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Store Sales: On Track

Store sales in the fourth and final October week firm up for both survey groups, after easing a bit on both last week--leaving the Redbook group slightly above target for the month, with a 4.7% comparable-stores gain year-on-year, while ICSC / Goldman Sachs came in at +4.5%, undershooting its too-high +5.0% estimate

The latest-week results actually were depressed a bit by closures in the Northeast forced by freakish wintry weather--suggesting that the underlying tone was that much stronger.

ICSC, which had noted some slowing in store traffic last time, saw it revive this week, and noted active Halloween-related buying--particularly at lower-end stores. However it is not clear whether that reflects normalcy among low-end customers, or the natural advantages of such stores in those categories for all customers.

In any case, a certain amount of Halloween buying probably took place the day just before the holiday and will show up in the reports next week--the opposite of the pattern last year. That means that the total volume of such business, and the signal on small-ticket discretionary buying that it gives, is even sturdier than it appears today.

Redbook, which seems more heavily weighted towards middle- and upper-end stores, reported "improved" sales of women's and children's clothing--a reassuring message on that category of less-small-ticket discretionary spending.

Altogether, the reports establish that spending has not diverged from the ongoing moderate trend of recent months--a stable, modestly sub-par consumer spending track still consistent with a two-category sector incorporating a "normal" group and a "depressed" group. The lack of any great transit from the latter category to the former is what is holding the economy back.

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