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Consumers buy more retail goods in March; gas may slow advances

BY MARTIN CRUTSINGER
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WASHINGTON — Consumers spent more in March on furniture, electronics and at restaurants, but also paid more for gas.

Retail sales increased 0.4 percent last month, the Commerce Department said Wednesday. It was the ninth consecutive monthly gain.

The increase shrank to a 0.1 percent when sales at gasoline stations were excluded. Still, the biggest decline in auto sales in more than a year also pulled down overall sales. When taking out sales at gas station and of autos, retail sales rose 0.6 percent.

Many analysts considered that a solid gain, given the jump in gas prices and the fact that Easter is coming later this year. They also noted that sales in the previous two months were revised up to show slightly better gains.

Jennifer Lee, senior economist at BMO Capital Markets, said the new report was "pretty decent ... considering all of the headwinds the consumer is facing."

Businesses are stocking up based on the increased demand. A separate Commerce report said companies added to their stockpiles in February for a 14th straight month. And their sales increased for an eighth consecutive month. Healthy gains in sales and inventory restocking typically lead to more demand for U.S. factory goods.

Economists are hoping that a payroll tax cut and brighter outlook for job growth will keep consumers shopping this year. Consumer spending accounts for 70 percent of economic activity.

But analysts worry that the recent spike in energy prices will not leave shoppers with much left over to spend on other goods and services. The nationwide average for regular gasoline is now $3.80 a gallon, up from $3.56 a month ago, according to the motor club AAA.

For March, sales of autos dropped a sharp 1.7 percent, the biggest decline since February 2010.

Retail sales

Shoppers shrugged off higher gas prices and cool temperatures to give retailers a surprisingly solid March.

Percent change in major retailers' sales compared to same month last year:

March 2011

Limited Brands	+14.0% ↑
Costco Corp.	+13.0% ↑
Nordstrom Inc.	+5.1% ↑
Macy's Inc.	+0.9% ↑
J.C. Penney Co.	-0.3% ↓
Target Corp.	-5.5% ↓
Gap Inc.	-10.0% ↓

NOTE: Sales include those from stores open for at least one year. Reporting periods vary slightly.

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People shop for televisions at a Best Buy in Glendale, Calif. Consumers spent more in March on furniture, electronics and at restaurants, but also paid more for gas.