BUSINESS

Retail sales rise slightly in August

0.2% gain is smallest in 4 months

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Associated Press

WASHINGTON—Americans boosted their spending at retail businesses only modestly in August, indicating that economic growth remains sluggish. Consumers bought more cars, furniture and electronics last month but held back on most other purchases.

Spending at retail businesses rose just 0.2 percent last month, the Commerce Department said Friday. It was the smallest gain in four months. But the government said retail spending was stronger in the previous month than first estimated, revising the July estimate to 0.4 percent from 0.2 percent.

Excluding volatile spending on autos, gas and building supplies, sales in August increased just 0.2 percent, or less than half July's 0.5 percent gain.

Consumer might be growing more cautious about spending, a trend that could slow economic growth in the July-September quarter. Slow wage growth, modest job gains and higher taxes have limited Americans' spending power.

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

"Consumer spending remained stuck in middle gear in the summer," said Sal Guatieri, an economist at BMO Capital Markets.

Guatieri forecasts that spending is growing at an annual rate of roughly 2 percent in the current July-September quarter, about the same as the previous quarter. That suggests economic growth is slowing to an annual rate of about 2 percent, down from the 2.5 percent annual rate that the government estimated for the April-June quarter.

Sales of autos and furniture both jumped 0.9 percent in August.