



UNITED STATES

Retail sales fall slightly in February, accompanied by a significant downgrade to January's results

HIGHLIGHTS

- Retail sales declined 0.1% in February after a 0.4% drop in January (revised from +0.2%).
- Automobile sales fell by 0.2%. Excluding automobiles, sales also declined by 0.1%.
- The value of gas station sales also suffered another strong correction (-4.4%). Declines were also reported for furniture stores, grocery stores, department stores and nonstore retailers.
- Increases were recorded in renovation centres, personal care stores, recreation stores, clothing boutiques and food services. Excluding automobiles and gas, sales ticked up 0.3% after a 0.1% decline in January (revised from +0.4%).

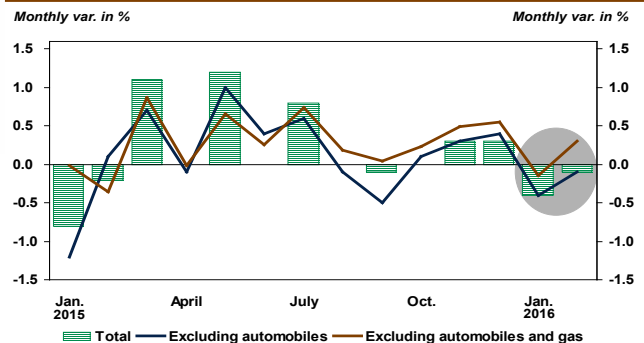
COMMENTS

The 0.1% decline in retail sales is not surprising. Automobiles were not expected to contribute to growth and plunging gas prices at the pump were expected to leave a major dent in the value of total sales. The 0.3% gain in sales excluding automobiles and gas is even better than expected.

If several types of retailers have recorded better performances than they did in January, this comparison is based on results that are far more depressed than initially estimated by the U.S. Census Bureau. At first glance, the data for January were fairly positive, but the picture clouded over quite drastically. As such, the 0.6% growth in automobile sales transformed into a 0.2% decline. The 0.6% gain recorded in renovation centres became -0.4%. General merchandise stores now show a 0.5% drop in January instead of a gain of 0.8%.

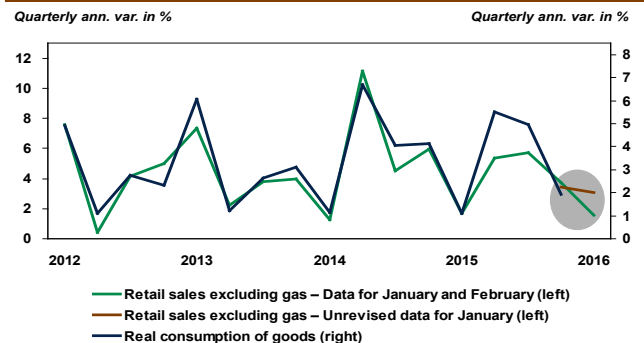
Implications: Aside from the modest drop of 0.1% of total sales or the more attractive 0.3% increase in sales excluding gas and automobiles in February, the downgrades for January are in fact the bigger news. This underperformance vs. the figures published last month suggests that real consumption in the first quarter advanced at a slower pace.

2016 off to a disappointing start



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

Including the downgrade to January's sales results, real consumption of goods promises to be slightly slower



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

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