



# TD Economics

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## Data Release: U.S. retail sales rebound nicely in October

- Retail sales rose 0.3% M/M in October, above market expectations for a rise of 0.2% M/M. There were no revisions to the prior months' headline figure.
- With lower gasoline prices weighing on the headline print, core sales (ex-autos, ex-gasoline) rose by a stronger 0.6% M/M, beating market expectations for a 0.4% M/M rise. Revisions to core sales in September (+0.1% M/M from -0.1%) and August (+0.6% from 0.5%) were also positive.
- Gains in October were observed in 11 of 13 subcomponents. The largest gains were for nonstore retailers (+1.9%), which includes online retail stores, sporting goods & hobbies (+1.2%), food services & drinking (+0.9%), and health & personal care (+0.7%).
- Retailers seeing a decline include electronics (-1.6%) – after strongly rising in September due to the release of the iPhone 6 – and gasoline stations (-1.5%).

## Key Implications

- This report suggests a positive start to Q4 for U.S. consumers. Sales at gasoline stations weighed severely on the headline owing to the sharp fall in gas prices throughout the month. On the bright side, consumers appear to have enjoyed the money saved at the pump, spending it on sports goods, personal care, at bars, as well as online.
- Given the continued progress seen in the labor market and the rise in consumer confidence, personal spending is expected to remain robust over the coming months. The further fall in gasoline prices seen so far in November, if it is maintained, should also provide a meaningful boost.
- The minor revisions to core sales in prior months are likely to have little impact on the advance estimate of Q3 real GDP growth. However, the positive start to Q4 (even more so in real terms) suggests that consumer spending will help carry the U.S. economy in the fourth quarter.

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