

Yields Climb on Stronger than Expected Consumer Spending

U.S. consumers may be strapped with record debt levels, but that burden has yet to make much of an impact on spending. Retail sales rose +0.7% in July, well above the median forecast of +0.4%, while the previous month increase was revised upward from +0.2% to +0.3%.

When the volatile auto and gasoline categories are excluded, sales rose +1.0%, topping the +0.4% forecast. The retail sales "control group," which excludes autos, gas, building materials and food services (and feeds directly into the quarterly GDP calculation) also rose +1.0%, *doubling the median forecast.*

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