



## UNITED STATES

### Disappointing increase in retail sales and drop in manufacturing in August

#### HIGHLIGHTS

- Retail sales rose 0.2% in August after gaining 0.7% in July (revised from 0.6%). Auto sales increased 0.7% after more lively growth of 1.3% in July. Excluding automobiles, sales are only up by 0.1%. Aside from autos, almost all retail categories posted an increase. Gas station and renovation centre sales nevertheless fell 1.8%, while furniture sales pulled back 0.9%. Excluding autos and gas, sales were up 0.3% following a 0.7% increase in July.
- Industrial output pulled back 0.4% in August after strong growth of 0.9% in July (revised from 0.6%). Manufacturing output contracted by 0.5%. Mining activity decreased 0.6%, while energy production advanced 0.6%. The industrial capacity utilization rate went from 78.0% to 77.6%.

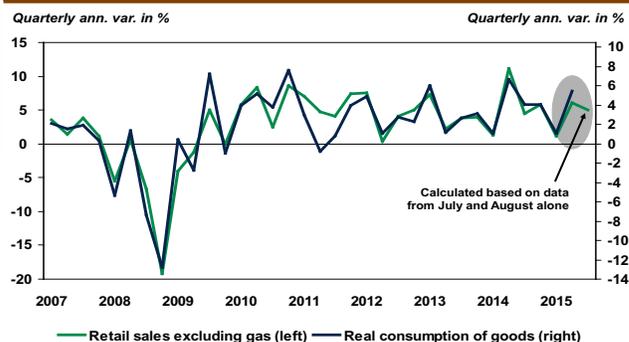
#### COMMENTS

We can be relieved that the weakness of the monthly change in retail sales is partly offset by the upgrade of previous data. Plus, only a few sectors hindered total sales growth. The drop in gas station sales was largely predictable given the pullback in gas prices recorded in August.

As for industrial output, a pullback was expected, particularly in the automobile sector, which dropped 6.4% after gaining 10.6% in July. Excluding autos, manufacturing output was flat. The industrial capacity utilization rate dropped again in August, continuing a downtrend caused by the problems in the oil industry. This situation is also embodied in weak business investment in the United States.

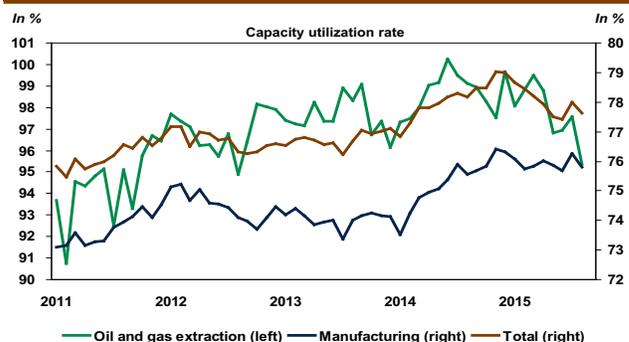
**Implications:** The slowdown in retail sales in August is not too worrisome and solid growth in real consumption is expected for Q3. As for industrial output, the pullback was expected and the strength of automobile sales should prompt a recovery in manufacturing over the next few months. The data released today do not provide any additional indication as to whether the Federal Reserve will increase or keep its key rates the same later this week.

#### The increase in real consumption still looks promising for the third quarter as a whole



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

#### The contraction of the oil sector is pulling down the industrial capacity utilization rate



Sources: Federal Reserve Board and Desjardins, Economic Studies

**Francis Généreux**  
Senior Economist

**François Dupuis**  
Vice-President and Chief Economist

**Hélène Bégin**  
Senior Economist

**Benoît P. Durocher**  
Senior Economist

**Francis Généreux**  
Senior Economist

514-281-2336 or 1 866 866-7000, ext. 2336  
E-mail: [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com)

NOTE TO READERS: The letters **k**, **M** and **B** are used in texts and tables to refer to thousands, millions and billions respectively.

IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2015, Desjardins Group. All rights reserved.