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Weekly Store Sales: Upbeat again

Store sales improved in the second of five retail-March weeks for participants in both survey groups--in the case of the ICSC/Goldman survey, maintaining confidence in a relatively optimistic full-month outlook, despite a slow start. The outlook for ongoing strong-moderate consumer spending growth, as seen in the February retail sales report today, is fully sustained.

The ICSC group saw year-on-year sales growth pick up to +2.3% in week two, from +1.7% in week one, edging the month-to-date average a bit closer to the +3.0% to +5.0% comparable-stores forecast they are carrying for the full month, while the Redbook group saw sales pick up to +3.3% year-on-year, from +3.0%, staying fully in line with its +3.3% target for the month.

Both surveys noted a pickup in demand for seasonal items as weather improved from the first week--and Redbook highlighted a factor that might support the ICSC outlook: "Many retailers have planned for a back-loaded month, with seasonal business expected to improve in the second half due to gradually warming temperatures and the gravitational pull of the early Easter holiday..."

ICSC, meanwhile, hit different note of--more contained--optimism: "So far, the improving economy is more than offsetting the drag from more rapidly rising gasoline prices on consumers' discretionary budgets."

The gasoline factor clearly bears watching, as higher prices linger in consumer budgets--seasonally adjusted gasoline prices look to have been up about 5% in February, and another 2% in March, and there is no sign of a reversal in sight. But the positive effect of a strengthening economy could still go a long way in offsetting the problem.

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