



CONSUMERS SNUB STORMS

- **U.S. retail sales grew by a surprisingly strong +0.3%**
- **Retail sales have now risen in 4 of 5 months and 7 of 10 months**
- **11 of 13 sectors enjoyed gains on the month**
- **Bad weather was hardly evident in the numbers**

It seems that the American consumer is a resilient species. They took a page out of last week's payrolls playbook by snubbing the winter storms that ravaged the nation in February. Snowflakes were hardly evident in a retail sales report that managed an above-consensus 0.3% gain. This was well above the market's consensus for a -0.2% drop, and even better than our own forecast for a +0.1% gain. Thanks to increases in 4 of 5 months and in 7 of 10, annual retail sales are now 4.7% higher, which is a remarkably normal looking annual gain. The monthly ex-auto ex-gas figure was better yet, at +0.9%. Really, the only criticism that can be levelled at this report is the downward revision to the prior month, from +0.5% to +0.1%.

Certainly, from a sectoral perspective, there is much to like. Eleven of thirteen sub-sectors enjoyed growth, with only motor vehicle sales (-2.0%) and health & personal care (-0.7%) suffering a decline. Both of these represent the continuation of a trend. Meanwhile, the sorts of categories that would normally be thought of as subject to the whims of weather were resilient, with a 3.7% gain in electronics, a 0.5% increase in building materials, a 0.6% rise in clothing, and a 1.2% pop in sporting goods (toboggans and ice skates, perhaps?).

The bottom line in this report is that consumers seem to have shifted into a cautiously pro-spending mode. The personal savings rate has increased off of its previous floor, but it is ceasing to rise as consumers feel confident enough to spend, and there is an undeniable and natural attraction to low borrowing costs (where credit is actually available). We remain firm in our opinion that the consumer is not in a position to single-handedly drive the economy forward, though it can be a contributor nonetheless.

Eric Lascelles
Chief Economics & Rates Strategist
TD Securities

For further information, contact Beata Caranci at 416-982-8067.

This report is provided by TD Economics for customers of TD Bank Financial Group. It is for information purposes only and may not be appropriate for other purposes. The report does not provide material information about the business and affairs of TD Bank Financial Group and the members of TD Economics are not spokespersons for TD Bank Financial Group with respect to its business and affairs. The information contained in this report has been drawn from sources believed to be reliable, but is not guaranteed to be accurate or complete. The report contains economic analysis and views, including about future economic and financial markets performance. These are based on certain assumptions and other factors, and are subject to inherent risks and uncertainties. The actual outcome may be materially different. The Toronto-Dominion Bank and its affiliates and related entities that comprise TD Bank Financial Group are not liable for any errors or omissions in the information, analysis or views contained in this report, or for any loss or damage suffered.