

## Consumer Spending Slows, but not Enough to Alter Fed Path

This morning's September retail sales report indicates that consumer spending may be slowing down. The headline reading for retail and food service sales was *unchanged* in September, slightly weaker-than-expected following a +0.4% reading in August. Seven of 13 categories showed declining sales last month, including auto dealers (-0.6%) and building materials stores (-0.4%). Sales at electronics stores (-0.8%) and gas stations (-1.4%) were also down, although much of the decline for these two can be attributed to falling prices. Overall sales are still +8.6% higher than a year earlier, but since this report isn't adjusted for inflation, sales are essentially *flat* on an annual basis.

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