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Weekly Store Sales

Store sales in the second of four retail-October weeks were broadly steady at the recent pace, tracking towards the full-month forecasts made by the two survey groups at the outset.

Notably, the ICSC / Goldman Sachs survey highlighted a rebound in sales at discounters, after a slow first week--easing concerns that lower-end consumers might be teetering as weak labor-market conditions linger indefinitely.

Redbook, meanwhile, noted ready consumer responsiveness to cooler weather and Columbus Day promotions--without any mention of greater-than-planned discounting.

The overall pattern across the surveys sustains the moderate consumer trend in place for several months now--at a pace which translates to a decent running trend in the seasonally adjusted official retail sales numbers. That stability sustains confidence in a lowish-moderate trend in GDP consumer spending--in turn sustaining confidence in a more-or-less parallel GDP trend.

The problem, of course, is that growth at that GDP rate--even with diminishing downside risks--has to be unsatisfactory to the Fed. The FOMC debate will continue to turn on the issue of whether demand "stimulus" should be cranked up--no matter how uncertain the effectiveness--or whether the problem is a real-economy issue outside the Fed's capacity to address.

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