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Weekly Sales: Remixed

Store sales reports covering the fourth of five retail-June weeks diverge in tone, reversing the pattern of an equally wide difference seen last week--in a pattern that hints at some resilience among lower-end consumers.

Specifically, the ICSC/Goldman Sachs survey reads strong this week, after reading quite weak last time, with falling gasoline prices identified as the trigger for the improvement. The new upturn, putting the year-on-year rise in weekly sales at 3.0%, up from 2.2% last time, solidly prevented a further downgrading in that survey's full-month forecast for comparable stores, leaving it at +2%-3% year-on-year. Last week, the estimate was cut by a percentage point.

The Redbook group, meanwhile, saw sales slow abruptly, from a +4.2% year-on-year pace last week to +2.5% this time. Some of the problem was attributed to heavy weather and flooding in the northern Midwest, though it is hard to imagine that region alone pulled the national reading down so sharply. Month-to-date sales are now tracking 0.3-point shy of the 3.8% target for the full month, as against 0.1-point over as of last week.

Both surveys expressed optimism about the closing week of the month, heading into the July 4 weekend. ICSC essentially extrapolates the good fourth-week tone, while Redbook, a bit ominously, sees a pickup because "more consumers are buying according to immediate needs."

Of course, survey spokespeople are under as much pressure to provide weekly explanations as market commentators are to rationalize daily price moves, so that some of the color provided may be a bit strained, or off the shelf, or creative.

The underlying good news in the reports is 1) the apparent responsiveness of the ICSC consumers--which seem to be a downscale-weighted group--to lower gasoline prices, hinting at resilience among them, and 2) the fact that there is no mention made of extensive unplanned discounting, even among the seemingly higher-end Redbook stores.

That points to generally trend-like activity, much as has been seen over recent months. So far, at least in the spending categories tracked by these surveys--which omit most services, and autos, and may go a bit light on other heavy durable goods--the consumer is not breaking down.

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