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## U.S. Retail Sales Rose 1.6% in September

Strong car sales and higher gasoline prices power largest one-month increase since March 2015



A customer carrying a Nike shopping bag in downtown Chicago in September. PHOTO: CHRISTOPHER DILTS/BLOOMBERG NEWS

By *Ben Leubsdorf*

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WASHINGTON—Spending at U.S. retailers jumped last month, boosted by higher car sales and gasoline prices in the wake of several devastating hurricanes.

Sales at restaurants, retail stores and online-shopping platforms [rose a seasonally adjusted 1.6% in September from the prior month](#), the Commerce Department said Friday.

That was the largest one-month increase since March 2015, and came after sales had ticked down 0.1% in August. Economists surveyed by The Wall Street Journal expected a 1.7% sales increase last month.

“The headline number is a big increase in retail sales in September, but the details, while still solid, aren’t nearly as good,” said Gus Faucher, chief economist at [PNC Financial Services](#)

[Group](#) , in a note to clients. “Much of the increase came because of Hurricanes Harvey and Irma.”

Sales of motor vehicles and auto parts jumped 3.6% last month. Auto makers had earlier reported stronger unit sales in September, partly because consumers were [replacing cars and trucks](#) damaged by Harvey and Irma, which battered Texas and Florida in late August and September.

Excluding autos, retail sales in September rose 1.0%; economists had expected a 0.8% rise for the measure.

[Gasoline prices spiked](#) in September after Hurricane Harvey disrupted fuel shipments and refinery activity along the Gulf Coast. Spending at gas stations was up 5.8% in September, not adjusted for price changes—the most since February 2013.

Excluding both gas and autos, retail sales were up 0.5% from August following a 0.1% rise the prior month.

Spending rose last month at home-improvement retailers, grocery stores, restaurants and nonstore retailers, a category that includes shopping websites. Sales fell at furniture stores, electronics retailers and department stores.

Looking forward, overall sales “are likely to fall in October as gasoline prices have been declining and auto sales will drop after their surge in September,” Mr. Faucher said.

Retail-sales figures tend to be volatile from month to month, and aren’t adjusted for inflation. They exclude spending on most services, such as housing and medical care.

The Commerce Department said it couldn’t isolate the [effects of Harvey and Irma](#) on Friday’s report, though it did hear from companies “that the hurricanes had both positive and negative effects on their sales data while others indicated they were not impacted at all.”

Hurricanes Irma and Maria devastated Puerto Rico and the U.S. Virgin Islands last month, but those U.S. territories weren’t included in Friday’s report.

Consumer spending accounts for more than two-thirds of total U.S. economic output. Growth in household outlays has been supported in recent years by falling unemployment, continued hiring and moderate pay gains.

The “combination of jobs, a little bit of wage growth, stable housing [prices] and rising asset prices has left the consumer in a pretty good place,” [Citigroup](#) Inc. Chief Executive Michael Corbat told analysts Thursday.

He added, “A lot of the signs we look for in terms of the deterioration of the consumer, I’ve got to say, right now, we just don’t see.”

The hurricanes that hit the U.S. in August and September are expected to [weigh on economic growth](#) in the near term, though many forecasters expect activity will rebound in subsequent months as rebuilding efforts take shape and affected areas return to normal.

Nearly all of the 158 Checkers and Rally’s restaurants in Florida closed as Hurricane Irma hit in September, costing the Tampa-based fast-food chain nearly 600 sales days in total, according to Chief Development Officer Jennifer Durham.

But soon after the storm passed, “we were able to open restaurants where our competitors didn’t,” she said, and the company saw sales bounce back as powerless Floridians ventured out in search of food.

On balance, Ms. Durham said, “it’s a little bit of a net negative” for sales. “It’ll impact the quarter for sure,” she said.

Despite any hurricane-related disruptions, overall U.S. economic growth is [expected to continue](#) at a healthy pace through the end of the year.

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