



Economics Group

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Retail Sales Jumped Higher in August

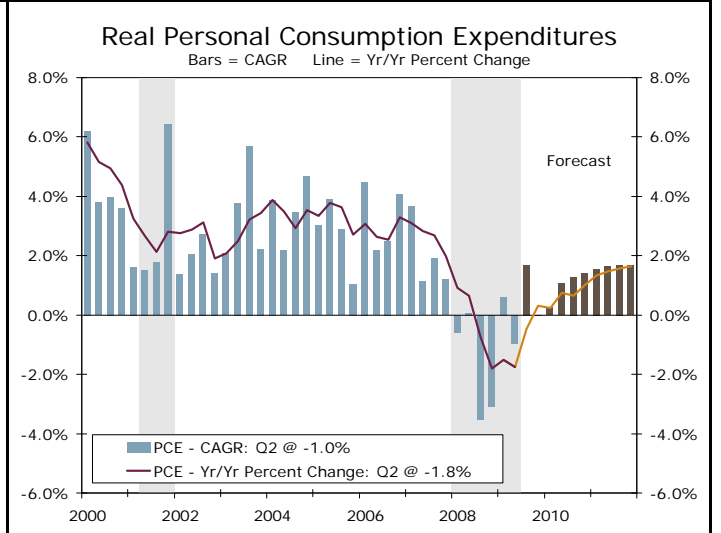
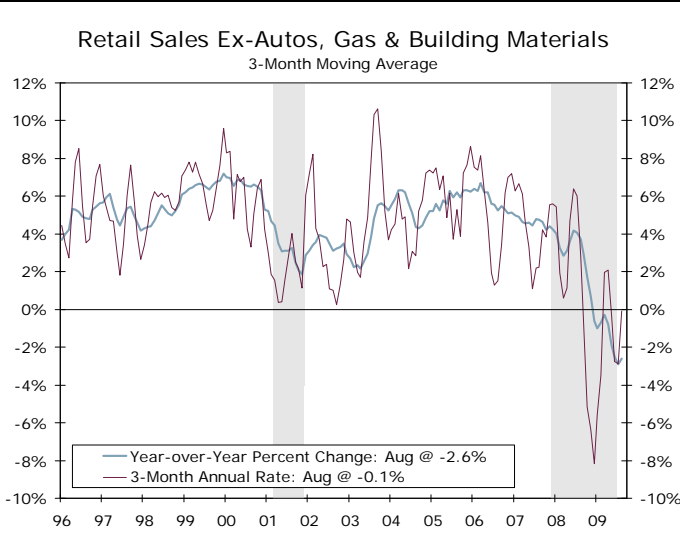
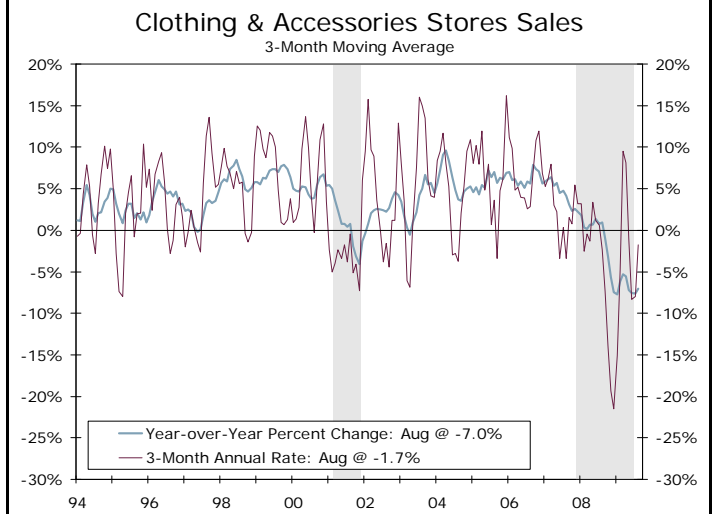
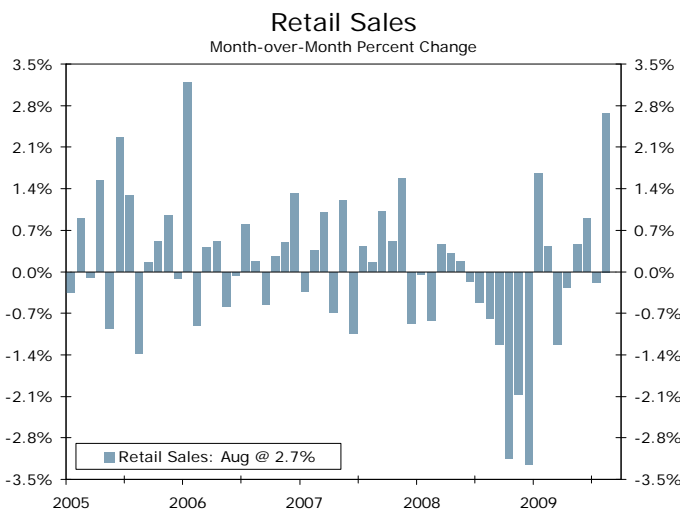
Retailers turned in a surprisingly strong month in August; sales were up 2.7 percent. Even excluding the cash-for-clunkers-fueled results at auto dealers, sales rose 1.1 percent, the best gain since February.

Cash-for-Clunkers Pushed Sales Higher

- Sales jumped sharply higher as sales at motor vehicle and parts dealers jumped 10.6 percent. Higher gasoline prices also pushed the headline higher. Still, even after stripping out gasoline stations, building materials and auto dealers our preferred “core” series saw its best gain since early this year.
- With the cash-for-clunkers program over, we expect to see a major reversal in sales in September.

Sales Gains Broad Based

- Sales gains were broad based with increases almost across the board. Some of the best results were turned in by clothing stores (2.4 percent) and sporting goods (2.3 percent) as back-to-school sales brought at least some buyers into stores.
- We continue to expect the third quarter to see the biggest gain in real consumption since 2007, but big gains may be short-lived as the weak labor market will weigh on consumers into next year.



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

Wells Fargo Securities, LLC Economics Group

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