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Weekly Sales: Strong enough?

As generally expected, store sales strengthened in the last of five retail-March weeks, helped by the earlier Easter this year than last and by good weather. However, the role of any net improvement in the underlying trend will remain uncertain until April results are in, and the effect of the Easter shift can be smoothed out.

There was no sharp surprise in the results, with the full-month industry forecast from ICSC / Goldman Sachs kept unchanged at +3% to +5% year-on-year for comparable stores, while Redbook wound up with a +3.6% gain in its group, as against a target of +3.3%.

Commentary was broadly favorable, with Redbook describing "most" chains as finishing the month "ahead of plan," with good results across both apparel and seasonal durable goods. But, it was also emphasized that the Easter effect will work in the other direction after the first April week, and survey respondents apparently made a point of recommending "withholding judgment" until full-month results can be assessed.

There is almost surely no negative comment on the underlying consumer trend in that caution--with the strength already seen in apparel and, particularly, consumer durables demand indicating that spending growth is at least continuing on the decent track established by the February retail sales data (and revisions).

But, now the issue is whether the underlying trend is accelerating, as the labor market improves and long-pinched households are brought back into the mainstream of the economy. Odds are, it is--laying out the prospect of a stronger backbone to general economic growth--but retailers on the ground, probably still shell-shocked, are not absolutely convinced yet.

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