



UNITED STATES

Retail sales continued to advance at a good clip in May

HIGHLIGHTS

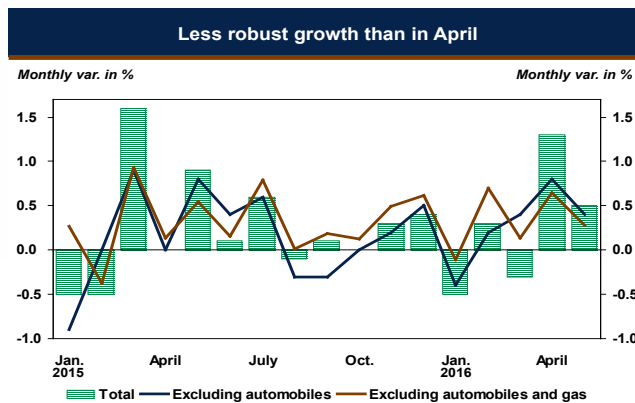
- Retail sales were up 0.5% in May, after surging 1.3% in April.
- Automobile sales ticked up 0.5%. Excluding automobiles, sales increased 0.4%.
- Among other increases, sales were up for nonstore retailers, recreation stores, clothing boutiques and food services. The value of gas station sales was up 2.1%. Excluding automobiles and gas, sales rose 0.3% on the heels of much stronger growth of 0.6%.
- Sales slipped at renovation centres, department stores, furniture stores and stores in the “miscellaneous” category.

COMMENTS

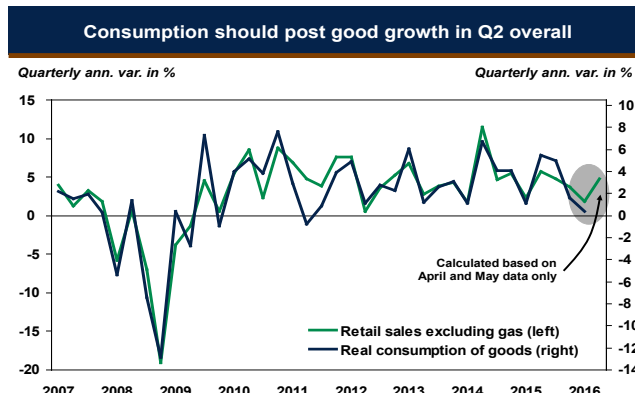
After the sharp growth in retail sales in April, a pullback had been a concern. The resilience of automobile sales last month and the rosier reading of certain confidence indexes helped push back the worst fears before today’s figures were released. The consensus expected gains of only 0.3% nevertheless. The monthly change exceeded this forecast with a 0.5% gain—the best showing for total retail sales growth over a two-month period since April 2014.

Much like in April, the growth recorded in May is fairly well divided among the various retailer categories. The 0.8% increase in food services is especially encouraging, especially given that this figure was upgraded for the two previous months. As a result, service consumption should remain solid in the second quarter, provided that energy consumption does not contract heavily. On the other hand, we cannot help noticing that sales are sliding at renovation centres, with four monthly declines since January. However, the shifts in this component affect residential investment more than personal consumption spending.

Implications: The advances in retail sales are consistent with a rebound in consumption and real GDP in the second quarter, signalling that the U.S. economy is relatively healthy despite the job market’s underperformance in May.



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



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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

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