

Picking up pace, paying the price



Shoppers carry bags of merchandise Monday in Freeport, Maine. February retail sales saw the biggest gain in 5 months, with autos showing strength. AP

US retail sales rise 1.1% for February

Gasoline prices and sales go up

By Martin Crutsinger
The Associated Press

WASHINGTON — Americans stepped up spending on retail goods in February, evidence that a stronger job market is boosting the economy.

Consumers bought more autos, clothes and appliances. They also paid higher prices for gas.

Retail sales increased 1.1 percent last month, the Commerce Department said Tuesday.

It was the biggest gain since September. The government also upwardly revised the previous two months.

Some economists noted that the February increase and the revisions

could lead to faster economic growth. It could also put pressure on Chairman Ben Bernanke and the Federal Reserve to rethink its plan to hold interest rates at record lows until at least late 2014.

The Fed held a one-day policy meeting Tuesday, taking no further steps to aid the recovery and repeating its plan to keep short-term interest rates near zero through 2014.

A separate Commerce report showed U.S. companies restocked at a faster pace in January, a sign that businesses expect stronger job growth to fuel more sales. Business stockpiles rose 0.7 percent in January, while sales increased 0.4 percent.

One factor driving the retail sales increase was a 3.3 percent rise in gasoline

sales last month. It was the biggest increase in nearly a year and reflected a surge in gas prices.

Still, retail sales increased a solid 0.8 percent after excluding gas station sales.

Auto sales rose 1.6 percent. Department stores increased 1.5 percent, the largest gain since November 2010. And sales at appliance and electronics stores climbed 1 percent.

The February gain pushed total sales to a record \$407.8 billion. That's 20.1 percent higher than the recession low hit in March 2009.

The increase comes after the best three months of hiring in two years. The economy has gained 734,000 jobs since December. That's lowered the unemployment rate to 8.3 percent.