

U.S. Data Review

- Retail sales: Covid be damned; consumers remain active

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Retail Sales

The retail sales report provided a major surprise in August, as the jump of 0.7 percent represented a marked contrast to the expected decline of 0.7 percent. A net downward revision equivalent to 0.6 percentage point of growth dampened the effect of the increase somewhat, but activity was still much stronger than expected.

A decline in sales of motor vehicles was a major factor behind the expected decline, and this component was in line with the consensus, posting a drop 3.6 percent. Brisk activity elsewhere provided an offset, with sales ex-autos increasing 1.8 percent. The latest changes left the headline measure comfortably within the elevated range seen so far this year, although shy of the best readings (four observations were slightly stronger). Sales excluding autos moved to a new high, one far above pre-pandemic levels (chart).

Excluding autos, activity at general merchandise stores stood out with a gain of 3.5 percent. This component did not match the high in March, but these two months represent high-side outliers. Nonstore retailers (mostly online) posted a gain of 5.3 percent, offsetting the drop of a 4.6 percent in July and returning this component to the upper portion of its recent elevated range. Several other areas also performed well, although the monthly increases and the level of activity were not striking. We were interested in the performance of eating and drinking places (i.e. restaurants and bars) because of the potential adverse effect of Covid. This area held its own, showing a fractional gain (up 0.031 percent) from a level that had already exceeded the pre-pandemic high.

Part of the strong showing in August reflected the fact that no area appeared to be faltering. Sales at sporting goods stores might be viewed as having difficulty, as sales fell for the fifth consecutive month with a drop of 2.7 percent. However, this slide started from an unusually strong performance in March. Despite the recent slide, the level of sales at sporting goods stores was still well above all readings before the March surge (and far above pre-pandemic levels).

Retail Sales -- Monthly Percent Change

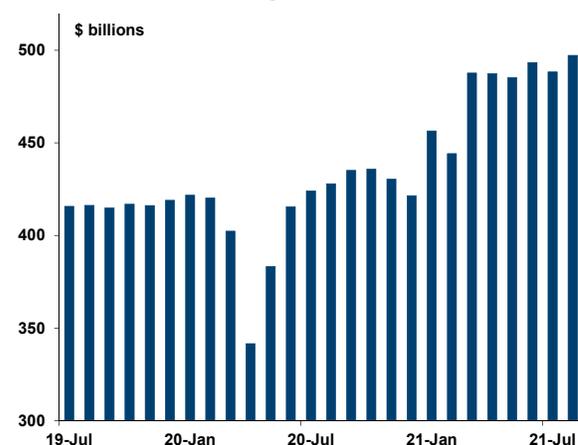
	Apr-21	May-21	Jun-21	Jul-21	Aug-21
Total	0.9	-1.4	0.9	-1.8	0.7
Ex.-Autos	-0.1	-0.4	1.7	-1.0	1.8
Ex.-Autos, Ex.-Gas	0.1	-0.7	1.5	-1.4	2.0
Retail Control*	0.5	-0.2	1.7	-1.3	2.1
Autos	4.4	-4.6	-2.1	-4.6	-3.6
Gasoline	-1.4	1.8	3.6	2.0	0.2
Clothing	-1.4	3.8	3.4	-2.7	0.1
General Merchandise	-2.4	-2.9	2.4	-1.0	3.5
Nonstore**	0.1	-1.2	0.1	-4.6	5.3

* 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

Retail Sales Excluding Autos



Source: U.S. Census Bureau via Haver Analytics