

Jessica McEntee looks through dresses while shopping last month at a clothing boutique in Cambridge, Mass. Retail sales saw a little jump in September of 1.1 percent. STEVEN SENNE/AP

Sept. retail sales jump 1.1 percent

Experts say jobless numbers, home prices up confidence

By Shobhana Chandra
Bloomberg News

WASHINGTON — Retail sales rose more than projected in September, reflecting broad-based gains that indicate household spending helped bolster economic growth last quarter.

The 1.1 percent advance followed a revised 1.2 percent increase in August that was the biggest since October 2010 and larger than previously reported, Commerce Department figures showed Monday in Washington. The median forecast of 77 economists surveyed by Bloomberg called for a 0.8 percent rise.

A drop in joblessness and firming home prices are leading to gains in confidence that may help chains such as Target Corp. and TJX Cos. keep attracting customers. At the same time, rising energy costs and concern about looming tax changes at the end of the year may prevent consumer spending, which accounts for about 70 percent of the economy, from strengthening much more.

There is "some resilience on the part of the consumer," said Michael Feroli, chief U.S. economist at JPMorgan Chase in New York, who projected a 1 percent increase in sales. "We are going to continue to see slow, but steady, growth."

Manufacturing in the New York region contracted in October for a third straight as sales and employment declined, indicating the economy will get less support from factories, another report Monday showed. The Federal Reserve Bank of New York's general economic index rose to minus 6.2 from minus 10.4 in September, which was the lowest since April 2009.

Economists' estimates in the Bloomberg survey ranged from gains of 0.3 to 1.3 percent. The reading for August was revised from an initially reported increase of 0.9 percent. Twelve of 13 major categories showed gains last month, led by auto dealers, service stations and electronics stores.