If job growth does not revive, that could act as a drag on consumer spending in coming months.

WASHINGTON (AP) -- Americans barely increased their spending at retail businesses in April and May, constrained by weak job creation and paltry wage increases.

A sharp drop in gas prices pulled down overall sales in both months by 0.2 percent, the Commerce Department said Wednesday.

But excluding volatile gas station sales, retail sales increased only modestly in May and dipped in April. The report could lead economists to lower their outlooks for April-June economic growth.

"Soft U.S. economic growth may get a little softer in (the April-June quarter) as it is not receiving much support from the all-important consumer," said Jennifer Lee, senior economist at BMO Capital Markets.

Cheaper gas also lowered a measure of wholesale prices by the most in nearly three years. The

producer price index, which measures price changes before they reach the consumer, dropped 1 percent in May, the Labor Department said in a separate report. That reflected a 9 percent fall in wholesale gas prices.

The retail sales report is the government's first look at consumer spending, which drives 70 percent of economic activity.

Paul Dales, senior U.S. economist at Capital Economics, said consumer spending looks to be slowing in the second quarter after a strong gain at the start of the year.

"The smaller gains in employment therefore appear to be taking a toll on spending," Dales said.

Gas station sales fell 2.2 percent in May, accounting for most of the decline in retail sales. Still, excluding gas station sales, retail spending rose just 0.1 percent in May. Sales at building supply stores, which include Home Depot, fell 1.7 percent in May. And general merchandise stores, a category that includes Wal-Mart and Target, fell for the second straight month.

And retail sales dropped 0.1 percent in April after a revision by the government.

Americans did spend more in May on big purchases. Sales of cars, furniture and appliances all increased. That suggests consumers may be seeing some benefit from lower gas prices.

The decline at the pump could bode well for spending in the coming months, too.

"The continued fall in gasoline prices should support consumption by freeing up cash to be spent on other items," said Dales. "So although real consumption growth looks set to slow in (the second quarter), we doubt it will grind to a complete halt."

Gas prices have tumbled since peaking on April 6. On Tuesday, the average nationally price for a gallon of gas averaged $3.54, according to AAA. That's down 19 cents from a month earlier.

Total retail sales fell in April to $404.6 billion. That's slightly below March's record level of $406.2 billion and 21.6 percent higher than the recession low hit in March 2009.

But economists are worried that consumer spending may weaken if income growth does not revive.

Workers' average hourly earnings have risen just 1.7 percent in the 12 months ended in May. That's well below the pace of inflation during this period.

And job growth has slowed since the start of the year. Employers added 226,000 jobs on average during the first three months of the year; they have added an average of 73,000 jobs a month since April.

If job growth does not revive, that could act as a drag on consumer spending in coming months.

In the January-March quarter, overall economic growth slowed to an annual rate of 1.9 percent, down from a 3 percent rate of increase in the October-December period.

The strength in the first three months of this year was led by the fastest growth in consumer spending in more than a year.