

ECONOMIC NEWS

United States: Retail Sales Continue to Rise

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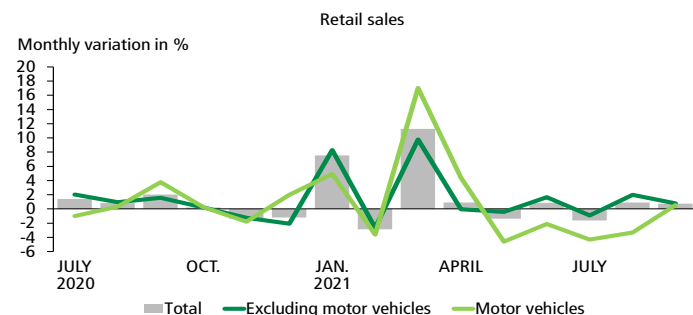
HIGHLIGHTS

- ▶ Retail sales grew 0.7% in September, after rising 0.9% in August and falling 1.6% in July.
- ▶ Auto sales were up by a surprising 0.5% in September after a 3.3% decline in August. The value of service station sales climbed 1.8% in September. Excluding motor vehicles and gasoline, sales advanced 0.7% after a strong gain of 2.1% in August.
- ▶ The main upticks were in stores associated with leisure goods (+3.7%), general merchandise stores (+2.0%) and the “miscellaneous” category (+1.8%). The only declines were in personal care stores (-1.4%) and electronics stores (-0.9%). Food services were up 0.3%, while sales at nonstore retailers rose 0.6%.

COMMENTS

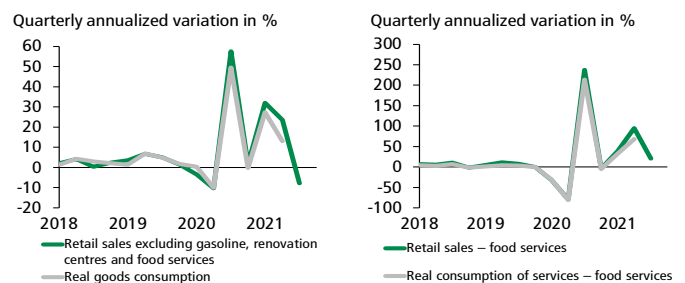
The consensus forecast was for a new contraction in retail sales in September. In this light, the 0.7% gain comes as a pleasant surprise, despite being fairly close to our own forecast. That being said, auto industry performance was nothing short of astonishing as the number of new vehicles dropped 6.4% and

GRAPH 1
First positive contribution from vehicle sales since April



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

GRAPH 2
Retail sales suggest strong consumer growth in the second quarter



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

prices rose a mere 1.3% in September. Despite September’s increase, retail motor vehicle sales are down 13.1% since April, a direct result of the supply problems plaguing vehicle availability.

IMPLICATIONS

The auto industry’s struggles since the spring, coupled with a perceived slowdown in some other sectors, including furniture, electronics and nonstore retailers, resulted in nominal retail sales suffering their first quarterly pullback since the spring of 2020, despite growth in August and September. This will obviously be reflected in the real consumption of goods (which will be hampered by rising prices as well). However, keep in mind that the spring data reflected a strong boost from government assistance to households. In addition, the service sector continues to recover.