



Economics Group

Anika R. Khan, Senior Economist
anika.khan@wellsfargo.com • (704) 410-3271

Retail Sales Rebound in February

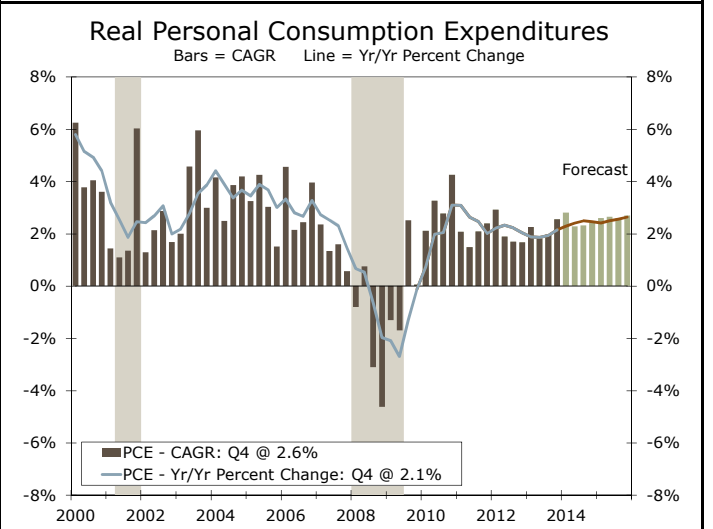
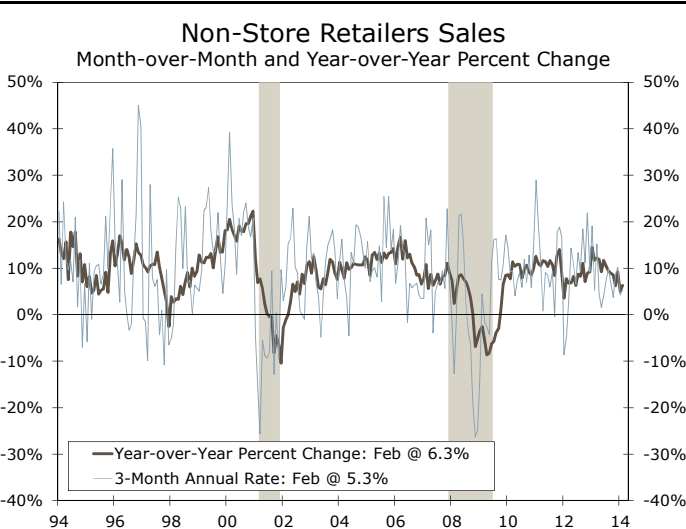
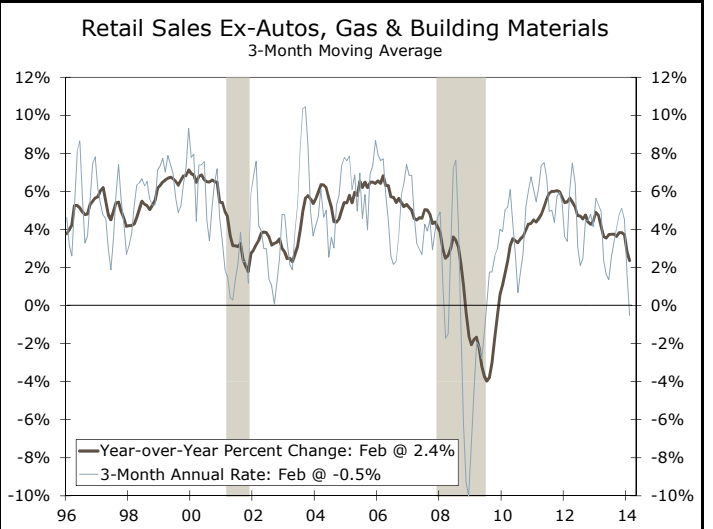
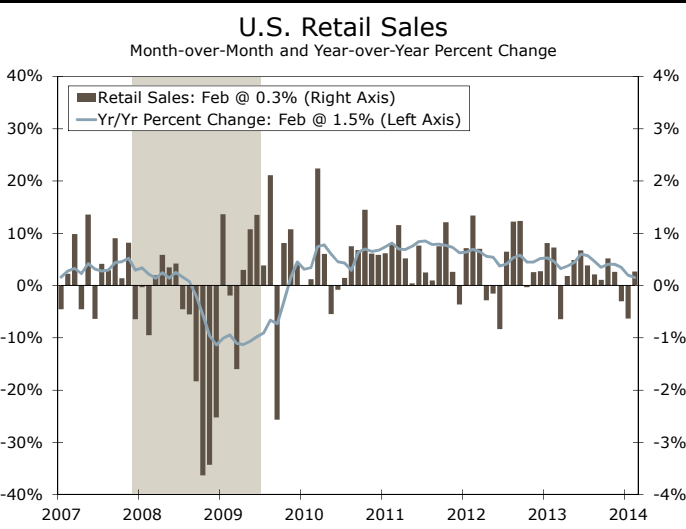
Following a downwardly-revised 0.6 percent decline in January, retail sales rose 0.3 percent in February showing the impact of weather has largely faded. Core sales rose a commensurate 0.3 percent on the month.

Weather Proves to Be the Culprit in Weak Data

- Retail sales rose 0.3 percent in February and although previous months' data were downwardly revised, the rebound is evidence that the recent weakness was largely due to weather.
- Retail sales should continue to improve in the coming months as consumers release some of their pent-up demand due to cabin fever. Excluding autos, online sales made the largest contribution, rising 1.2 percent in February.

First Quarter Consumer Spending Could Be Weak

- Core retail sales, which exclude autos, gas and building materials, rose 0.3 percent on the month and are up only 0.2 percent on a three-month annualized basis. On a year ago basis, core sales are up 2.2 percent. With core retail sales improving at such a paltry rate, it stands to reason that consumer spending in the first quarter could be weak. Our forecast for real consumer spending remains unchanged, but all eyes will be on March.



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

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Diane Schumaker-Krieg	Global Head of Research, Economics & Strategy	(704) 410-1801 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 410-3275	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Currency Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Eugenio J. Alemán, Ph.D.	Senior Economist	(704) 410-3273	eugenio.j.aleman@wellsfargo.com
Anika R. Khan	Senior Economist	(704) 410-3271	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 410-3270	azhar.iqbal@wellsfargo.com
Tim Quinlan	Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Eric Viloría, CFA	Currency Strategist	(212) 214-5637	eric.viloria@wellsfargo.com
Michael A. Brown	Economist	(704) 410-3278	michael.a.brown@wellsfargo.com
Sarah Watt House	Economist	(704) 410-3282	sarah.house@wellsfargo.com
Michael T. Wolf	Economist	(704) 410-3286	michael.t.wolf@wellsfargo.com
Zachary Griffiths	Economic Analyst	(704) 410-3284	zachary.griffiths@wellsfargo.com
Mackenzie Miller	Economic Analyst	(704) 410-3358	mackenzie.miller@wellsfargo.com
Blaire Zachary	Economic Analyst	(704) 410-3359	blaire.a.zachary@wellsfargo.com
Peg Gavin	Executive Assistant	(704) 410-3279	peg.gavin@wellsfargo.com
Cyndi Burris	Senior Admin. Assistant	(704) 410-3272	cyndi.burris@wellsfargo.com

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