

## DAILY GLOBAL COMMENTARY

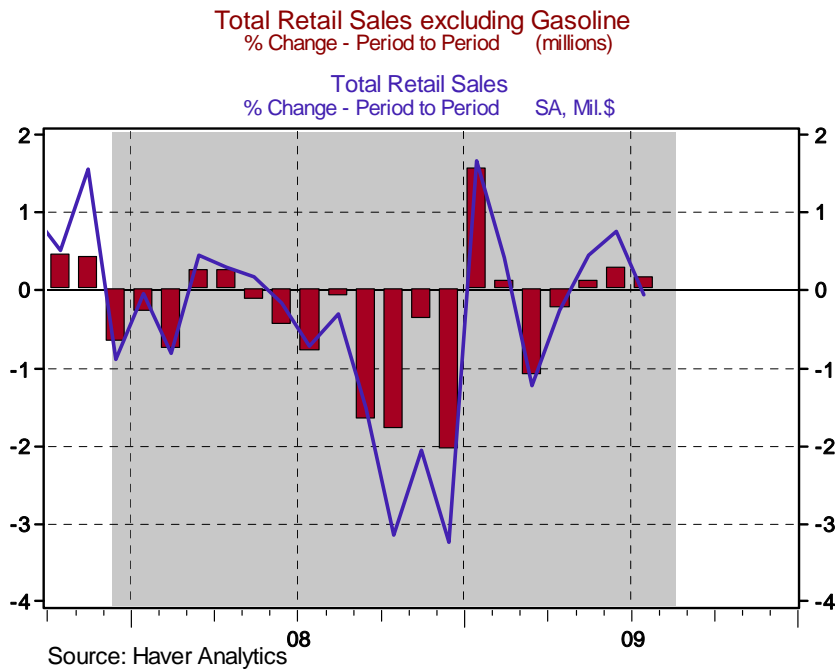
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### Gasoline Prices Bring Down Total Retail Sales in July August 13, 2009

Retail sales fell 0.1% in July after an upwardly revised 0.8% in June. In July, a significant decline in gasoline prices accounted for the decline of the headline number. Excluding gasoline, retail sales rose 0.1%, marking the third consecutive monthly increase of this component. The cash-for-clunkers program led to a 2.4% increase in auto sales reflecting the increase in unit auto sales (11.2 million units in July from 9.7 million units in June). The cash-for-clunkers program has borrowed auto sales from the future and has come at the expense of non-auto retail sales in July. Among the other major components of retail sales, sales of clothing (+0.6%) and health and personal care (+0.7%) increased, eating and drinking establishments recorded gains (+0.4%), while purchases of furniture (-0.9%), general merchandise (-0.8%) and building materials (-2.1%) fell in July. Arithmetically, the fact that the July level of retail sales exceeds the second quarter average is a plus for the third quarter performance. Consumer spending is most likely to add to real GDP in the third quarter after a 1.2% annualized decline in the second quarter.

Chart 1



**Table 1 Retail Sales – July 2009**

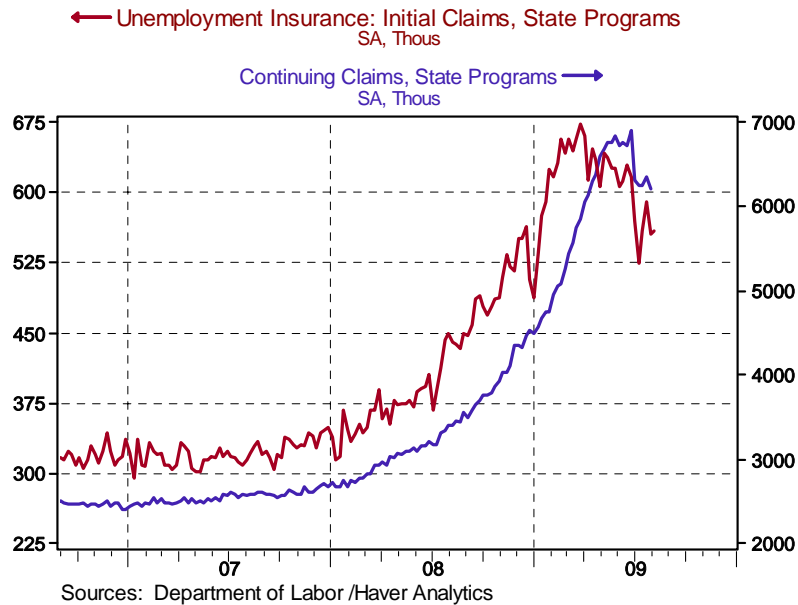
	<u>May</u>	<u>June</u>	<u>July</u>	<u>09:Q2</u>	<u>09:Q3*</u>
				<u>quarterly change SAAR</u>	
<b>Total Retail Sales &amp; Food Service, % m-o-m</b>	<b>0.5</b>	<b>0.8</b>	<b>-0.1</b>	<b>-1.5</b>	<b>1.6</b>
% change y-o-y	-11.3	-7.6	-7.9		
<b>Ex-auto, % m-o-m</b>	<b>0.2</b>	<b>0.5</b>	<b>-0.6</b>	<b>-1.5</b>	<b>0.3</b>
% change y-o-y	-8.9	-6.8	-8.1		
<b>Ex- autos and gas % m-o-m</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.4</b>	<b>-3.3</b>	<b>-2.0</b>
% change y-o-y	-4.6	-2.5	-3.8		
<b>Exc. Bldg. mat., auto, gas, % m-o-m</b>	<b>-0.3</b>	<b>0.0</b>	<b>-0.2</b>	<b>-3.0</b>	<b>-1.2</b>
% change y-o-y	-3.3	-1.7	-2.3		

\* -annualized change based on July data

### Jobless Claims Report – Sum of Continuing Claims and Special Programs Advances for Second Consecutive Week

Initial jobless claims increased 4,000 to 558,000. Continuing claims, which exceed initial claims by one week, fell 141,000 to 6.202 million. The insured unemployment rate dropped one notch to 4.7%.

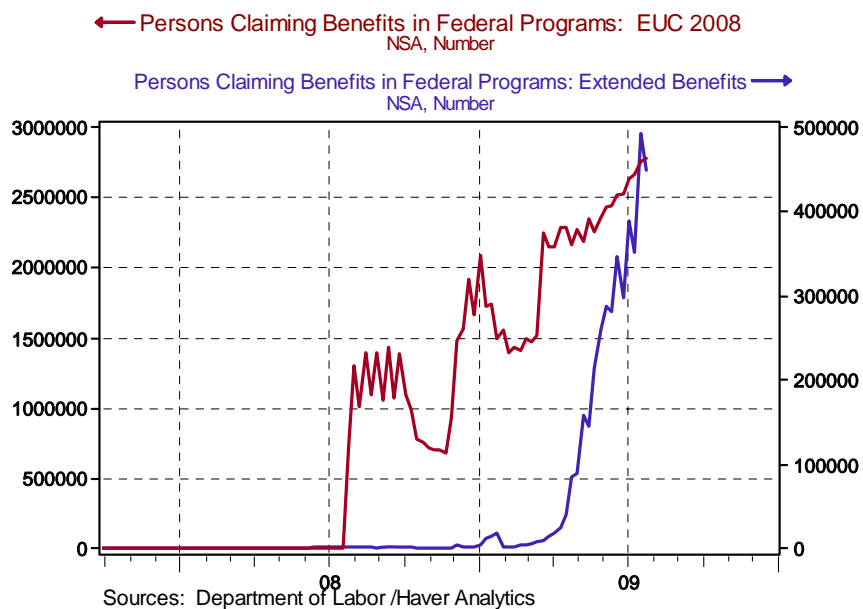
Chart 2



The numbers of jobless claims filed under the Emergency Unemployment Compensation Program (30,981) rose while the number under the Extended Benefits Program fell by 42,854. Data for these programs lag initial claims by two weeks and are available through July 25. The total number receiving unemployment insurance increased to 9.58 million for the week ended July 25, up from 9.49 million in the prior week.

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Chart 3



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