

U.S. Retail Sales — April

Putting Q1 Behind Us

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Evidence that the sluggish first quarter is now behind us (besides the fact that we are mid-way through May) was a decent reading on consumer spending and manufacturing activity. **U.S. retail sales** rose 0.3% in April, while sales excluding autos were up a like-sized 0.3%. Although the results were more or less in line with expectations, the upward revisions to the prior two months gave this report a more positive glow. The gains were fairly broadly based, but a couple of categories, which reflect discretionary spending, stood out in a negative light: two consecutive declines (albeit very small) in sales of sporting goods/hobbies, while dining out also saw a drop. **Core spending** rose an as-expected 0.4%, which keeps our overall growth call for Q2 intact.



In a separate release, the **Empire State Manufacturing Survey** jumped to 20.1 in May from 15.8 in April, which works out to a 2-month high of 56.8 on an ISM-adjusted basis. The headline was boosted by stronger new orders and shipments, but what caught the market's eye (10-year yields jumped to 3.05%) was the 7-year high reading of 54.0 for prices paid. The 6-month outlook for prices eased a bit, however, but remained elevated, suggesting that manufacturers remain concerned about higher input costs stemming from the trade spat. In any event, FOMC looks good to go in just under a month.

Retail Sales

United States (m/m % chng)	(% chng : a.r.)				
	Apr	Mar	Feb	3-mo.	12-mo.
Retail Sales	0.3	0.8	0.0	4.5	4.7
Ex. Autos	0.3	0.4	0.4	4.6	4.8
Ex. Gasoline	0.3	0.8	0.0	4.3	4.1
Ex. Autos, Gas	0.3	0.4	0.3	4.4	4.0
Ex. Auto Dlr., Gas, Bldg Mat'ls	0.3	0.6	0.2	4.2	3.9
Building Materials	0.4	-1.0	1.5	3.6	4.4
Furniture	0.8	1.4	0.4	10.9	6.1
Autos	0.1	2.1	-1.2	3.9	4.3
General Merchandise	0.3	0.4	-0.4	1.1	2.5
Department Stores	0.2	-0.3	-1.0	-4.3	-1.6
Food Stores	0.5	0.1	0.3	3.7	3.3
Apparel	1.4	-0.2	0.5	7.0	4.1
Gasoline	0.8	0.3	0.5	6.5	11.7
Restaurants	-0.3	1.2	0.4	5.3	3.8
Drug Stores	-0.4	1.1	-0.9	-0.9	-0.5
E-commerce, Mail Order, Fuel	0.6	0.9	1.0	10.5	9.6

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