Robust Consumer Spending Keeps Rate Hikes on the Table

Scott McIntyre

Once again, the U.S. consumer has exceeded spending forecasts. Retail sales unexpectedly climbed +0.7% in September, well above the +0.3% median forecast. Adding to the miss was an upward revision which boosted the August gain from +0.6% to +0.8%. On an annual basis, retail and food service sales were up +3.8%.

Retail sales are not adjusted for inflation, so higher prices boost overall receipts. However, despite receding prices, sales have remained solid during the quarter. If consumers' spending capacity has diminished, it's not showing up in the numbers. *Not yet anyway.*

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