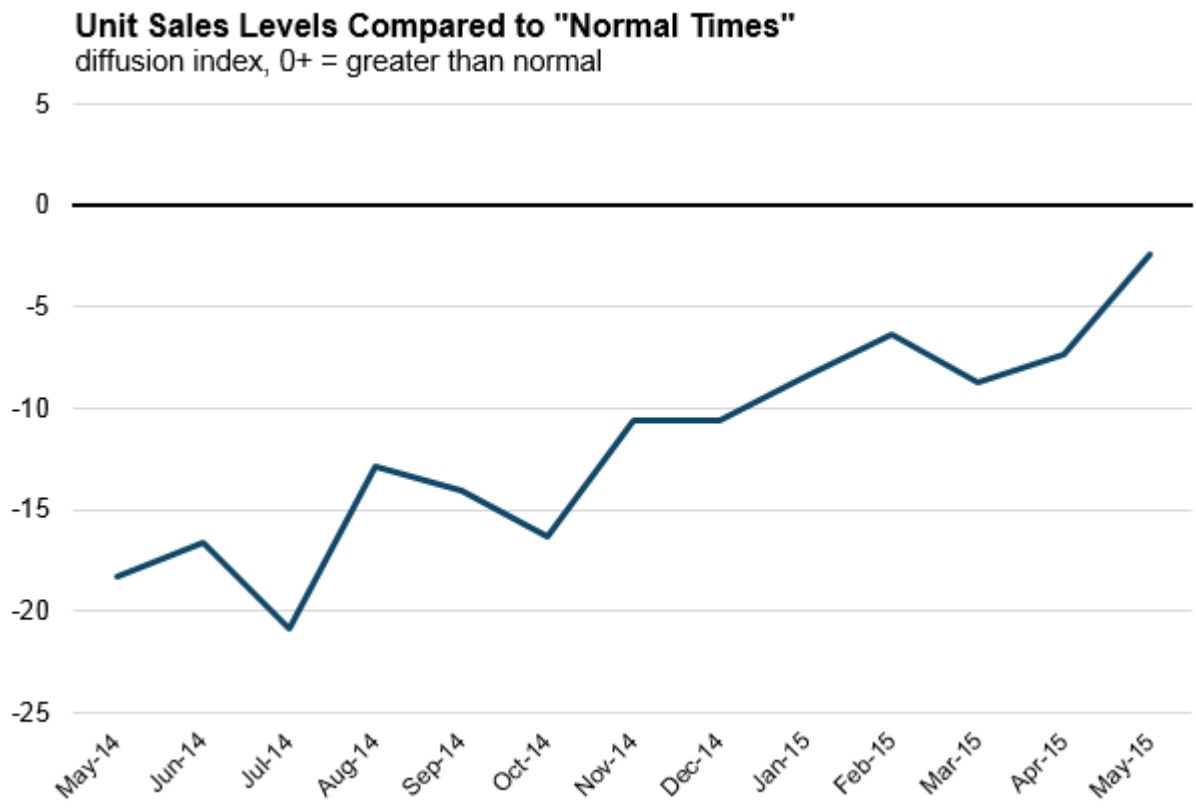


May 18, 2015

Sales Flexing Muscle at More Firms

The news in this month's Business Inflation Expectations (BIE) [report](#) is that, in the aggregate, firms' unit sales levels continue to strengthen: Specifically, the survey question measures firms' perceptions of current unit sales levels relative to "normal times."

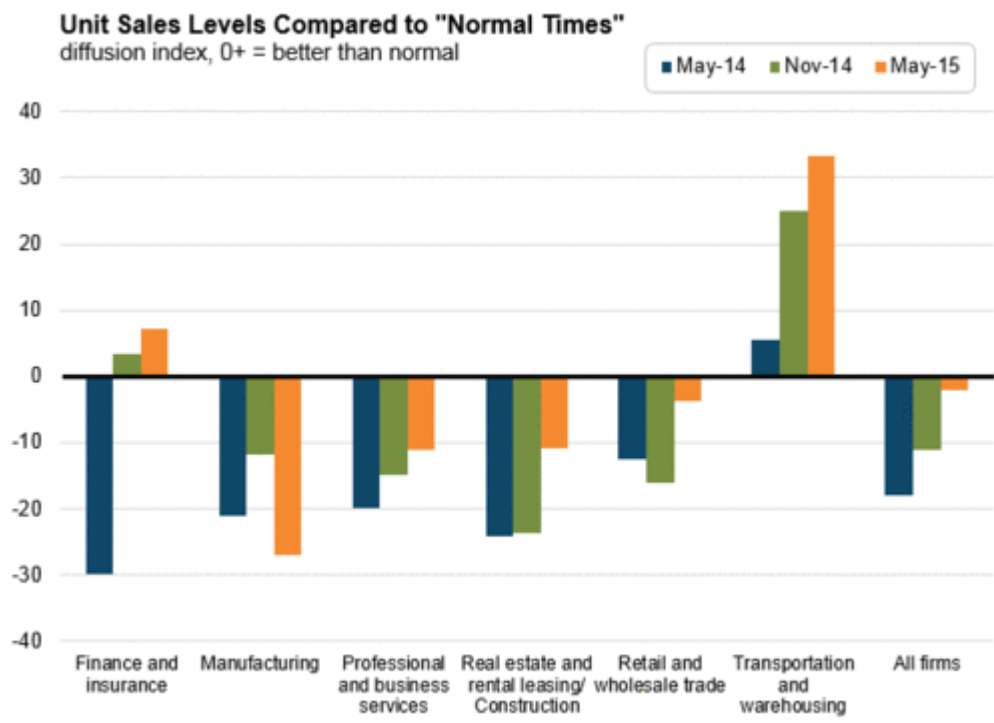
This month, 70 percent of firms indicated their sales levels are at or above what they consider normal. Last November, that share was 61 percent, and one year ago, it was only 54 percent. We typically report the aggregate results in a diffusion index (see the chart), which also shows the overall progression toward "normal times" (a value of 0).



Source: Atlanta Fed Business Inflation Expectations (BIE) survey

[enlarge](#)

But, typical of aggregate statistics, these results obscure the diversity of experience among sectors. Digging deeper, we found that most (but not all) of the sectors represented in our panel have shown further improvement in their sales performance relative to last November (see the chart).



Source: Atlanta Fed Business Inflation Expectations (BIE) survey

[enlarge](#)

Retailers and those in the real estate and rental leasing/construction sectors reported the most significant improvement since November, with retailers approaching what they consider normal sales levels. This news is likely to be most welcome to Dennis

Lockhart, our boss here in Atlanta, who has [put the performance of the consumer on his "must watch" list](#). Two industries—finance and insurance, and transportation and warehousing—reported above-normal sales levels in our recent survey.

Only the manufacturers in our panel indicated that their sales performance has deteriorated since November, and they are now reporting sales well below normal. Of course, this news shouldn't be terribly surprising given the recent softness in the manufacturing indexes from both the Institute for Supply Management and industrial production data. This information was also on the boss's watch list, as he made clear in his speech:

The stronger dollar was likely reflected in a drag on net exports...[and] looking ahead, I expect net exports to be a modest drag on economic activity over much of the year.... It should be noted, however, that in recent weeks the dollar has stabilized and oil prices have begun to move up a little. These developments, if they stick, could dilute somewhat what would otherwise be drags on the economy in the near term. We shall see.

Well, judging from our May BIE report, manufacturers aren't seeing improvement quite yet.



By Nicholas Parker, an economic policy analysis specialist in the research department of the Atlanta Fed

May 18, 2015 in [Business Cycles](#), [Business Inflation Expectations](#), [Economic Conditions](#), [Surveys](#) | [Permalink](#)