

# U.S. Data Review

- Retail Sales: marked changes in various categories; soft results on balance  
...higher prices affect consumer behavior

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## Retail Sales

Retail sales rose 0.5 percent in March, close to the expected advance of 0.6 percent. Results in the prior two months were revised upward, with the adjustments leaving the level of sales in February 0.7 percent firmer than previously believed. The gain in March and the revisions to January and February might be viewed as a sign of solid support from consumers. However, much of the apparently favorable results reflect higher prices rather than a gain in real activity.

The effect of higher prices was most evident in the gasoline category, which rose 8.9 percent in March, a striking increase at first blush, but prices rose by 18.3 percent according to the CPI. The apparently hefty gain in nominal gasoline sales will translate to a plunge after adjusting for inflation. Similarly, gasoline sales rose 6.7 percent in February, barely more than the 6.6 percent jump in prices.

Excluding the price-led increase at gasoline service stations, retail sales fell 0.3 percent in March. A decline of 1.9 percent in the auto category accounts for much of the retreat ex-gasoline, and this softness can perhaps be blamed on supply constraints. Sales excluding both autos and gasoline also posted soft results, increasing only 0.2 percent in March after a dip of 0.1 percent in the prior month. Much of this sluggishness reflected weak results in the nonstore category (mostly online), which fell 6.4 percent in March and 3.5 percent in February. This sector has registered sharp swings in the past four months, which has left a small net decline since last fall.

The general merchandise category stood out in March on the firm side, jumping 5.4 percent and moving well above the previous underlying trend. We suspect that this jump also reflected the influence of rising prices. Activity at traditional department stores was weak (off 0.3 percent). Results in other types of general merchandise stores will not be available until next month, but we suspect that most of the gain occurred at big-box outlets, driven by individuals seeking to stretch their dollars further. The jump at such stores also might explain the slow results at nonstore retailers in recent months.

Interesting response from consumers to higher prices: less driving (i.e. a drop in real gasoline sales) and a surge in spending at bargain stores.

### Retail Sales -- Monthly Percent Change

	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Total	0.7	-2.7	5.1	0.8	0.5
Ex.-Autos	0.7	-3.0	4.6	0.6	1.1
Ex.-Autos, Ex.-Gas	0.6	-3.5	5.3	-0.1	0.2
Retail Control*	0.3	-3.7	5.5	-0.2	0.1
Autos	0.7	-1.5	7.0	1.5	-1.9
Gasoline	1.9	1.2	-1.0	6.7	8.9
Clothing	1.1	-3.9	1.0	0.6	2.6
General Merchandise	-1.1	-3.8	4.6	-0.2	5.4
Nonstore**	1.1	-11.2	21.2	-3.5	-6.4

\* 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