

U.S. Data Review

- Retail sales: rebound in June, although a portion of the gain may be price effects

Lawrence Werther

lawrence.werther@us.daiwacm.com
+1-212-612-6393

Brendan Stuart

brendan.stuart@us.daiwacm.com
+1-212-612-6172

Retail Sales

- Retail sales jumped 0.6 percent in June, significantly firmer than the Bloomberg median expectation of a pickup of 0.1 percent (+3.9 percent year-over-year). Activity at motor vehicle and parts dealers rose 1.2 percent, including an advance of 1.4 percent at auto dealers, despite data from Wards Automotive Group indicating that sales fell (15.34 million, annual rate, in June versus 15.60 million in May; -1.7 percent). Sales excluding autos also rose (+0.5 percent versus +0.3 percent expected; +3.3 percent year-over-year). Revisions to prior data were relatively modest, with results in April slightly worse than previously reported but those in May stronger. All told, the latest retail report suggests that households remain active despite gradual softening in the labor market and hints of price increases generated by trade policy.

Retail Sales -- Monthly Percent Change

	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Total	0.0	1.5	-0.1	-0.9	0.6
Ex.-Autos	0.4	0.6	0.0	-0.2	0.5
Ex.-Autos, Ex.-Gas	0.5	1.0	0.1	0.0	0.6
Retail Control*	0.8	0.5	-0.2	0.2	0.5
Autos	-1.4	5.3	-0.7	-3.8	1.2
Gasoline	-0.7	-2.8	-0.4	-1.3	0.0
Clothing	-0.1	1.1	0.2	0.3	0.9
General Merchandise	-0.3	0.0	0.0	0.1	0.5
Nonstore**	1.4	0.5	0.1	0.6	0.4

* 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.*

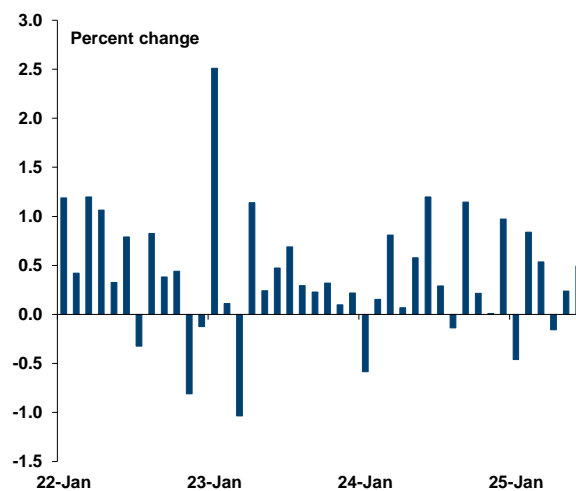
Source: U.S. Census Bureau via Haver Analytics

- Turning to the retail control group (sales excluding auto and parts dealers, gasoline stations, and building materials, garden equipment & supply dealers) which provides insights into goods outlays in GDP accounts, activity rose 0.5 percent in the latest month versus the Bloomberg median expectation of +0.3 percent (+4.0 percent year-over-year). Part of the gain likely reflected price increases (recall that core goods prices in the CPI rose 0.2 percent in June), and results in the prior month were revised lower (a pickup of 0.2 percent versus +0.4 percent first reported), but real outlays for goods also likely rose modestly.

- Notably, spending in discretionary areas held up reasonably well in the latest month. Sales at clothing stores rose 0.9 percent, and those at restaurants (the only service-related category in the report) increased 0.6 percent, although spending in some tariff-targeted areas was sluggish (e.g., activity at both furniture and electronic and appliance outlets both slipped 0.1 percent). With that said, most categories are often volatile from month-to-month, and thus we hesitate to attribute too much weight to the direct effects of tariffs.

- Augmenting our Q2 tracking estimate of GDP with the latest retail data leaves our expectations little changed from previous estimates. Given the strong base effect from Q1 attributable to a surge of real consumer spending of 0.7 percent in March, real personal consumption expenditures in Q2 are on track to increase approximately 1.5 percent, annual rate, in Q2 despite mixed results on real consumer spending in the quarter thus far (+0.1 percent in April followed by a contraction of 0.3 percent in May). That reading would contribute importantly to projected GDP growth in the area of 0.8 to 1.0 percent.

Retail Sales: Control Group



Source: U.S. Census Bureau via Haver Analytics

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