

# ECONOMIC NEWS

## United States: Solid Rebound in Sales Excluding Motor Vehicles

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### HIGHLIGHTS

- ▶ Retail sales were up 0.7% in August, following a 1.8% decline (revised from -1.1%) in July.
- ▶ Motor vehicle sales fell 3.6% in August, after a 4.6% decline in July, marking a fourth consecutive drop. The value of service station sales rose 0.2% in August. Excluding motor vehicles and gas, sales jumped 2.0%, following a 1.4% contraction in July.
- ▶ The main increases were driven by nonstore retailers (+5.3%), furniture stores (+3.7%), general merchandise stores (+3.5%) and grocery stores (+1.8%). Excluding motor vehicles, the main declines were in electronics stores (-3.1%) and leisure goods stores (-2.7%). August sales in food services were flat.

### COMMENTS

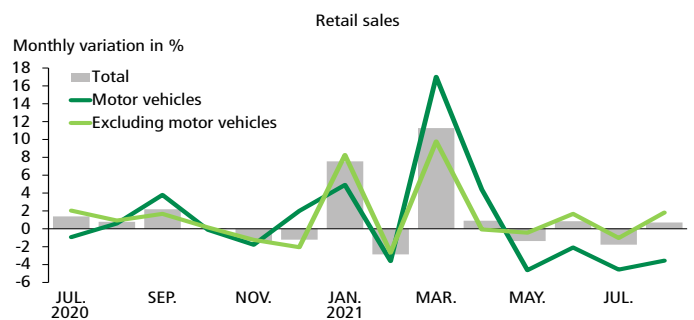
After July's disappointing results (amplified by the downward revision), August's upturn in retail sales is obviously good news. The actual uptick also significantly outstripped the consensus expectation, which called for a further contraction in sales, even excluding motor vehicles. It appears retailers were not overly impacted by the wave of COVID-19 brought on by the Delta variant as was feared. That being said, August's rebound in nonstore retail sales, increase in grocery stores and flat reading for food services are still reminiscent of the habits consumers adopted in previous waves. It should also be noted that despite the welcome recovery in sales in August, real consumption growth is likely to be relatively sluggish in the third quarter of 2021. Clearly, the situation is highly reflective of the problems in the auto industry, where sales have pulled back a total of 14.1% since April.

### IMPLICATIONS

The growth in retail sales in August, particularly if we exclude motor vehicles, is encouraging and suggests the new wave of

### GRAPH 1

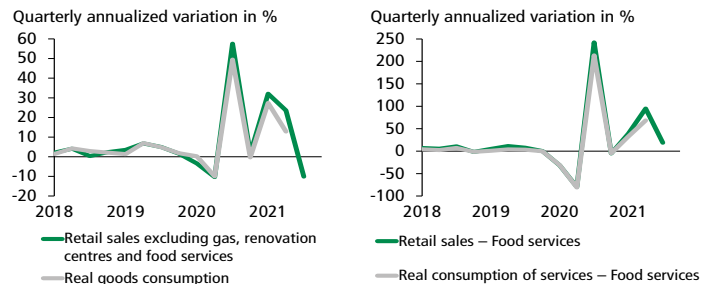
Sales increased despite continued auto industry weakness



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

### GRAPH 2

Despite August's rebound, retail sales point to a third-quarter slowdown in consumption



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

the pandemic is not having a major impact on the economy. This could further reassure Federal Reserve officials.