

ASSOCIATED PRESS

In this Nov. 9 photo, a shopper carries purchases while shopping at Dolphin Mall, in Miami. Americans spent more on autos, electronics and building supplies in October, pushing retail sales up for a fifth straight month.

Consumers on the prowl

Business at retail stores gives the economy a boost

BY MARTIN CRUTSINGER
ASSOCIATED PRESS

WASHINGTON — Consumers are giving a modest lift to the economy. They spent more on autos, electronics and building supplies in October to boost retail sales for the fifth straight month.

The gains provide an encouraging start for the October-December quarter just as separate reports show wholesale prices are flattening and U.S. shoppers are spending more at Wal-Mart, the world's largest retailer.

"The consumer has to come through this holiday season if we are going to get back to more decent growth rates and the early readings are those households have hit the stores quite strongly," said Joel Naroff, chief economist at Naroff Economic Advisors.

Retail sales increased 0.5 percent, the Commerce Department said Tuesday. Healthy auto sales helped. But even without them, sales rose 0.6 percent — the best showing since March.

And when excluding autos and sales at gasoline stations, sales rose 0.7 percent, also the biggest increase since March.

Consumers spent more on electronics, appliances, hardware and building supplies. Sales also rose at grocery stores, bars and restaurants and health care stores.

Economists said the figures suggest the economy is growing at roughly the same 2.5 percent annual pace as the July-September quarter.

Separately, the government said companies paid less for wholesale goods last month for the first time since June. Inflation pressures are easing as the costs of oil and other commodities have declined.

The Producer Price Index, which measures price changes before they reach the consumer, dropped 0.3 percent in October, the Labor Department said. Excluding the volatile food and energy categories, the core index was unchanged for the first time in 11 months.

The retail sales report is the government's first look each month at consumer spending, which accounts for 70 percent of economic activity.

A rebound in consumer spending was the key reason the economy had its best quarterly growth in a year.