

Economics

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## US retail sales (Apr): Resilience in the control group

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Retail Sales (monthly % chg, unless otherwise noted)	Apr	Mar	Feb	Jan	Dec	Apr YoY SA
Retail & food service	0.5%	1.6%	0.9%	0.0%	0.0%	4.9%
• Ex-autos	0.7%	1.9%	0.9%	0.1%	0.0%	6.3%
Control Group <sup>1</sup>	0.5%	0.8%	0.9%	0.5%	0.0%	5.7%
Motor vehicles, parts	-0.4%	0.6%	1.0%	-0.7%	0.0%	-1.2%
Furniture	-2.0%	2.6%	-0.4%	1.1%	-1.9%	-3.6%
Electronics	1.4%	1.3%	1.2%	1.1%	0.5%	7.6%
Building materials	0.1%	1.1%	0.5%	0.7%	1.1%	2.2%
Food, beverages	0.8%	1.0%	-1.1%	0.0%	0.2%	1.4%
Health, personal care	0.0%	1.1%	2.0%	-3.0%	-0.3%	2.3%
Gasoline stations	2.8%	13.7%	1.7%	-2.2%	0.4%	20.9%
Clothing	-1.5%	0.5%	2.6%	-0.4%	-0.8%	5.5%
Sporting goods	1.4%	0.2%	2.9%	-0.4%	1.4%	13.4%
General merchandise	0.1%	1.1%	0.1%	0.5%	-0.1%	3.1%
• Department stores	-3.2%	4.9%	3.0%	-5.5%	-3.9%	-1.2%
Miscellaneous	0.3%	-1.4%	1.8%	2.2%	0.3%	12.8%
Non-store retailers	1.1%	0.8%	1.8%	1.8%	0.0%	11.1%
Eating, drinking	0.6%	0.1%	0.7%	-0.3%	-0.4%	2.7%

Source: Haver Analytics.

- Retail sales decelerated in the US in April, with the 0.5% m/m headline advance in line with consensus expectations. That figure was boosted again by sales at gasoline stations reflecting higher prices, but looking beyond the volatility showed consumer resilience in the face of higher prices. The control group of sales (ex. gasoline, restaurants, building materials, and autos) that feeds more directly into non-auto goods consumption in GDP, also posted a 0.5% m/m advance, a tick above the consensus expectation, implying healthy volume growth given flat prices in that group. Indeed, higher tax refunds this year have provided a temporary buffer for consumer spending, but with wage growth slowing and higher gasoline prices squeezing households, we look for consumption to fade over the quarter.
- Spending was less broad-based in April, with 9 of 13 categories increasing, relative to 12 and 11 in the prior two months. Gasoline and online sales were the largest contributors to the advance, with each adding 0.2ppts to the headline. Higher food prices caused grocery store sales to jump, and also boosted restaurant spending following a weak prior month. Consumers pulled back on spending on some discretionary goods including autos, clothing, and

<sup>1</sup> This calculation removes food services, gas, building materials & autos from total retail & food service sales.

furniture. That leaves total sales 5% above year-ago levels, and for the control group, an impressive 6% above year-ago levels.

## Implications & actions

**Re: Economic forecast** — Consumers are remaining resilient, although many factors suggest that a slowdown in consumption is imminent, including weaker population growth, decelerating wage growth, and the hit to purchasing power from higher prices tied to tariffs and gasoline. As tax refunds dry up, we expect these factors to cause a slowdown in consumption over the quarter.

**Re: Markets** — There was no material market reaction as the headline was in line with consensus expectations.

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