

Retail sales rise is led by auto

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WASHINGTON — A surge in auto purchases helped lift retail sales in October by the largest amount in seven months. But excluding autos, retail sales rose more modestly.

October marked the fourth straight increase in retail sales after declines in May and June. Those drops had raised fears about the economic recovery. Still, economists say consumers probably aren't spending enough to

lift sales growth above the lackluster pace of the past six months.

Consumers are still struggling with scant income gains, high debts and painfully high unemployment, which remains stuck at 9.6 percent even though the recession ended more than a year ago.

Paul Dales, U.S. economist at Capital Economics, interpreted October's retail sales as a sign that consumption growth is improving. He cautioned that spending remains too tepid to drive eco-

nomical growth higher in the current quarter. Consumer spending is closely watched because it accounts for 70 percent of U.S. economic activity.

Overall retail sales rose 1.2 percent in October, the Commerce Department said Monday. That was nearly double the gain that had been expected and the largest increase since March. But excluding autos, sales rose 0.4 percent.

In a second report, the government said inventories held by businesses grew 0.9 percent in Sep-

tember. It was the ninth straight monthly gain. And total business sales rose 0.5 percent, the best showing since July.

Steadily higher inventories and sales are seen as signs that the economic recovery will continue. Inventory rebuilding has provided support for the economy.

For October, sales at auto dealerships rose 5 percent. That gain had been expected because of reports from automakers that October auto sales rose to an annual rate of 12.3 million units. That

purchases

increase was the best monthly showing since the government's Cash for Clunkers program sent sales surging in August 2009.

Outside of autos, sales at general merchandise stores, a category that includes department stores and big chains such as Wal-Mart Stores Inc., rose 0.2 percent in October after a slight 0.1 percent rise in September. Sales at specialty clothing stores fared better: They rose 0.7 percent after having fallen 0.4 percent in September.