

# United States

## Retailers see sales growth trend slow to post-crisis low in third quarter

- Retail sales rebound in September, buoyed by auto sales
- Core sales rise for first time in three months but up just 0.1% in third quarter
- Weak sales trend adds to survey evidence of economic malaise extending into second half of year

A rebound in US retail sales in September masks worrying signs of a weakening underlying trend in consumer spending to the joint-worst seen since the global financial crisis. The slowing suggests the economy is struggling to pull out of the malaise seen in the first half of the year.

Official data showed retail sales reviving in September, rising 0.6% to more than reverse a 0.2% decline in seen in August. Sales were boosted in particular by an upturn in auto sales. So-called 'core' sales, which exclude building materials, autos, gas stations and food services, meanwhile rose a more modest 0.1%.

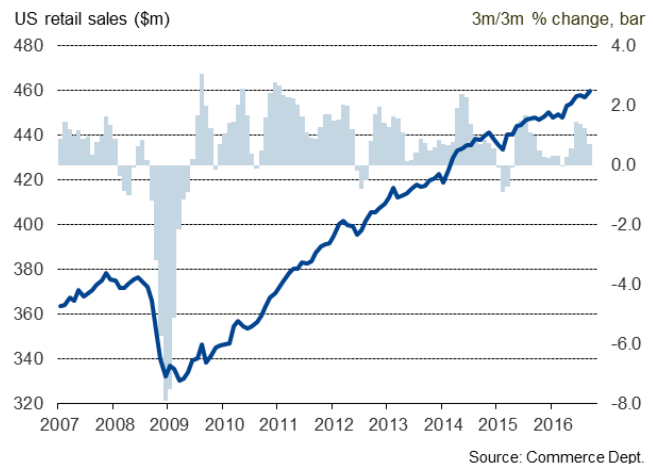
While the September upturn is good news, take a step backwards and it's clear that the picture is not so bright. The September upturn leaves total sales 0.7% higher in the third quarter, less than half of the 1.5% expansion seen in the second quarter.

The data on core sales are even more worrying. Over the third quarter as a whole, core sales were up a mere 0.1% (or 0.4% annualised), matching the post-crisis low seen second quarter of 2013.

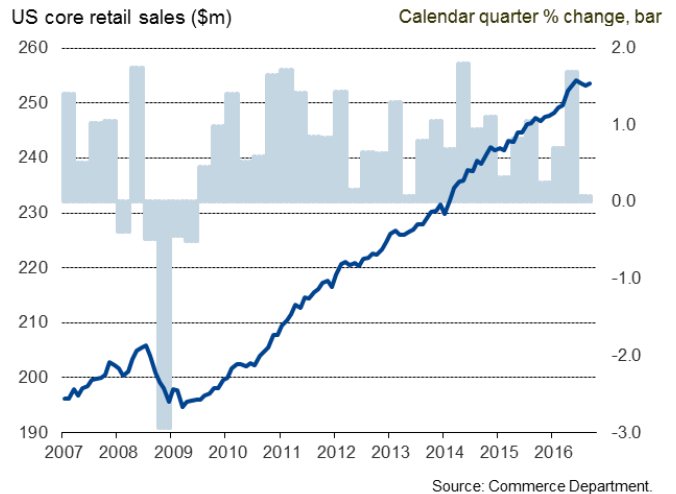
It's core sales which tend to be a better guide to wider measures of consumer spending, so this weakening trend is a big concern and will likely lead to some downward revisions to third quarter GDP forecasts.

The lacklustre underlying trend in retail sales adds to signs from business surveys that the pace of economic growth remained subdued in the third quarter. [PMI surveys suggest growth could be disappointingly modest again in the third quarter](#), similar to the disappointing 1-1.5% pace seen in the first half of the year.

### US retail sales



### US core retail sales



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