

NEW ELECTRONICS BOOST U.S. RETAIL SALES



In October, retail sales rose more than projected as American shoppers gave the economy a boost at the start of the fourth quarter. Today the Commerce Department figures showed in Washington that the 0.5 percent gain, helped by the biggest jump in electronics purchases in two years, also followed a 1.1 percent increase for September. The median forecast from the 81 economist surveyed by Bloomberg News called for a rise of 0.3 percent. "Another recession is pretty unlikely," says Samuel Coffin, who is an economist at UBS Securities in Stamford, Connecticut, who also correctly predicted the gain in retail sales. The report "suggests a very strong start to the quarter. We'll continue expanding at a better pace." Another report showed that, for the first time in four months, prices fell, which may make it easier for retailers like Macy's Inc. (M) and Kohl's Corp. (KSS) to use discounts and maintain the sales momentum through the holiday shopping season. Gains in the consumer spending, which will account to around 70 percent of the economy, are vital to bolstering the recovery at a time when Europe's debt crisis threatens to slow sales overseas. In November, stocks rose, propelled by technology shares, as the sales figures and separate figures showing New York-area manufacturing expanded for the first time in six months tempered concern about Europe's debt crisis. At 1:24 in New York, the Standard & Poor's 500 Index climbed 0.4 percent to 1,257.12. In October, the Federal Reserve Bank of New York's general economic index rose to 0.6 from minus 8.5. Readings higher than zero signal companies in the so-called Empire State Index, which now covers New York, northern New Jersey, and southern Connecticut, are expanding. Yesterday in an interview at Bloomberg's headquarters in New York, Federal Reserve Bank of Dallas President Richard Fisher said that there are decreasing odds that the Fed will need to ease policy further amid signs the world's largest economy is "poised for growth." "I'm more comfortable now in terms of not -- this is me personally speaking -- not anticipating greater accommodation," Fisher said. "The direction we're moving in is positive." Chairman and Chief Executive Officer Lloyd C. Blankfein said that Goldman Sachs Group Inc., who is the fifth-biggest U.S. bank, is preparing for a faster global economic rebound than most forecasters expect. "I don't think that we can conclude that this slowdown is secular rather than cyclical change," Blankfein, 57, said today at an investor conference in New York, which was hosted by Bank of America Corp's Merrill Lynch unit. "The world will snap back and it will be a surprise and it will be faster than people think." Energy prices declined 1.4 percent, which was led by cheaper heating oil, gasoline and natural gas. In October, passenger cars and light trucks also fell.

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