

## UNITED STATES

### Retail sales end the third quarter on a disappointing note

#### HIGHLIGHTS

- Retail sales were up 0.1% in September after holding steady in August (revised from 0.2% growth). Auto sales rose 1.7% after gaining 0.4% in August. Excluding automobiles, sales were down 0.3%.
- Besides automobiles, the main increases in sales were in food services, clothing boutiques, sporting and leisure goods stores and furniture stores.
- Sales were down in electronics stores, renovation centres and grocery stores. We also note a slight decrease in nonstore retailer sales. The largest decline was recorded in gas stations, which saw the value of their sales plummet 3.2%. Excluding autos and gas, sales remained stable in September after growing 0.2% in August.

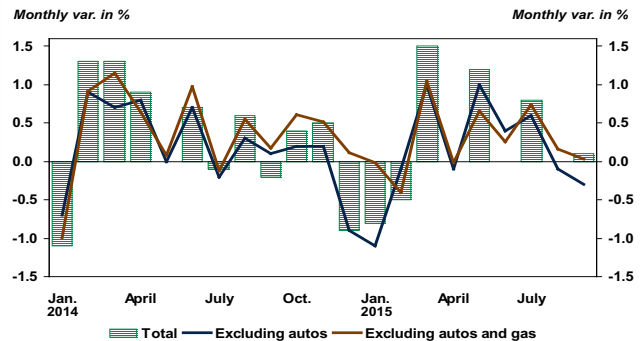
#### COMMENTS

Retail sales have been seesawing for several months. As such, after August's stagnation, we had hoped for a stronger performance (excluding the impact of falling gas prices on gas station sales). The size of September's gain leaves much to be desired, however. For now, the automobile sector is driving consumption. The annual change in auto sales jumped 8.8%; excluding this sector and gas stations, the increase was 3.8%.

While overall retail sales paint a disappointing picture, we can be encouraged by the performance of certain sectors related to discretionary consumer spending, particularly clothing (+0.9%), leisure goods (+0.9%), food services (+0.7%) and furniture (+0.6%). These advances show strong consumer confidence.

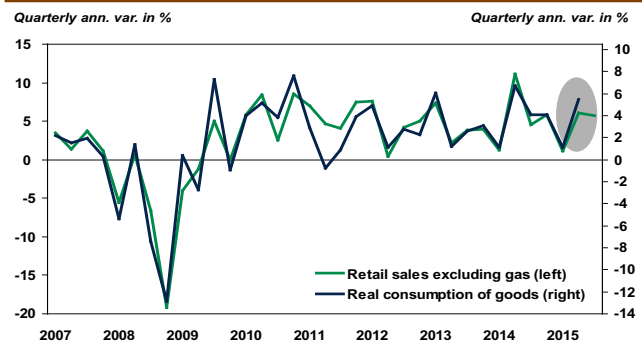
**Implications:** Despite turning in disappointing performances over the past two months, retail sales suggest strong advances in goods consumption for the third quarter as a whole. We still expect real GDP growth to be weaker in the summer than in the spring. The Federal Reserve would no doubt be comforted by better advances in sales in the near future if it wants to start raising key rates by the end of the year.

#### Growth in retail sales has slowed recently



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

#### The increase in real consumption seems to have stayed fairly strong in the third quarter



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

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