

## ECONOMIC ALERT

### U.S. RETAIL SALES – JUL 2018

Released Wednesday, August 15, 2018

**Retail Sales:** +0.5% month-over-month (Cons: +0.1%); +6.4% year-over-year

**Core Retail Sales:** +0.5% month-over-month (Cons: +0.4%); +4.8% year-over-year

#### **Quick Take:**

Retail sales came in above economists' expectations in July, rising +0.5% month-over-month. However, June headline retail sales were revised to a +0.2% month-over-month increase, down from +0.5% originally.

Headline retail sales were up +6.4% year-over-year as of July, up from +6.1% growth in June. Year-over-year growth reached the highest level since February 2012. Part of the strong headline year-over-year growth has been powered by gasoline station sales, which have benefitted from higher gasoline prices and are up +22% year-over-year. That said, excluding gasoline sales, retail sales growth remains a very solid +5.1% year-over-year.

Core retail sales increased +0.5% in July, above the consensus estimate. Year-over-year core retail sales growth was +4.8% in July, up from June's +4.7% year-over-year growth. June core retail sales month-over-month growth was revised to -0.1% from a flat reading in the original estimate.

July's retail sales data indicates that consumer spending remains a bright spot of the U.S. economy, with year-over-year growth accelerating in both the headline and core sales measures. Growth in July was broad based as nine out of thirteen major spending categories showed increases in the month. On a year-over-year basis, spending on all major categories except sporting goods stores grew at rates above +3.0%. The current pace of +4.8% year-over-year growth in core retail sales remains at the high-end of the range for the current economic expansion.

#### **Notable Data:**

Significant July gains were made in clothing stores (+1.3% month-over-month), food services and drinking places (+1.3% month-over-month), gasoline stations (+0.8% month-over-month), and general merchandise stores (+0.7% month-over-month). Spending declined at sporting goods stores (-1.7% month-over-month), furniture stores (-0.5% month-

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over-month), health and personal care stores (-0.4% month-over-month), and miscellaneous store retailers (-0.3% month-over-month).

Spending at non-store retailers, which consists largely of e-commerce sales, rose +0.8% month-over-month in July and now makes up ~20% of core retail sales. Non-store retailer sales were up +8.7% year-over-year in July.