

U.S. Data Review

- Retail Sales: lighter than expected, but still a favorable report

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Retail Sales

Retail sales rose 0.6 percent in August, softer than the expected increase of 1.0 percent. In addition, results in the prior two months showed a slight downward revision (equivalent to -0.3 percent). Despite the disappointments, retail activity is still on a favorable track. Gains in May and June were vigorous, and results in July were firm even after the downward revision. The strong performance from May through July pushed total activity (and most components) above pre-virus levels (chart, below). An addition of 0.6 percent to what could be considered normal represents a fine performance.

Retail Sales -- Monthly Percent Change

	Apr-20	May-20	Jun-20	Jul-20	Aug-20
Total	-14.7	18.3	8.6	0.9	0.6
Ex.-Autos	-15.2	12.3	8.4	1.3	0.7
Ex.-Autos, Ex.-Gas	-14.3	12.3	7.9	1.1	0.7
Retail Control*	-15.3	12.5	8.6	1.4	0.6
Autos	-12.2	48.3	9.0	-1.0	0.2
Gasoline	-24.5	12.0	15.0	4.4	0.4
Clothing	-73.5	180.1	99.7	2.2	2.9
General Merchandise	-13.6	6.0	3.0	-1.1	-0.4
Nonstore**	9.4	7.7	-2.8	0.3	0.0

* Retail sales excluding sales from motor vehicle dealers, gasoline stations, and building materials, garden equipment, and supply dealers.

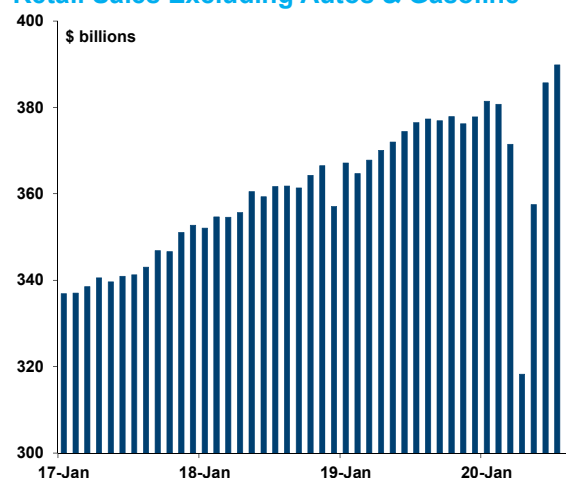
** Primarily online and catalog sales; also includes sales by fuel-oil dealers.

Source: U.S. Census Bureau via Haver Analytics

The lighter-than-expected results in August largely reflected cooling in areas that had surged in prior months and moved above pre-virus levels. Food stores, for example eased slightly after hovering well above pre-virus norms in the prior five months. Similarly, sporting goods and hobby stores fell sharply for the second consecutive month, but they still stayed substantially above pre-virus levels. An easing in sales at big-box stores led to a drop in the general merchandise category. Activity at auto dealers dipped and non-store vendors (catalog and on-line) showed minimal growth, but both were above results at the start of the year. Only two areas remained noticeably shy of results before the pandemic: clothing and restaurants. Slow activity at restaurants is understandable given the pandemic. We can offer a possible excuse for below-normal results at clothing stores: with social activities restrained because of the virus, and with many individuals working remotely, demand for clothing is light.

All told, this was a good report. In light of previous gains and the level of activity coming into August, and considering that unemployment benefits were reduced in August, an advance of 0.6 percent shows good support from consumers.

Retail Sales Excluding Autos & Gasoline



Source: U.S. Census Bureau via Haver Analytics

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