

# U.S. Data Review

- Retail sales: modest increase in October, but still-firm recovery
- Industrial production: recovery on track
- Home builder index: another new record

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## Retail Sales

Retail sales rose 0.3 percent in October, a bit lighter than the expected increase of 0.5 percent. However, the change occurred from upward revised levels in the prior two months that left the level of sales in September 0.5 percent firmer than previously believed. (The percent change in sales in September was smaller than previously believed --1.6 percent versus 1.9 percent-- but this adjustment was the result of a large upward revision to activity in August rather than to softer sales in September.) The revisions enhanced what had already been an impressive recovery in retail sales, and the increase in October, although only moderate, added to the firm performance (chart, below).

### Retail Sales -- Monthly Percent Change

	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Total	8.6	1.1	1.4	1.6	0.3
Ex.-Autos	8.4	1.6	1.5	1.2	0.2
Ex.-Autos, Ex.-Gas	7.9	1.3	1.5	1.2	0.2
Retail Control*	8.6	1.6	1.4	1.2	0.1
Autos	9.0	-0.6	1.1	2.9	0.4
Gasoline	15.0	4.5	0.8	2.0	0.4
Clothing	99.7	2.7	2.8	13.6	-4.2
General Merchandise	3.0	0.0	-0.5	1.7	-1.1
Nonstore**	-2.8	0.4	4.6	-1.7	3.1

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

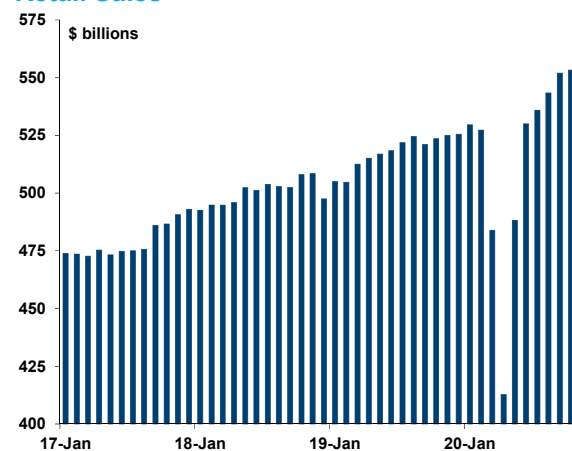
\*\* Primarily online and catalog sales; also includes sales by fuel-oil dealers.

Source: U.S. Census Bureau via Haver Analytics

Results in October varied widely across categories, with some areas posting brisk increases (auto dealers, nonstore retailers, building material outlets, and electronic and appliance stores). Other store-types eased slightly after strong performances in prior months (furniture, sporting goods, health-care, general merchandise, and the miscellaneous category). Most areas reported sales that were close to or above pre-virus totals, although some areas (understandably) remained below results at the start of the year: gasoline stations (because of reduced travel), restaurants (because of restrictions on indoor gatherings), clothing stores (because of remote working).

All told, the report was unimpressive when viewed in isolation, but considering gains in prior months, the moderate increase in October represented a respectable addition to a solid recovery.

### Retail Sales



Source: U.S. Census Bureau via Haver Analytics

## Industrial Production

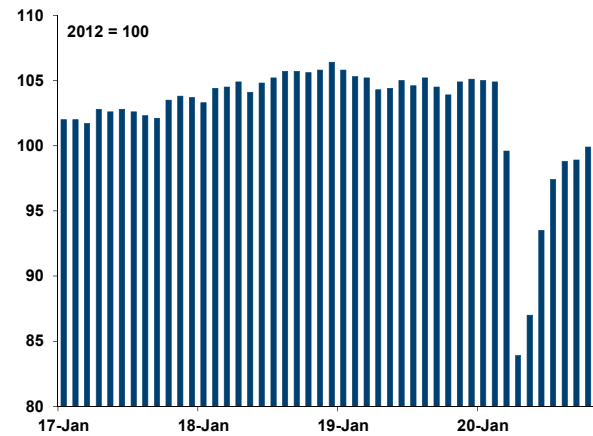
The industrial production index rose 1.1 percent in October, essentially matching the expected increase of 1.0 percent. A jump of 3.9 percent in utility output, which was driven by a swing in temperatures rather than economic fundamentals, contributed to the increase, but manufacturing activity also was firm with an increase of 1.0 percent. The mining sector lost ground, reporting a drop of 0.6 percent.

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The changes occurred from upward revised levels in prior months, with cumulative adjustments over the prior five months leaving the September level of the IP index 0.6 percent above the previous estimate. The manufacturing component in September also was 0.6 percent firmer than previously believed, and the mining component was 0.9 percent stronger. The utility index was 0.2 percent lighter than previously estimated.

The increase of 1.0 percent in the manufacturing sector was broadly based, with 15 of 20 major categories posting advances. The latest increase represented the sixth consecutive gain, with the cumulative changes retracing 76 percent of the retreat in the spring (chart).

**Industrial Production: Manufacturing**



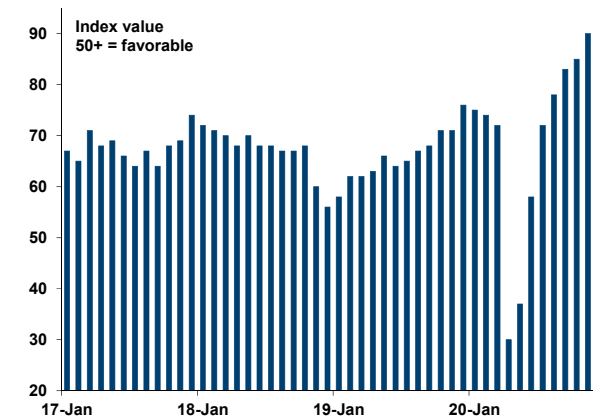
Source: Federal Reserve Board via Haver Analytics

**NAHB Housing Index**

The housing index published by the National Association of Home Builders rose further from a record reading in November, climbing five points to 90 percent (chart, below; like the ISM index, this measure can range from 0 to 100, with 50 separating expansion from contraction). Before the lofty readings of the past few months, the record high for this series was 78.

A brisk pace of sales has stirred the confidence of home builders, as the index on the current pace of sales jumped six points to 96, a striking observation given that the max value is 100. Builders expect the good times to continue, as the index on expected sales in the next six months totaled 89. Like other measures published by NAHB, the reading on prospective sales represented a new record.

**Housing Market Index**



Source: National Association of Home Builders via Haver Analytics