

U.S. Retail Sales — April

No Spring in Retail Sales

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Bottom Line: Though losing momentum amid fading support from tax cuts, consumer fundamentals remain supportive, suggesting households will pick up the pace in coming months and drive the expansion forward.

After storming back in March, U.S. **retail sales disappointed in April, falling 0.2%** after a slight upward revision to the prior jump (now 1.7%). Autos reversed sharply, though gas-station receipts surged on higher fuel costs. Sales of electronic products and clothing fell, though mostly due to lower prices. One bright spot: restaurant outings continued to trend higher, a reflection of elevated confidence. The control measure that feeds into PCE (and GDP) was flat after a slight upward revision the prior month (now 1.1%).

The report is disappointing but far from a disaster. Real PCE was likely flat in April after leaping 0.7% in March. This implies a modest downside risk to our call for a decent rebound in consumer spending growth to 2.6% in Q2 from 1.2% in Q1.

However, a pullback in outsized gains in inventories and net exports will likely slow GDP growth to 1.5% from 3.2%.



Retail Sales

United States (m/m % chng)	(% chng : a.r.)				
	Apr	Mar	Feb	3-mo.	12-mo.
Retail Sales	-0.2	1.7	-0.3	4.9	3.1
Ex. Autos	0.1	1.3	-0.3	4.3	3.3
Ex. Gasoline	-0.4	1.5	-0.6	2.2	3.0
Ex. Autos, Gas	-0.2	1.1	-0.7	0.7	3.2
Ex. Auto Dlr., Gas, Bldg Mat'ls	0.0	1.1	-0.2	3.6	3.4
Building Materials	-1.9	0.8	-5.1	-22.5	1.2
Furniture	0.0	1.0	0.1	4.3	-3.1
Autos	-1.1	3.2	-0.2	7.7	2.2
General Merchandise	0.2	0.7	-0.3	2.6	2.7
Department Stores	0.7	0.0	-0.3	1.4	-3.0
Food Stores	0.2	1.6	-2.0	-1.2	2.1
Apparel	-0.2	2.1	-1.4	2.1	0.2
Gasoline	1.8	3.3	3.6	41.0	4.9
Restaurants	0.2	1.0	0.4	6.8	5.7
Drug Stores	-0.2	0.6	0.4	3.2	3.6
E-commerce, Mail Order, Fuel	-0.2	1.0	1.1	8.1	9.0

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