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Weekly Sales: Disappointing fade

Weekly store sales reports have a quiet tone, with both surveys showing year-on-year comparable stores increases a bit shy of full-month targets--though the targets are not regarded as being under stress yet. Reports covered the second of four retail-February weeks.

Redbook results firmed modestly from the first week, with the comparable-stores increase at 2.7%, compared to a 2.5% rise last time and a full-month estimate of +2.8%. ICSC/Goldman Sachs, meanwhile, saw a slowdown, with the latest week at +2.8% versus +3.5% last time and against a full-month target of +3.0% to +3.5%.

In perhaps unwitting testimony to the randomness in the numbers, ICSC blamed the new slowdown on "abnormally mild temperatures," after last week proclaiming that the sales strength back then was evidence that "consumers warmed up to spring-related merchandise as warm weather helped to drive weekly sales."

Strong buying of spring merchandise this early in the season would involve willingness to pay full price--a very bullish indication on the outlook. But, the pool of customers in any such state of enthusiasm was apparently depleted quickly.

The general message seems to be of a continuing consumer plod at a rate just below the long-run sustainable rate (roughly equal to the potential GDP trend). That limited growth, despite a pickup in employment gains is a bit discouraging, and if it persists will tend to cap GDP growth.

But, February is, like January, a normally slow-volume month, with spring merchandise only partly rolled out--so no serious judgments will be made yet.

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