USA & CANADA INTELLIGENCE BRIEF — FRIDAY, AUGUST 14, 2026

The Spending Cracked

American retail sales fell 0.6% in July, the steepest drop since May 2025, against an expected rise. Consumer sentiment slid about 8% early this month to a preliminary 51.

Four months of prices outrunning wages and a savings rate at a four-year low have reached the shops. Both readings came in worse than economists estimated.

Domestic stories only, with no war stories. Every item is dated at source, and there is no sport.

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EDITOR'S LEADER · 01

RETAIL SALES DOWN 0.6% · SENTIMENT DOWN 8% · BOTH WORSE THAN FORECAST

The Month It Stopped Working

For four months American prices ran ahead of American wages, and this week the shops found out. Retail sales fell 0.6% and consumer sentiment dropped about 8%, both worse than anyone had forecast.

Retail and food services sales fell 0.6% in July to $763.6 billion, down from a revised $768.1 billion in June and the steepest drop since May 2025. Economists polled by Reuters had forecast a rise of about 0.1%.

The control group used to calculate economic growth fell 0.4%, and sales excluding autos and gasoline fell 0.2%. The advance estimate carries a sampling margin of error of 0.4 percentage points.

Consumer sentiment declined about 8% early this month to a preliminary 51, from a final 55.2 in July, against a median forecast near 55. That ends a two-month streak of rising sentiment.

Consumer spending accounts for around two-thirds of American economic growth. That is why a single monthly figure carries this much weight.

> *Inflation has been wiping out wage gains for the past four months. For middle-income and lower-income Americans, this is the key issue.*
>
> HEATHER LONG, NAVY FEDERAL CREDIT UNION · AUGUST 12 2026

She said that two days before the retail figures landed. Consumer prices have run at 3.4% against wage growth of 3.2% for four consecutive months, with real average hourly earnings down 0.2% over the year.

Economists point to a more immediate cause as well. Generous tax refunds had supported robust second-quarter spending and softened higher fuel prices, and those refunds are now exhausted.

Part of the fall is also a base effect, since June online sales were inflated by a promotion that ran earlier than in previous years. Online sales fell 2.2% in July and motor vehicles 1.8%, while clothing rose 1.9%.

The sentiment decline was described as pervasive across demographic groups, with notably large reductions among older consumers, lower-income consumers and those without a college degree. Republicans showed the strongest monthly decline across the political spectrum.

The week's other data points the same way. Consumer prices came in as forecast at 3.4% on Wednesday and producer prices were flat on Thursday with the annual rate falling to 4.7%.

Markets now price around a 35% chance of a September Federal Reserve increase, down from 55% a week earlier. A sitting official published a case for raising on Tuesday, which is harder to make on Friday evening.

One component still points the other way. Thursday's report showed prices excluding food, energy and trade services up 0.4%, four times June's pace, feeding the gauge published on 26 August.

For readers in Latin America two things arrive together. American consumption is two-thirds of the economy the region sells into and it has just weakened, while cheaper money follows from the same figures.

The Day At A Glance

Here is Friday's news, in order of consequence for Latin American readers, covering domestic stories only with no war stories. Every item is dated at source, and there is no sport.

US · Retail Sales Fell 0.6%

Sales dropped 0.6% to $763.6bn, the steepest decline since May 2025, against a Reuters consensus of about 0.1% growth.

US · Sentiment Down About 8%

The preliminary August consumer sentiment index fell to 51 from a final 55.2 in July, against a median forecast near 55, ending a two-month rising streak.

US · Both Worse Than Forecast

Each reading came in below what economists had estimated, showing pressure on the spending that drives about two-thirds of economic growth.

US · Where the Decline Sat

The survey director cited notably large reductions among older consumers, lower-income consumers and those without a college degree, with Republicans showing the strongest monthly fall.

US · The Four-Month Prelude

Consumer prices ran at 3.4% against wage growth of 3.2% for four months, with real earnings down 0.2% and the savings rate at a four-year low.

US · Still Higher Than a Year Ago

Sales remained 5% above July 2025 in unadjusted terms, though below a three-and-a-half-year high reached in May.

US · Rate Odds Cut Again

Markets price around a 35% chance of a September Federal Reserve increase, down from 55% a week earlier after three cooling readings.

US · One Component Disagrees

Thursday's producer report showed prices excluding food, energy and trade services up 0.4%, four times June's pace, feeding the 26 August gauge.

Europe · The Same Trade, One Quarter Behind

Euro area growth was confirmed at 0.4% on the same morning, which analysts attribute to households drawing down savings as real incomes fell.

Canada · Five Days to the Tariff

A 50% American tariff on roughly $20bn of Canadian goods takes effect 19 August, into a market where spending has just fallen.

The Numbers At A Glance · USA & Canada · Friday August 14, 2026

US Retail sales **-0.6%** Was +0.2%	US Consensus **+0.1%** Missed	US Sentiment **51** Was 55.2	US Sentiment fall **~8%** Forecast ~55
US Control group **-0.4%** GDP measure	US Consumer share **~2/3** Of growth	US Sept hike odds **~35%** Was 55%	CA Tariff **Aug 19** Five days

OUR SIMPLE HEALTH CHECK · USA + CANADA

How The Economies Are Doing

This is our simple health check, updated Friday after retail sales fell and sentiment dropped sharply. Each area is rated from 1 to 5, where a lower number is better and a higher one means more strain.

AREA	POLITICS	BUDGET	MONEY	MARKETS	OUTSIDE	WHAT'S DRIVING IT
US Consumption retail	4	3	4	3	3	Sales down 0.6% to $763.6bn, the steepest since May 2025 against a consensus of +0.1%; the control group used for growth calculations fell 0.4%.
US Sentiment households	4	3	4	3	3	The preliminary August index fell about 8% to 51 from 55.2, worse than the ~55 forecast, with the largest declines among older, lower-income and non-graduate consumers.
US Real Income wages	4	3	4	3	3	Prices at 3.4% against wage growth of 3.2% for a fourth month, real average hourly earnings down 0.2% over the year, savings at a four-year low.
US Inflation prices	3	3	3	2	4	Consumer prices as forecast at 3.4% and producer prices flat with the annual rate down to 4.7%, but one narrow component rose 0.4% against 0.1% in June.
US Fed / Rates policy	3	2	3	2	3	September increase odds down to around 35% from 55%; a sitting official published a case for raising on Tuesday that Friday's data makes harder.
US Long Bonds 30-year	3	5	4	3	3	Near twenty-year highs with auctions this week; it prices fiscal expectations rather than the next meeting and this week's data does not touch it.
US Markets shares · US$	2	3	3	2	3	Trading near record levels on earnings and softer inflation, though a weakening consumer is a harder foundation than an easing central bank.
Canada Jobs employment	2	3	2	2	3	75,100 jobs added in July with unemployment at a two-year low of 6.4%; execution has not been the problem here.
Canada Trade exports	4	4	3	3	5	A 50% American tariff on roughly $20bn of goods lands in five days, into a market where retail spending has just fallen 0.6%.
Canada Rates policy	2	3	2	2	3	Ten-year yields near 3.68%, more than a point below American equivalents, with at least one analyst house expecting no change through 2026.

How to read the colours: 1 = calm, 2 = fairly good, 3 = mixed, 4 = some strain, 5 = serious strain. Each row's number is the average across the five areas. Updated August 14.

DEEP DIVE · WHAT HAPPENS TO DEMAND · 04

SALES DOWN 0.6% · SENTIMENT AT 51 · SAVINGS AT A FOUR-YEAR LOW

Three Ways American Demand Develops

Three ways American consumer demand could develop through 2027, now that four months of falling real pay have reached the shops. The chances add up to 100%.

Part 1 · The Sequence That Produced This

Consumer prices ran at 3.4% against wage growth of 3.2% for four consecutive months, with real average hourly earnings down 0.2% over the year. The household savings rate fell to a four-year low.

Households kept spending by drawing down that buffer rather than cutting purchases. In July sales fell 0.6% and sentiment dropped about 8% to a preliminary 51.

A buffer funds a quarter of consumption, or two, but not a trend. This was arithmetic with a date attached rather than a surprise.

Europe confirmed 0.4% growth the same morning on the identical mechanism. It is running one quarter behind on the same clock.

> *Weaker sentiment early this month was pervasive across various demographic groups, notably large reductions were seen among older consumers, lower-income consumers, and those without a college degree.*
>
> JOANNE HSU, DIRECTOR OF SURVEYS, UNIVERSITY OF MICHIGAN · AUGUST 14 2026

Part 2 · Possibility A — A One-Month Dip (35%)

In this case August sales recover, sentiment stabilises, and July proves to have been noise around a summer that included volatile energy prices. Real wages turn positive as inflation eases.

Demand holds and the region's exporters see no change. It is the outcome the equity market is currently priced for.

Part 3 · Possibility B — A Genuine Slowdown (45%)

Here July marks the start of a consumption slowdown, with sales soft through the autumn as households rebuild savings. Growth weakens without employment collapsing.

Mexican and Brazilian exporters see it in order books within two or three quarters. For the region it is the most likely outcome and the one to plan for.

Part 4 · Possibility C — Weakness Meets Tightening (20%)

In this path the 26 August inflation gauge comes in hot on the fee surge, and rates rise into a weakening consumer. Both sides of the household balance sheet are squeezed at once.

The dollar strengthens while American demand falls. For Latin America it is the least comfortable combination available.

POSSIBILITY	CHANCE	CONSUMPTION	THE FED	WHAT IT MEANS FOR LATIN AMERICA
A · One-month dip	35%	Recovers	Holds	No change to export demand
B · Genuine slowdown	45%	Stays soft	Holds	Softer order books into 2027
C · Weakness meets tightening	20%	Falls faster	Raises	Stronger dollar, weaker customer

Source: Rio Times desk · drawing on the United States Commerce Department, University of Michigan, CNN, Bloomberg, TradingKey and the Bureau of Labor Statistics. Not financial advice.

WHAT WE ARE WATCHING · 05

OUR OPINION ONLY · NOT FINANCIAL ADVICE

Eight Things We Are Watching

These are just our own opinions, not financial advice. In short: we read July as the start of a consumption slowdown rather than noise, and treat the resulting easing in rate expectations as partial compensation.

WHAT	HOW WE SEE IT	OVER WHAT PERIOD	WHY
US consumption	▼ CAREFUL	12 months	Sales down 0.6% and sentiment down 8% after four months of prices beating wages.
Latin American export demand	▼ CAREFUL	18 months	American spending is two-thirds of the economy the region ultimately sells into.
US rate expectations	▲ POSITIVE	6 months	September increase odds down to around 35% from 55% across three cooling readings.
Latin American debt service	▲ POSITIVE	12 months	A Federal Reserve holding rather than raising is the most useful thing for regional funding.
The 26 August gauge	▼ CAREFUL	1 month	Thursday's 0.4% core-adjacent component feeds it and could reopen the tightening argument.
US shares	◆ MIXED	12 months	Near records on earnings, but a weakening consumer is a harder base than an easing bank.
Canadian exporters	▼ CAREFUL	6 months	A 50% tariff in five days into a market where retail spending has just fallen.
European demand	▼ CAREFUL	12 months	It is running the same savings-funded trade one quarter behind the United States.

POWER PLAYERS · 06

SIX FORCES · IN THE NEWS TODAY

Six Forces Shaping The News

Six people, institutions and forces whose decisions reach Latin American desks.

American consumers

Households · United States

They cut retail spending 0.6% in July after four months of prices outrunning wages and a savings rate at a four-year low. They are about two-thirds of American economic growth.

Joanne Hsu

Director of surveys · University of Michigan

She reported sentiment down about 8% to a preliminary 51 and described the weakness as pervasive, with the largest falls among older, lower-income and non-graduate consumers.

The Commerce Department

Data · United States

Its July retail figures showed the steepest monthly drop since May 2025, against expectations of a rise. The numbers are seasonally adjusted but not inflation-adjusted.

The Federal Reserve

Central bank · United States

It faces three cooling readings in one week and a sitting official who published a case for raising on Tuesday. September increase odds have fallen to around 35% from 55%.

Portfolio management fees

Price component · United States

They surged 6.5% in July and feed the inflation gauge published on 26 August. One line item could reopen an argument three days of data appeared to close.

European households

Consumers · Euro area

They funded 0.4% growth by drawing down savings as real incomes fell, confirmed the same morning. They are running the American trade one quarter behind.

DAILY BRIEFING · 07

BY COUNTRY · CONSUMPTION · SENTIMENT · POLICY · TRADE

The Day, Country By Country

Thirteen items, domestic only, with no war stories. Every item is dated at source, and there is no sport.

UNITED STATES — CONSUMPTION

Retail Sales Fell 0.6%

Retail and food services sales fell 0.6% to $763.6bn from a revised $768.1bn, the steepest decline since May 2025; economists polled by Reuters had forecast about 0.1% growth, with estimates ranging from -0.5% to +0.7%. Sources: Census Bureau via Bloomberg, Reuters, Quartz · August 14.

The Control Group Fell 0.4%

The narrower measure used to calculate economic growth, excluding autos, building materials, food services and fuel, fell 0.4%, while sales excluding autos and gasoline alone fell 0.2%. Sources: Census Bureau via Epoch Times, Bloomberg · August 14.

Where the Falls Were

Motor vehicles and parts fell 1.8%, online retailers 2.2%, gasoline stations 0.9% and electronics 0.5%, while clothing rose 1.9%, health and personal care 0.7% and restaurants 0.5%. Sources: Census Bureau via Quartz · August 14.

Why Economists Say It Happened

Generous tax refunds had softened higher fuel prices and supported robust second-quarter spending and are now exhausted, while June online sales were inflated by a retail promotion that ran earlier than in previous years. Sources: Reuters via The Globe and Mail · August 14.

Still Above a Year Ago

Sales were 5.0% higher than in July 2025 and the May to July period ran 6.3% above the same stretch a year earlier, in figures adjusted for seasonal swings but not inflation. Sources: Census Bureau via Quartz · August 14.

Two Thirds of Growth

Consumer spending accounts for around two-thirds of American economic growth, and much of the shopping of recent years has been driven by wealthier consumers likely to hold shares. Sources: CNN · August 14.

UNITED STATES — SENTIMENT

Down About Eight Percent

The University of Michigan's preliminary August index fell to 51 from a final 55.2 in July, against a median forecast near 55, ending a two-month streak of rising sentiment. Sources: Bloomberg, CNN · August 14.

Pervasive Across Groups

The survey director described the weakness as pervasive, with notably large reductions among older consumers, lower-income consumers and those without a college degree. Sources: University of Michigan via CNN · August 14.

Republicans Fell Most

Republicans showed the strongest monthly decline in sentiment across the political spectrum, according to the survey. Sources: University of Michigan via CNN · August 14.

UNITED STATES — THE PRELUDE

Four Months of Prices Beating Pay

Consumer prices have run at 3.4% against wage growth of 3.2% for four consecutive months, with real average hourly earnings down 0.2% over the year. Sources: Bureau of Labor Statistics via NBC News · August 12.

A Savings Rate at a Four-Year Low

The household savings rate had fallen to its lowest in four years, the buffer households had been using to maintain spending. Sources: IndexBox · August 10-13.

UNITED STATES — POLICY

Three Cooling Readings in a Week

Consumer prices came in as forecast at 3.4% on Wednesday, producer prices were flat on Thursday with the annual rate down to 4.7%, and consumption weakened on Friday. Sources: Bureau of Labor Statistics, CNN · August 12-14.

Rate Odds Cut to Around 35%

Markets price roughly a 35% chance of a September Federal Reserve increase, down from 55% a week earlier, after the run of softer data. Sources: Trading Economics, TradingKey · August 14.

The Component Still Disagreeing

Thursday's producer report showed prices excluding food, energy and trade services up 0.4%, four times June's pace, driven partly by a 6.5% surge in portfolio management fees that feeds the 26 August gauge. Sources: TechTimes analysis of BLS data · August 13.

CANADA · CROSS-REGION

Canada · Five Days to the Tariff

A 50% American tariff on roughly 20 billion dollars of Canadian goods takes effect on 19 August, into a market where retail spending has just fallen 0.6%. Sources: prior reporting · August 14.

Europe · The Same Trade, One Quarter Behind

Euro area growth was confirmed at 0.4% the same morning, which analysts attribute to households pulling back on saving rather than spending as real incomes dwindled. Sources: Eurostat, Capital Economics · August 14.

CORPORATE PIPELINE · 08

SECTOR WATCH · CALENDAR

Pipeline, Sectors, And The Calendar

ITEM	TYPE	WHEN	STATUS
July retail sales	Data	Today	-0.6%
Consensus	Forecast	Today	+0.1%, missed
August sentiment	Data	Today	51 preliminary
Sentiment forecast	Forecast	Today	~55, missed
Real wage gap	Data	4 months	3.4% vs 3.2%
Savings rate	Data	Recent	Four-year low
July consumer prices	Data	Aug 12	3.4% as forecast
July producer prices	Data	Aug 13	Flat, 4.7% annual
Sept hike odds	Rates	Today	~35%, was 55%
Canadian tariff	Trade	Aug 19	Five days

Sector Watch · Four Things to Track

ARITHMETIC WITH A DATE

Four months of prices beating wages and a savings rate at a four-year low. July is when the buffer stopped covering it.

THE DEMAND CHANNEL

American spending is two-thirds of the economy the region sells into. It reaches order books over quarters, not days.

CHEAPER MONEY, WEAKER CUSTOMER

The same figures that cut September rate odds also cut demand. Both arrive together and only one is welcome.

EUROPE ONE QUARTER BEHIND

Euro area growth of 0.4% rested on the same savings drawdown. That mechanism has an expiry date there too.

Calendar · Next 30 Days

DATE	EVENT	WHY IT MATTERS
Aug 19	Canadian tariff	50% on roughly $20bn, into a weakening market
Aug 26	Personal consumption gauge	Thursday's fee surge feeds it directly
Later this month	Final August sentiment	After a preliminary reading of 51
September	Federal Reserve meeting	Odds down to around 35% from 55%
Mid-September	August retail sales	Whether July was a dip or a turn
Ongoing	Real wage growth	Negative for four consecutive months
Ongoing	Household savings rate	At a four-year low and being spent
Ongoing	The 30-year yield	Near twenty-year highs, untouched by this week
Ongoing	European household savings	The same trade, one quarter behind

Ongoing	US corporate earnings	Currently carrying the equity market

WHERE NORTH AMERICA STANDS · OUR TAKE

What Today Tells Us

Our take after Friday is that the arithmetic finally arrived. Four months of prices outrunning wages, a savings rate at a four-year low, and then a month in which people simply bought less.

Retail sales fell 0.6% in July from the previous month, the steepest drop since May 2025, against an expected rise of about 0.3%. Consumer sentiment slid about 8% to a preliminary 51 from 55.2.

Both came in worse than economists had estimated. Consumer spending accounts for around two-thirds of American economic growth.

The decline in sentiment was described as pervasive, with the largest reductions among older, lower-income and non-graduate consumers, and Republicans falling most across the political spectrum. That reaches politics before policy.

Three readings this week all cooled, and markets have cut September increase odds to around 35% from 55%. A sitting official's published case for raising is harder to make tonight than it was on Tuesday.

One component still disagrees. Thursday's narrow measure excluding food, energy and trade services rose 0.4%, four times June's pace, and it feeds the gauge published on 26 August.

Europe confirmed 0.4% growth the same morning on the identical savings-funded mechanism. It is running the same trade one quarter behind.

For readers in Latin America two things arrive at once. The customer has weakened and the money has cheapened, and only one of those helps the revenue line.

Sources & Method

US — RETAIL SALES	US Census Bureau advance estimate via Bloomberg, Reuters, The Globe and Mail, CNN, Quartz and The Epoch Times · August 14 2026 (English).
US — SENTIMENT	University of Michigan preliminary August survey via Bloomberg and CNN · August 14 2026 (English).
US — PRICES AND WAGES	Bureau of Labor Statistics releases of 12 and 13 August · NBC News · TechTimes · TradingKey (English).
US — RATES	Trading Economics · TradingKey · August 14 2026 (English).
CANADA	Statistics Canada · FXStreet · prior reporting · August 7-14 2026 (English/French).
EUROPE COMPARISON	Eurostat · Capital Economics via Investing.com · August 14 2026 (English).
LATAM LINK	Brazil's, Mexico's and Colombia's central banks · IDB · S&P; Global · B3 · BMV.
DATING NOTE	The retail sales and sentiment figures are August 14 and refer to July and early August respectively; consumer prices are August 12 and producer prices August 13; Canadian employment data is August 7; the tariff takes effect August 19 and the consumption gauge appears August 26.

Method. We select only those items that change what a Latin American investor should think or do. Every item carries its own date, and we state whether figures are adjusted for inflation. Where a week's data points in different directions we give both readings rather than the convenient one. We cover domestic stories only, and there is no sport. The health check was updated August 14. The opinions are our own — not financial advice.

All times Eastern unless noted

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