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May 15, 2024

US Retail sales (Apr): Consumer spending takes a break

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Retail Sales (monthly % chg, unless otherwise noted)	Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023	Apr YoY SA
Retail & food service	0.0%	0.6%	0.7%	-1.1%	0.4%	3.0%
• Ex-autos	0.2%	0.9%	0.3%	-0.8%	0.3%	3.6%
Control Group[1]	-0.3%	1.0%	0.0%	-0.4%	0.6%	3.5%
Motor vehicles, parts	-0.8%	-0.3%	2.2%	-2.2%	0.5%	0.8%
Furniture	-0.5%	-2.3%	-2.2%	0.1%	-1.1%	-8.4%
Electronics	1.5%	-3.1%	2.9%	3.2%	-1.9%	0.8%
Building materials	0.5%	0.4%	2.4%	-3.9%	0.3%	-1.0%
Food, beverages	0.8%	0.5%	0.2%	-0.4%	0.0%	2.2%
Health, personal care	-0.6%	0.2%	-0.2%	-1.6%	-1.8%	-0.3%
Gasoline stations	3.1%	2.1%	1.9%	-1.4%	-0.8%	4.0%
Clothing	1.6%	-2.0%	0.0%	-0.7%	1.5%	2.7%
Sporting goods	-0.9%	-1.3%	0.7%	0.0%	-1.6%	-4.7%
General merchandise	-0.3%	1.3%	0.4%	0.1%	1.3%	3.7%
• Department stores	0.5%	-1.3%	-0.3%	1.0%	3.0%	-1.2%
Miscellaneous	-0.4%	2.5%	2.1%	0.3%	0.0%	6.8%
Non-store retailers	-1.2%	2.5%	-0.7%	-0.7%	1.8%	7.5%
Eating, drinking	0.2%	-0.1%	0.1%	-0.9%	-0.2%	5.5%

Source: Haver Analytics.

- Following a strong March, US consumers took a bit of a break from goods purchases in April, with headline sales flat on the month and core purchases dipping slightly. However, with prices generally lower on the month (excluding gasoline), core goods spending was probably a little better in inflation-adjusted terms. Meanwhile, continued spending on services is also likely to contribute to overall consumption and GDP growth to start Q2.
- Headline retail sales were flat on the month, which was weaker than the 0.4% gain expected by the consensus and followed a slightly downwardly revised 0.6% increase in the prior month (originally +0.7%). Gasoline sales were the main positive, with the 3.1% increase partly reflecting higher prices. Clothing sales also rebounded following a decline in the prior month.
- Some areas of goods spending are continuing to weaken as households rotate once again to spending more on services. Furniture sales fell for the third consecutive month and are down 8.4% on a year-over-year basis. Sporting goods dropped for a second straight month and are almost 5% lower on an annual basis.

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

- Core retail sales (excluding building materials, gasoline, foods services and autos) fell by 0.3% on the month, in contrast to expectations for a marginal gain. Lower prices likely contributed to the decline, meanwhile the modest pullback should not be considered too concerning following a strong 1% increase during the prior month. The three-month annualized trend continues to point to moderate growth of 1.9%.

Implications & actions

Re: Economic forecast — While today's data suggest consumption growth in Q2 got off to a soft start, solid momentum towards the end of the prior quarter and steady demand for services should still support a moderate pace of growth during the current quarter. US goods consumption still remains above its pre-pandemic trend, and this slower growth may be necessary in order to get inflation sustainably back to a 2% target.

Re: Markets — Today's retail sales data were released alongside CPI figures for the same month, which were also a little softer than consensus expectations. As a result, bond yields fell and the US$ depreciated following the data releases.

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