



Economics Group

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Retail Sales Climbed Again in August; Auto Sales Weak

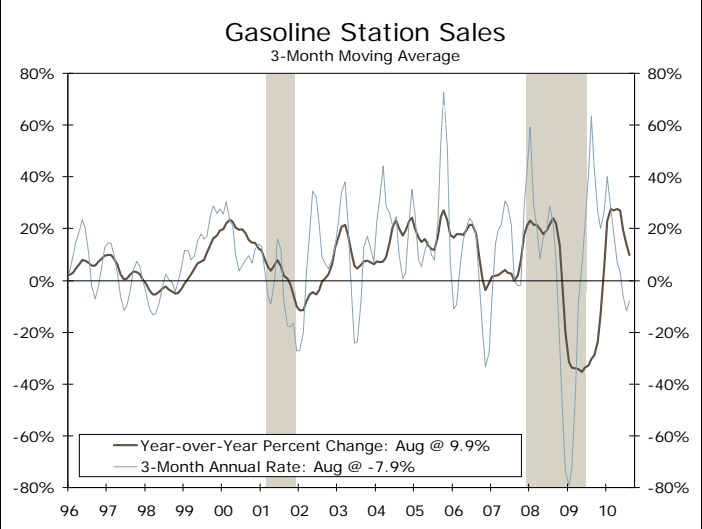
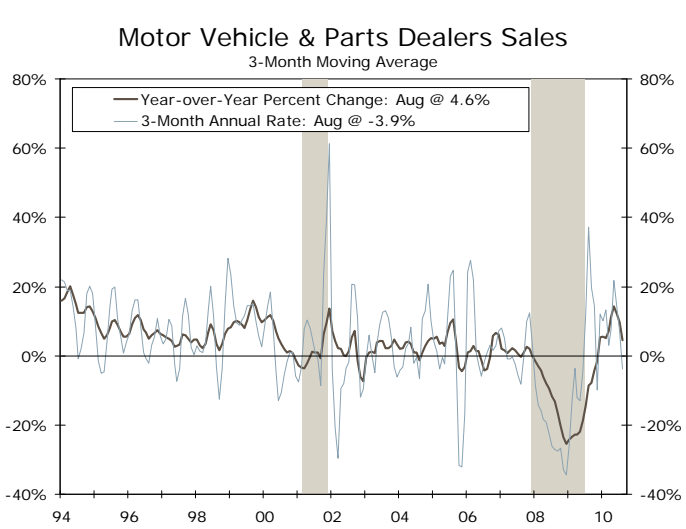
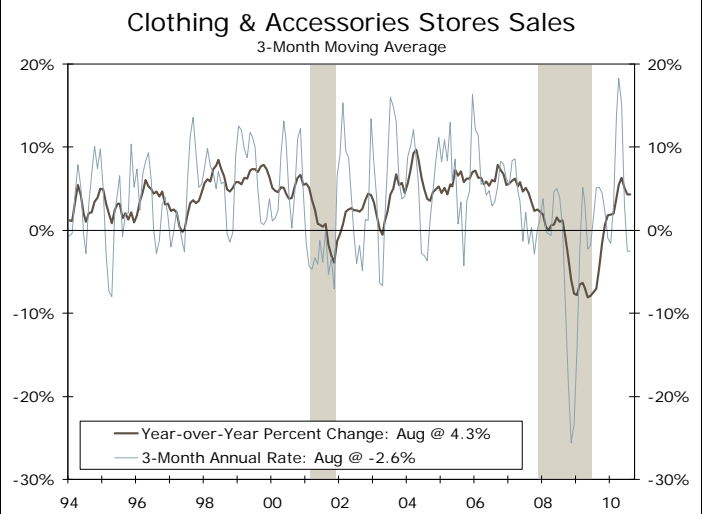
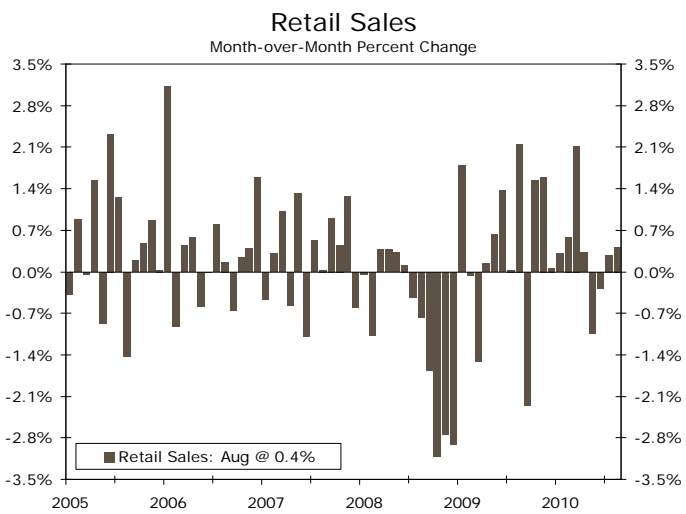
U.S. retail sales in August increased for the second month in a row, rising 0.4 percent. Outside of autos, gas and building materials, sales climbed 0.6 percent.

Core Sales Strong but Ugly Number for Auto Sales

- Retail sales climbed 0.4 percent in August and our preferred measure of “core” sales climbed 0.6 percent on the month, consistent with our outlook for a 1.7 percent growth rate in Q3 consumer spending.
- Motor vehicle sales slipped 0.7 percent. While sales to dealers have remained steady, this dip in sales to consumers may be a prelude to production cuts at auto makers later this year.

Back to School Sales Helped

- August is a big back-to-school month and retailers made the most of it. Sales at department stores climbed 0.4 percent, and clothing stores jumped 1.2 percent.
- Gasoline station sales jumping 1.9 percent also boosted sales in August. While retail sales prices were up slightly, this big jump reflects an increase in volume of sales as well. Perhaps more people opted to drive rather than fly for summer vacation.



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

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