

Winter Puts a Chill on January Spending

Severe weather across much of the country put a chill on consumers who took a break from their torrid pace of spending during January. Retail sales fell -0.8% last month, much weaker than the expected -0.2% decline and the largest monthly drop since February of last year. Year-over-year retail sales look even worse, posting a small +0.6% increase, well below the +5.3% rise in December and the weakest since May 2000. January weakness was broad based with nine of 13 categories posting declines. Car sales led the way down, falling -1.7% in January, while gasoline station sales also slipped -1.7%. Other notable declines were seen in building materials which fell -4.1% and non-store retailer sales which dropped -0.8%. The closely watched control group figure that feeds into the GDP calculations dropped -0.4%, well below the median forecast for a +0.2% gain, while the year-over-year reading posted a modest +2.5% increase, well off December's +5.3% pace.

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