

The Commerce Department said Tuesday that retail sales increased 0.2 percent in July from June. MARK LENNIHAN/AP

Retail sales rise 0.2 percent in July

Data suggest American consumer spending could boost growth in coming months

By Martin Crutsinger
Associated Press

WASHINGTON — U.S. retail sales edged up in July despite a drop in auto sales.

A category of purchases that excludes the most volatile areas rose by the most in seven months, a sign that consumer spending could boost economic growth in coming months.

The Commerce Department said Tuesday that retail sales increased 0.2 percent in July from June. Sales had risen 0.6 percent in June from May on a surge in auto sales.

"Core" retail sales, which exclude the volatile auto, gas and building supply categories, rose 0.5 percent in July. It was the biggest such gain since a similar increase in December.

Closely watched data

Retail sales are closely watched because they're the government's first report each month on consumer spending, which accounts for 70 percent of U.S. economic activity.

Tuesday's report is "consistent with a decent acceleration" in consumer spending in the current July-September quarter, said Paul Dales, senior U.S. economist at Capital Economics.

Dales suggested that consumer spending, which rose at an annual rate of 1.8 percent in the April-June quarter, could grow at a 2.5 percent annual rate or better in the current July-September quarter.

Credit card debt down

A separate report Tuesday showed that Americans are reducing their credit card debt. It's a trend that could further strengthen consumers' financial security and boost their spending over the long run. The rate of credit card payments at least 90 days overdue fell in the April-June quarter to 0.57 percent, according to credit reporting agency TransUnion. It's the lowest delinquency rate since 1994.

And the Commerce Department said business stockpiles were unchanged in June while sales rose modestly. That could mean that companies will need to step up their restocking in coming months, which would help boost economic growth.