TIMOTHY A. CLARY, AFP/GETTY IMAGES

Shoppers walk 5th Avenue in New York on Nov. 29, 2013.

HOPE FOR THE HOLIDAYS:

Retail sales bounce back in October

Paying for fuel doesn't suck up all of shopping funds

Paul Davidson
USA TODAY

Retail sales rebounded in October as tumbling gasoline prices left consumers with more discretionary cash.

Retail sales increased 0.3% last month, roughly in line with the 0.2% jump expected by economists surveyed by Action Economics. Excluding volatile auto purchases, sales rose 0.3%.

The rise "was even stronger than it looks because the headline figure was depressed by a price-related drop in gasoline station sales," says economist Paul Diggle of Capital Economics.

Retail sales fell 0.3% in September, sparking a stock sell-off in October.

Last month, a core measure of sales that excludes autos, gasoline, food services and building materials jumped 0.5%, a positive sign for the holiday shopping season.

"Discretionary spending improved significantly, sending a clear signal that this holiday retail season is looking significantly brighter," said Chris Christopher, director of U.S. consumer economics for IHS Global Insight.

Sales were brisk at clothing stores, rising 0.5% compared with September. Sales increased solidly at furniture and health and personal care stores. Sales fell 1.6% at electronics and appliance retailers after surging in September on the rollout of the iPhone 6.

Consumer spending this year has been tempered by modest average annual wage growth of about 2%, tainting a recovery that has accelerated amid stronger factory output and business investment.

Plunging gas prices since July boosted consumer confidence to a seven-year high and prompted economists to predict that consumers will spend much of the fuel savings on other purchases, juicing holiday sales.

Gas prices average $2.91 a gallon nationally, down 78 cents from 2014's $3.69 peak.

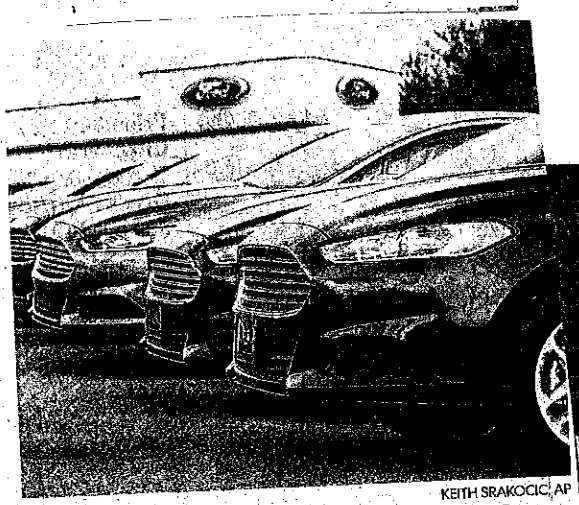
Walmart, which reported third-quarter results Thursday, credited lower gas prices for a 0.5% gain in same-store sales, the retailer's first quarterly sales gain since 2012.

Lower gas prices — likely to bottom out at about $2.79 a gallon by mid-December, according to price tracker gasbuddy.com — will probably provide a boost to holiday spending.

A survey released Friday by the National Association of Convenience Stores found 51% of men and 56% of those ages 18 to 34 say they are more likely to increase holiday spending.

"Our surveys over the past two years show that gas prices clearly play a major role in consumer sentiment about the economy," NACS spokesman Jeff Lenard said.

Contributing: Gary Strauss



KEITH SRAKOCIC, AP

Ford Fusions are on display May 8, 2013, at a dealership in Zelienople, Pa. Gas for them costs less this year.



LAST MONTH'S SALES

Retail sales rose solidly in October, especially for certain categories:

CLOTHING STORES
+0.5%

AUTO DEALERS
+0.5%

HEALTH AND PERSONAL CARE STORES
+0.7%

FURNITURE STORES
+0.2%

DEPARTMENT STORES
-0.3%

ELECTRONICS, APPLIANCE STORES
-1.6%

SOURCE U.S. CENSUS BUREAU