

## ECONOMIC NEWS

# United States: Retail Sales Fell in September

### HIGHLIGHTS

- ▶ Retail sales fell 0.3% in September after rising 0.6% in August.
- ▶ Motor vehicle sales retreated 0.9% following a strong 1.9% gain in August. This is the first decrease since April. The value of service station sales fell 0.7%. Excluding motor vehicles and gasoline, sales stagnated in September after August's 0.4% uptick.
- ▶ Aside from motor vehicles and gasoline, department stores (-1.4%) and renovation centres (-1.0%) saw the biggest drops.
- ▶ Notable sales increases were recorded in clothing boutiques (+1.3%), furniture stores (+0.6%) and personal care stores (+0.6%).

### COMMENTS

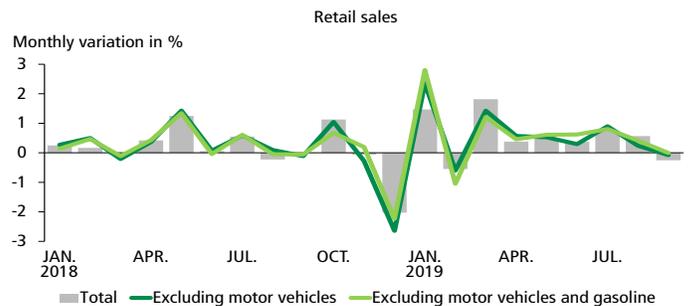
The drop in total sales was not expected. In fact, the 0.3% decline posted is lower than the 69 estimates compiled by Bloomberg. Therefore, this weakness can be considered bad news, which partially offsets the resilience of other indicators.

What is the source of this weakness? On the one hand, motor vehicle sales were much more modest than anticipated, contrasting with the solid new vehicle sales figures released at the beginning of the month. On the other hand, some sectors, such as renovation centres and nonstore retailers, had shown strong sales growth in August before suffering a setback in September. In addition there was already a negative trend in other sectors, such as department stores and leisure goods stores. Lastly, specific factors, such as Hurricane Dorian off the East Coast and the strike at GM, might have played also a role in the decline. Except maybe in apparel stores, there was no clear indication of a boost in purchases due to the new tariffs on Chinese imports.

### IMPLICATIONS

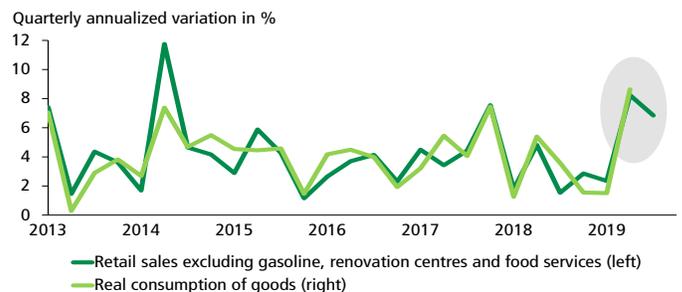
In the third quarter overall, consumption should remain relatively strong despite September's weak sales. If there is no turnaround,

**GRAPH 1**  
First decrease in sales since February



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

**GRAPH 2**  
Real consumption of goods is expected to slow in the third quarter, while remaining relatively strong



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

the picture could be much bleaker in the fourth quarter. Other similar data could prompt the Federal Reserve to lower rates as of late October, rather than in December.

Francis Généreux, Senior Economist

François Dupuis, Vice-President and Chief Economist • Mathieu D'Anjou, Deputy Chief Economist  
Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist

Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com) • [desjardins.com/economics](http://desjardins.com/economics)

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 © 2019, Desjardins Group. All rights reserved.