exacerbated by the poor weather and supply problems related to the labour dispute at West Coast ports. Motor vehicles made a 0.5-percentage point upside contribution to retail sales.

The better weather has also led to a rebound in sales excluding autos and gas. This is especially evident for renovation centres, clothing stores and food services. However, sales are disappointing for grocery store and nonstore retailers (-0.1%). Stores selling electronic goods posted a fifth decline in six months.

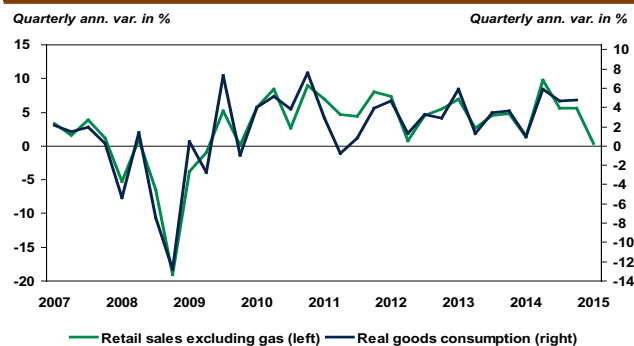
**Implications:** Real consumption will be weak for the first quarter as a whole, but hopes of a rebound in the second quarter have firmed up with March's good performance by sales. We can also expect sales to keep accelerating this spring, as consumers continue to capitalize on low gas prices and solid income growth.

#### First rise in retail sales since November



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

#### Despite March's rebound, growth in real consumption should be weak for Q1



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

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