



Instant View: July retail sales up 0.5 percent

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NEW YORK (Reuters) - Retail sales in July posted their biggest gain since March, tempering fears that the world's largest economy might be slipping back into recession.

COMMENTS:

CHRIS CHRISTOPHER, SENIOR ECONOMIST, IHS GLOBAL INSIGHT, LEXINGTON, MASSACHUSETTS

"Once you take out the autos and gasoline, it's better-than-expected.

"But consumer sentiment will take a pretty strong hit in the University of Michigan and Thomson Reuters survey.

"Going forward, it looks like personal spending adjusted for inflation would end up at plus 1.3 percent to 1.5 percent in the third quarter.

"Consumers are very fatigued especially after they look at their 401K."

LINDSEY PIEGZA, ECONOMIST, FTN FINANCIAL, NEW YORK

"It was a much stronger than expected report. We saw some nice upward revisions to June. There was a stronger than previously anticipated increase in retail sales. Going through the report, what also is interesting is the strength is very widespread across sectors. You see a lot of components that had been negative for quite some time actually bounce in July. Furniture, electronics, these have seen decreasing consumption for the past three months. Finally we see a pop in July. Like we saw in June, Perhaps this was a precipice for the consumer turning a corner."

BERNARD BAUMOHL, CHIEF GLOBAL ECONOMIST, ECONOMIC OUTLOOK GROUP, PRINCETON, NEW JERSEY

"We knew from some earlier economic indicators that the July retail numbers were going to be pretty good. We saw from earlier data that auto sales were strong and chain store sales were stronger."

"We've seen a few months of consumer spending accelerating. We see this acceleration both in the overall numbers and when you take out autos, consumers are increasing spending, that is a very good sign because July was a very difficult month for businesses and households to figure out where the economy was going. It's an encouraging sign that consumers are continuing to spend and the U.S. economy continues to grow, though at a sluggish pace."

"I think the markets have been way too pessimistic on the economy. Fundamentals are much better, so we will see in the next few weeks a sling back in the stock market away from these persistent declines. We will see that in continuing strength... You have to write off the summer a little bit because of all the political dust that's kicked up."

RUDY NARVAS, SENIOR ECONOMIST, SOCIETE GENERALE, NEW YORK

"It's much better than expected and if you look at some of the back months' revisions it seems there's a little more momentum coming in from Q2 to Q3.

"When you look at the overall data that's been coming out it's really been a mixed bag, and this shows that the economy is not falling off its wheels.

"In our opinion, QE3 was never on the table, but this number puts it even farther away."

PAUL BALLEW, CHIEF ECONOMIST, NATIONWIDE, COLUMBUS, OHIO

"It's hesitant consumer spending growth. Consumers are certainly not leading the recovery. It's a decent result. We'll take anything that meets expectations. If you take a few pockets especially motor vehicles and parts, the report is pretty much right on the nose.

"I don't see this as a deceleration in consumer spending. I see everything we've seen the last few days as comforting. We are not getting any exceptionally strong indicators. We are on track for a below 2-percent GDP in the third quarter and low-2 percent in the fourth quarter."

DAVID SLOAN, ECONOMIST, IFR ECONOMICS, A UNIT OF THOMSON

REUTERS

"July's 0.5% rise in retail sales was in line with the consensus, but positive back month revisions and an ex auto gain of 0.5% that was well ahead of the expected 0.2% means that this report does provide some encouragement that the consumer was seeing some revival at the start of Q3. Whether this can be sustained in the face of recent equity market weakness is still an open question, with the coming plunge in gasoline prices a potential source of support for sales volumes. July's data saw gasoline price gains inflate the nominal data, but June's fall in gasoline prices does appear to have given the consumer some support."