

Retail Sales Crush Thoughts Of Double-Dip Recession

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WASHINGTON (AP) — Retail sales rose in August by the largest amount in five months, adding to evidence that a late spring economic swoon was temporary and not the start of another recession.

Retail sales rose 0.4 percent last month, the best advance since March, the Commerce Department said Tuesday. Excluding a big decline in autos, retail sales increased 0.6 percent. That's double the amount economists had expected.

The strength came in a number of areas from department stores to clothing stores and sporting goods outlets. The advance was the latest indication that the economy is regaining its footing after a dismal spring.

In a separate report, Best Buy said its fiscal second-quarter net income rose 60 percent. Shoppers bought cell phones, appliances and tablet computers. The results exceeded analysts' expectations.

Retail sales rose a revised 0.3 percent in July after posting back-to-back declines in May and June. Those decreases had raised concerns that the economic recovery was losing strength and that a second recession was possible. Consumer spending accounts for 70 percent of total economic activity.

Even with the sales rebound in July and August, economists expect 2 percent growth in the second half of this year. That's not enough to lower the 9.6 percent unemployment rate.

One area of weakness last month was auto sales, which fell 0.7 percent. That confirms earlier reports that August was the auto industry's worst month for sales since 1983. General Motors, Toyota, Honda and Ford all reported declines last month compared to July and also compared to August 2009.

But other areas were strong. Department stores and general merchandise stores both posted 0.4 percent gains. The latter category includes big chains such as Wal-Mart and Best Buy.

Last week, major chain stores reported that this year's back-to-school season was better than first anticipated. Still, retailers reported that shoppers were spending mainly when they found discounts and sales were by no means sizzling.

Analysts said they expect stores will need to keep discounting to get shoppers to spend this fall and for the holiday.

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Sales were up 1.9 percent at gasoline stations, an increase that in part reflected higher pump prices. Excluding gasoline stations, retail sales would have risen 0.3 percent in August after a 0.1 percent July increase.

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