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Retail sales jump largest amount in 6 months: 1%

June 26, 2008 - Retail

Retail sales jumped by the largest amount in six months in May as 57 million economic stimulus payments helped offset the headwinds buffeting consumers.

The Commerce Department reported that retail sales soared 1% last month, the biggest increase since November. A wide variety of retailers enjoyed a good month, including the biggest increase at department stores and other general merchandise stores in a year.

The May increase was double what economists had been expecting and indicated that the economy is getting a major boost from the \$50 billion in economic stimulus payments the government sent out in May, just under half of the total stimulus aimed at consumers.

The Bush administration is hoping the stimulus payments will help offset the gloom from a prolonged slump in housing, a severe credit crisis, soaring energy bills and rising layoff notices and help the country avert a deep recession.

In another report, the Commerce Department said that business inventories grew by 0.5% in April, more than double the 0.2% rise in March and the best showing since inventories rose by 1% in January.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540