

A shopper carries bags of merchandise in Freeport, Maine. U.S. retail sales rose at a solid pace in March 2012, as a healthier job market encouraged more consumers to shop, the Commerce Department said. /AP

Retail sales rose 0.8%, helped by jobs increase

By Christopher S. Rugaber
The Associated Press

WASHINGTON — U.S. retail sales rose at a solid pace last month, as a healthier job market and warmer weather encouraged more Americans to shop.

The Commerce Department said Monday that retail sales rose 0.8 percent in March. That's below February's 1 percent increase but above January's pace.

Some of the increase went to higher gas prices. Still, steeper gas prices haven't deterred Americans from spending more on other goods.

Consumers spent more last month on building materials, autos, electronics, furniture and clothing. Excluding car and gasoline sales, retail sales increased 0.7 percent. And excluding autos, gas, and home supplies, so-called "core" sales rose 0.5 percent in March, matching February's gain.

Investors seemed pleased by the gains. The Dow Jones industrial average rose more than 110 points in the first hour of trading, and broader indexes also increased.

Joshua Shapiro, an economist at MFR Inc., said that retail sales have "picked up considerably" in the first quarter, after a weak December gain. Sales have been bolstered by greater hiring, but also unseasonably warm weather, which has added to clothing and home supply sales.

Shapiro cautioned that the warmer weather may have moved up some sales, which could lead to weaker spending in April and May.

Still, the gain pushed retail sales to a record high of $411.1 billion, 24 percent higher than the recession low hit in March 2009.

The retail sales report is the government's first look each month at consumer spending, which represents 70 percent of economic activity. The increase, along with other recent positive data on inventories and trade, suggests growth in the January-March quarter could be stronger than first thought.

Economists are estimating growth at an annual rate of between 2.5 percent and 3 percent in the first quarter. That's in line with the 3 percent annual pace in the October-December quarter.

Americans are more confident in the economy after seeing hiring strengthen this winter. Job gains averaged 246,000 per month from December through February. Hiring slowed to half that pace in March, although economists have suggested the lull may be temporary.