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April 1, 2026

US retail sales (Feb): Resilient, but not expected to last

by **Katherine Judge** katherine.judge@cibc.com

Retail Sales (monthly % chg, unless otherwise noted)	Feb	Jan	Dec	Nov	Oct	Feb YoY SA
Retail & food service	0.6%	-0.1%	0.0%	0.5%	-0.2%	3.7%
• Ex-autos	0.5%	0.0%	0.0%	0.4%	0.2%	3.6%
Control Group ¹	0.5%	0.2%	0.0%	0.2%	0.5%	3.8%
Motor vehicles, parts	1.2%	-0.7%	0.0%	0.9%	-1.5%	4.0%
Furniture	-1.0%	0.4%	-1.9%	-0.1%	1.4%	-5.6%
Electronics	0.5%	0.8%	0.5%	0.1%	0.2%	4.7%
Building materials	0.4%	0.6%	1.1%	1.4%	-0.7%	3.8%
Food, beverages	-1.0%	0.1%	0.2%	-0.3%	0.0%	-0.3%
Health, personal care	2.3%	-2.9%	-0.3%	-0.6%	-0.4%	2.6%
Gasoline stations	0.9%	-1.9%	0.4%	1.3%	-1.4%	-0.7%
Clothing	2.0%	-0.6%	-0.8%	0.3%	1.4%	7.2%
Sporting goods	1.3%	-0.2%	1.4%	0.4%	2.1%	11.3%
General merchandise	0.0%	0.3%	-0.1%	0.0%	0.4%	1.2%
• Department stores	3.0%	-6.0%	-3.9%	-0.6%	4.8%	-5.4%
Miscellaneous	1.1%	1.6%	0.3%	0.8%	1.9%	10.2%
Non-store retailers	0.7%	1.4%	0.0%	0.7%	0.7%	7.5%
Eating, drinking	0.4%	-0.2%	-0.4%	0.5%	-0.1%	5.2%

Source: Haver Analytics.

- Retail sales rebounded in the US in February, with gains widespread across categories. The headline rose by 0.6% m/m, a tick faster than expected by the consensus, and the more important control group of sales that feeds more directly into non-auto goods consumption in GDP increased by a solid 0.5% (vs. 0.3% consensus), implying a 0.3% gain in volume terms. The strength in sales is in contrast to a sluggish labor market and won't last, as the spike in gasoline prices will leave less money for discretionary spending in the coming months, with fading wealth impacts tied to the downturn in equities compounding consumer caution, and we therefore look for a slowing in consumption ahead.
- The headline gain reflected a jump in auto sales, in line with the earlier released unit sales data, and an increase in gasoline receipts, as prices rose on the month ahead of the war starting. Spending at restaurants also perked up.
- Excluding the aforementioned categories along with building materials, the control group of sales posted relatively broad-based gains, with health, clothing, and sporting goods sales particularly strong. The three-month average

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

annualized pace of spending in that group is sitting at 2.3%, still a respectable pace, but a notable slowdown from the 6.4% pace that was seen in Q3 of last year, and 2.8% in Q4.

- Looking at gains over the past year, online sales, which account for roughly a third of control group sales, have been able to maintain a 7.5% y/y pace, compared to 3.8% for the total control group, down from gains in the 5% range that were seen in early 2025.

Implications & actions

Re: Economic forecast — Consumption will remain an important growth driver in Q1, but will fade in the upcoming quarters as higher gasoline prices cut into discretionary purchases, compounding the weakness in the labor market and fading wealth impacts.

Re: Markets — The upside surprise saw bond yields increase, although the market reaction was likely limited by the fact the strength is expected to be temporary.

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