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U.S. Census Bureau/ Kristene Quan/ MEDILL

Total retail sales grew 0.4 percent compared with December. However, January retail sales, excluding autos, rose 0.7 percent compared with the previous month.

## January retail sales up but miss monthly mark

by KRISTENE A. QUAN

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After a busy holiday shopping season, U.S. retail sales in January were up strongly from a year ago but they did not meet market expectations.

Retail sales, which include retail and food services, increased 0.4 percent in January, falling short of market expectations of a 0.8 percent rise based on a survey by Bloomberg LP. However, the report by the U.S. Census Bureau revealed that core retail sales, those excluding auto sales, actually beat expectations, rising 0.7 percent compared with market estimates of a 0.5 percent increase.

The growth in retail sales, excluding autos, reflects a foundation for the economy's recovery, economists say.

The shortfall in overall January retail sales was due in large part to auto sales as businesses tended to be buying automobiles for fleets, rather than consumers purchasing vehicles for their households. Adolfo Laurenti, deputy chief economist of Mesirow Financial Holdings Inc., explained that these purchases show up as an increase in business investments rather than retail sales.

Still, compared with the same period a year ago, January retail sales rose a strong 5.8 percent, a possible indication that the economy is improving. However, Laurenti cautioned comparing the two because the economy at the beginning of 2011 "wasn't in good shape."

"There was still a lot of concern of the double-dip recession. I think that contributed to the poor sales number last year," he said. "I'm glad we did much better this year, but I wouldn't make much comparison to December 2010 and January 2011 because it was a different economic time."

The bureau also revised its December retail sales number downward. The number now shows "no change" from November. The government originally reported December retail sales grew 0.1 percent compared with November. The revision reflects the financial struggle many consumers continue to face despite heavy discounting by retailers.

Based on January retail sales, experts have said 2012 has not kicked off with a bang.

“We have started 2012 without much momentum on the demand side of the economy,” said Ken Mayland, president of Clearview Economics LLC, in an email.

Laurenti agreed: “It’s very hard to argue that we have momentum in retail sales because the fundamentals are not there, and the fundamentals are jobs, wages and salaries. Retail sales are strong when fundamentals are strong.”