

# ECONOMIC NEWS

## United States: Retail Sales Slow in August

### HIGHLIGHTS

- ▶ Retail sales rose 0.4% in August, after gaining 0.8% in July.
- ▶ Motor vehicle sales were up 1.8% after June's 0.1% increase, marking the highest monthly increase in motor vehicle sales since March. The value of service station sales fell 0.9%. Excluding motor vehicles and gasoline, sales were up a mere 0.1%, after rising 0.9% in July.
- ▶ Aside from the auto sector, nonstore retailers (+1.6%) and renovation centres (+1.4%) saw the strongest growth.
- ▶ Significant declines occurred in food services (-1.2%), department stores (-1.1%), and clothing stores (-0.9%).

### COMMENTS

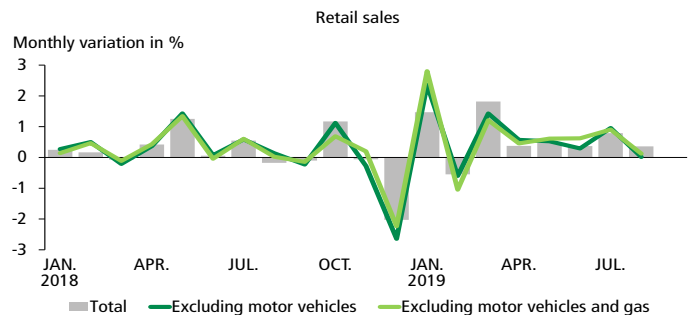
While not catastrophic, retail sales in August left a lot to be desired. The slowdown compared to July's strong performance really stands out. Also worth noting is that the growth was essentially in automobiles, a sector that can't always be counted on to contribute on a consistent basis.

It's normal to see a bit of a drop after July's solid results, and the top-performing sectors at the start of summer posted the weakest performances in August. It also seems that U.S. consumers failed to react much to the higher tariffs on Chinese imports announced for September 1 (some of which were postponed until December). The outlook for future price hikes could have prompted households to make certain purchases in advance (especially clothing), but the effect was hardly visible.

### IMPLICATIONS

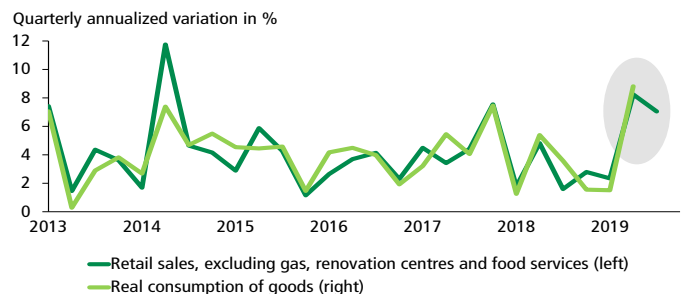
Despite the dip in sales in August, positive real consumption growth promises to be fairly strong for the third quarter as a whole. Household spending should, therefore, contribute strongly once again to real GDP growth. However, this won't

**GRAPH 1**  
Weakest sales growth since winter



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

**GRAPH 2**  
Growth in real consumption of goods should remain fairly strong in the third quarter of 2019



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

prevent the Federal Reserve from lowering its key rates once again on September 18 and likely one more time before the end of the year.

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