

# U.S. Data Review

- Retail sales: remarkable
- Industrial production: on a solid recovery path

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## Retail Sales

Retail sales surged 5.3 percent in January, easily beating the expected increase of 1.1 percent. The gain offset by a wide margin declines in the prior three months and pushed the level of sales well above previous readings (chart). Results in the prior two months were revised lower on balance (upward in November, downward in December), with the net adjustment leaving sales in December 0.2 percent lighter than previously believed, an inconsequential adjustment given the jump in January.

### Retail Sales -- Monthly Percent Change

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21
Total	1.7	-0.1	-1.3	-1.0	5.3
Ex.-Autos	1.4	-0.2	-1.2	-1.8	5.9
Ex.-Autos, Ex.-Gas	1.3	-0.2	-1.1	-2.5	6.1
Retail Control*	1.3	-0.2	-1.3	-2.7	6.2
Autos	3.1	0.1	-1.6	2.0	3.1
Gasoline	1.8	0.0	-1.7	6.5	4.0
Clothing	15.4	-3.6	-6.1	2.6	5.0
General Merchandise	3.2	-1.4	-1.1	-1.8	5.5
Nonstore**	-2.0	2.0	-1.6	-7.3	11.0

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

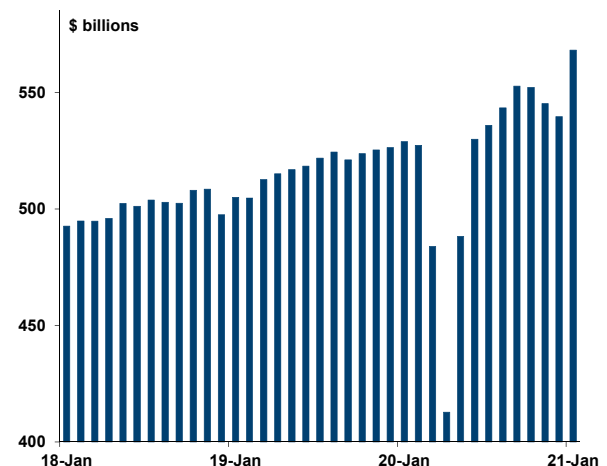
\*\* Primarily online and catalog sales; also includes sales by fuel-oil dealers.

Source: U.S. Census Bureau via Haver Analytics

The latest increase was broadly based, with every major category advancing. Gains at furniture stores and electronic & appliance stores led the charge (up 12.0 and 14.7 percent, respectively), but they had plenty of company with strong gains in other areas. The overall strength was evident in the fact that the smallest gain was still solid at 1.3 percent (health-care outlets). Several areas posted new highs (motor vehicles, furniture, building materials, health, nonstore retailers, and the miscellaneous category; see table).

The remarkable performance in January no doubt was influenced by the second round of recovery rebate checks that were sent in January. The dollar volume of checks or automatic deposits (\$131 billion) exceeded the increase of \$28.5 billion in retail sales, but this should be expected, as many individuals would use the government support to get caught up on bills, pare debt, or save for coming expenses.

### Retail Sales



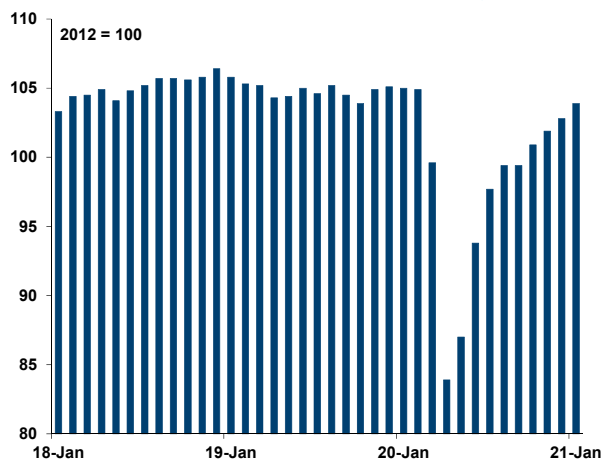
Source: U.S. Census Bureau via Haver Analytics

## Industrial Production

The report on industrial production was not as striking as the one on retail activity, but it too exceeded expectations with an advance of 0.9 percent (versus the expected increase of 0.5 percent). The increase marked the eighth gain in the past nine months. The only decline during this span was minuscule (-0.1 percent) and was driven primarily by a weather-related drop in utility output. The manufacturing component has not declined since April (it showed no change in September) and has now recouped 95 percent of the ground lost in the spring (chart, left). The mining sector has lagged most other areas of the economy because of low energy prices, but it is beginning to recover, with January bringing the third consecutive increase (chart, right). Utility output fell in January (off 1.2 percent), but swings in this component are nearly always driven by shifts in the weather, and above-average temperatures brought a decline in January.

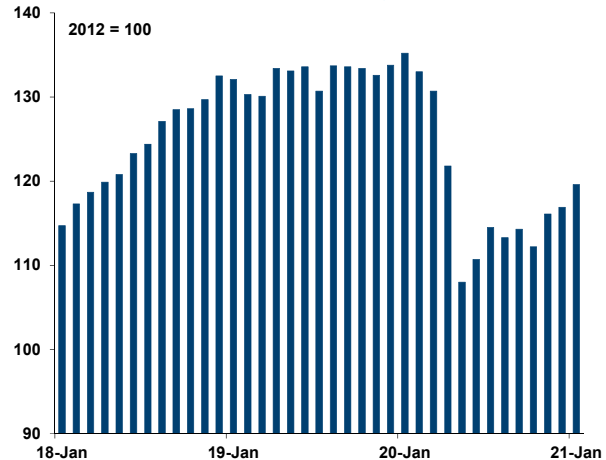
The increase of 1.0 percent in the manufacturing component was broadly based, with 15 of 20 industry categories posting increases. Auto production fell, but the dip of 0.7 percent was offset by a combined increase of 1.1 percent in other areas. Most other areas posted fine results, with 12 of the 15 advancers registering gains of 1.0 percent or more; several industries grew by 2.0 percent or more.

### Industrial Production: Manufacturing



Source: Federal Reserve Board via Haver Analytics

### Industrial Production: Mining



Source: Federal Reserve Board via Haver Analytics