

U.S. Data Review

- Retail sales: activity ex autos and gas tilts positive

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Retail Sales

- Headline retail sales were a bit softer than the consensus expectation in September (unchanged versus 0.2 percent), but the internals of the report were a bit firmer than anticipated, and results for August were revised higher with total activity 0.1 percent stronger than first reported.
- Sales at motor vehicle and parts dealers provided a mild downside surprise, dipping 0.4 percent despite an increase in new vehicle sales reported by automakers. Auto sales jumped 8.8 percent combined in the first two months of the year, but they have drifted lower since then.

Retail Sales -- Monthly Percent Change

	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Total	0.4	1.0	-0.4	0.4	0.0
Ex.-Autos	1.3	1.1	-0.1	-0.1	0.1
Ex.-Autos, Ex.-Gas	0.8	0.9	0.2	0.6	0.3
Retail Control*	0.8	1.0	0.2	0.5	0.4
Autos	-3.4	0.6	-2.0	2.8	-0.4
Gasoline	5.0	2.7	-2.2	-5.2	-1.4
Clothing	-1.4	0.7	-0.4	0.9	0.5
General Merchandise	0.0	2.3	-0.4	0.4	0.7
Nonstore**	2.7	0.3	1.7	-0.3	0.5

* 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

- Activity at gasoline service stations declined for the third consecutive month in September (-1.4 percent), but the change likely reflected lower prices rather than a drop in real outlays (the gasoline component of the CPI fell 4.9 percent in September). Adjusting the nominal results for inflation suggests an increase in real activity (i.e. people are driving more).
- Sales excluding autos and gasoline rose 0.3 percent from an upward revised reading in August (the level of activity was 0.3 percent firmer than first reported). Sales at general merchandise store rose 0.7 percent, adding to the upward trend, and an increase of 0.5 percent at clothing stores gave an upward tilt to the series. Activity at restaurants also was up. These areas most likely recorded gains in real terms, although overall spending seemed light after adjusting for inflation (core CPI rose 0.6 percent in September).
- Activity at grocery stores continued to show evidence that rapid increases in food prices are restraining consumption. Although nominal activity at grocery store rose 0.4 percent, sales slipped after adjusting for inflation (the food at home component of the CPI jumped 0.7 percent in September). As in other recent months, consumers appear to be spending more on food, but they are getting less.
- The retail report contained some bright spots. A decline in gasoline prices (one area of price relief) has led to more driving, and consumers are still spending in discretionary areas (restaurants, general merchandise stores). At the same time, little or no growth in real terms suggested that elements of caution also were present in September.