

BBVA Research Flash

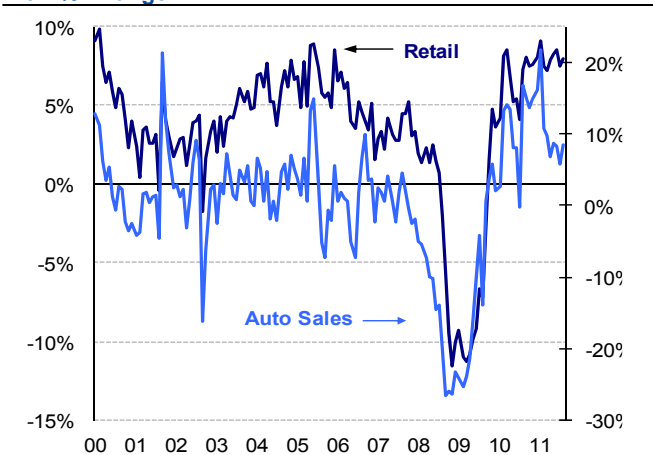
U.S.

Auto Sector Drives September Boost in Retail Sales

- **Retail sales jumped 1.1% in September due in large part to strength in the auto sector**
- **Excluding autos, sales grew 0.6% MoM reflecting gains in clothing, gasoline stations, and food services**
- **Data from August were revised up from 0.0% to 0.3% for total retail sales and from 0.1% to 0.5% excluding autos**

Retail sales estimates for September show better-than-expected consumer activity, up 1.1% MoM and beating consensus expectations for 0.8% growth. Much of the gain was driven by strength in the auto sector, with motor vehicle sales up 3.7%. Excluding autos, sales grew 0.6% MoM reflecting gains in clothing and accessories (1.3%), food services and drinking places (1.3%), and gasoline stations (1.2%). Retail sales excluding both autos and gas were up 0.5%, suggesting some recovery in other consumer goods. On the downside, sales of sporting goods, hobby, book and music stores, and building materials declined in September, however, contraction was minimal. Upward revisions to retail sales in August (from 0.0% to 0.3% for total sales and 0.1% to 0.5% excluding autos) suggest a slightly stronger recovery than previously thought. On a YoY basis, total and ex-auto retail sales are up 7.9% and 7.8%, respectively, and continue to surpass historical highs. Although various retail surveys have indicated slowing sales for the month, consumer confidence indicators have edged up slightly and concerns over a deteriorating economy have declined. As consumers appear to be loosening their spending habits, the likelihood of a double-dip recession has declined.

Chart 1
Retail and Auto Sales
YoY % Change



Source: US Census Bureau

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