

## Retail Sales for April 2017

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Monthly U.S. Retail Sales Data						
	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Retail Sales	0.1%	0.9%	0.5%	-0.2%	0.1%	0.4%
Ex-Autos	0.2%	0.3%	1.1%	0.1%	0.3%	0.3%
Ex-Auto, Gas, Build	0.2%	-0.1%	0.9%	-0.1%	0.6%	0.2%
Vehicles & Parts	-0.2%	3.1%	-1.6%	-1.5%	-0.5%	0.7%
Building Materials	0.9%	0.9%	1.4%	2.7%	-1.7%	1.2%
Gas Stations	-0.5%	3.2%	2.2%	-0.0%	-0.4%	0.2%
Clothing & GM	0.1%	-0.2%	1.2%	-1.2%	0.3%	-0.5%
Residual	0.3%	-0.1%	0.8%	0.3%	0.7%	0.5%

### Summary

Retail sales rose 0.4 percent in April. Vehicles and parts rose 0.7 percent after falling 0.5 percent in March. Building materials and gas stations rebounded as well. Clothing and general merchandise fell 0.5 percent. Core sales, excluding auto, gasoline and building materials, rose 0.2 percent contributing to second quarter GDP growth.

### Analysis

Consumer spending is alive and well indicating that the poor performance of the GDP during the first quarter was more of a seasonal factor. There are many reasons for consumers to contribute to spending and economic growth. Employment gains are healthy, wage gains have gained some momentum, low interest rates are fueling sales including autos and the wealth effects coming from stocks and houses are helping consumers. Economic fundamentals are consistent with rising retail sales ahead.

Retail sales rose after the disappointing number during the first quarter as auto sales, gas stations and building materials rebounded. The higher price of gasoline and the brighter job picture made the shoppers more willing to open their wallets a bit more. Easter was another factor boosting spending. The promotional activities by retailers was another plus even though merchant margins were squeezed as evidenced by poor earnings by major retailers.

Online retailers continue to grab market share away from brick-and-mortar stores. During the first four months of the year, online sales rose 10.7 percent from the same period a year ago, while department store sales fell 5.2 percent. As more shoppers go online, there are more jobs at eCommerce sites and delivery firms such as FedEx and UPS. In addition, there are many other delivery-related jobs.

Auto sales have plateaued; potential buyers are no longer pounding the dealer lots trying to take advantage of low interest rates and bargain promotions. As more discounts are offered, buyers are holding back looking for better deals. In addition, the age of the cars on the road has improved significantly after years of strong auto sales.