

United States

Retail sales revive, but trend remains one of slower spending growth

- Retail sales up 0.3% in October
- Recovery makes up for 0.3% decline in September, leaves sales 4.1% up on a year ago
- Adds to signs of modest economic slowdown

US retail sales picked up in October, providing added reassurance that the economy is in better shape than many had thought a month ago. A 0.3% drop in sales in September had stoked fears that US economic growth was slowing at a worryingly steep pace amid the tapering of the Fed's asset purchases and disappointing global growth. These fears led to widespread financial market jitters.

Sales rebounded 0.3% in October, up 4.1% on a year ago. In the latest three months, sales are up 0.8% on the prior three months. However, that's down sharply compared to the recent peak of 2.3% seen in the second quarter, suggesting the trend is one of slower albeit still robust sales growth.

The data therefore add to recent survey evidence which indicate that the US economy has entered the fourth quarter with robust momentum, but that it may fail to enjoy GDP growth as strong as the annualised rates of 4.6% and 3.5% seen in the second and third quarters respectively. Markit's US PMI surveys point to GDP growth slowing to approximately 2.5% in October.

Consumer confidence measures, although far from perfect indicators of future retail sales, have meanwhile risen to their highest for nearly seven years, suggesting that any slowdown in spending may only be modest.

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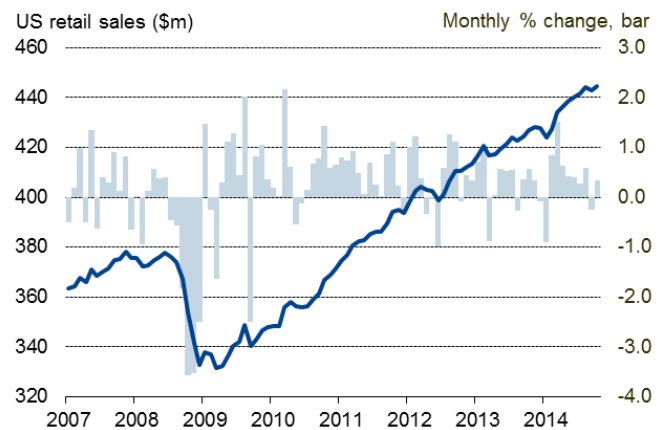
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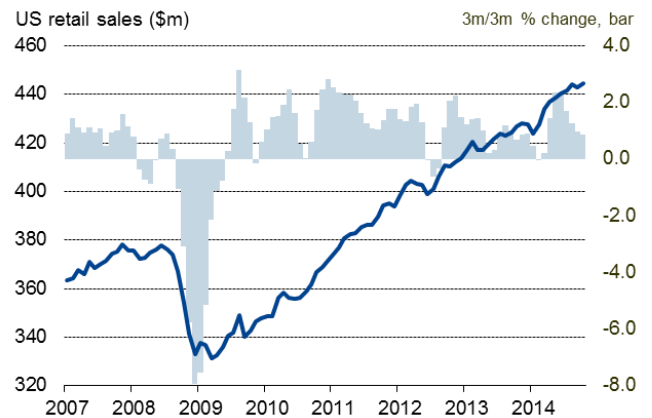
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Retail sales monthly % change



Source: Ecwin.

Retail sales quarterly % change



Source: Ecwin.

Consumer confidence

