

# U.S. Data Review

- Retail sales: brisk activity in June
- Industrial production: a drop in utility output, but mfg. and mining advance

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## Retail Sales

Retail sales rose 0.4 percent in June, firmer than the expected increase of 0.2 percent. Analysts expected a light headline figure because of a price-led drop in the gasoline component and little activity in the auto sector. The drop in the gasoline component came to pass (off 2.8 percent), but the auto sector was strong with an increase of 0.7 percent. Sales excluding autos and gasoline also were firm with a jump of 0.7 percent (versus a consensus estimate of 0.3 percent). Revisions in the prior two months were mixed but they generally involved a small net gain.

### Retail Sales -- Monthly Percent Change

	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Total	-0.5	1.8	0.4	0.4	0.4
Ex.-Autos	-0.6	1.4	0.6	0.4	0.4
Ex.-Autos, Ex.-Gas	-1.0	1.2	0.5	0.5	0.7
Retail Control*	-0.5	1.3	0.6	0.7	0.7
Autos	-0.3	3.4	-0.4	0.7	0.7
Gasoline	3.5	3.3	1.6	-0.8	-2.8
Clothing	-1.5	2.1	-0.2	-0.2	0.5
General Merchandise	-0.9	1.5	0.6	0.2	0.2
Nonstore**	0.8	1.0	0.8	1.7	1.7

\* Retail sales excluding sales from motor vehicle dealers, gasoline stations, and building materials, garden equipment, and supply dealers.

\*\* Primarily online and catalog sales; also includes sales by fuel-oil dealers.

Source: U.S. Census Bureau via Haver Analytics

The increase in sales excluding autos and gasoline was broadly based, as only one of the 11 major categories posted a decline in activity (sales at electronics stores fell 0.3 percent, continuing a downward trend in this area). Two areas stood out on the firm side. Sales at nonstore retailers (catalog and online) jumped 1.7 percent after a like-sized increase in May. This area is usually strong, but the latest gains were above the norm. Restaurants and bars also did well with an increase of 0.9 percent, the sixth consecutive increase after a soft patch late last year. Sales at furniture stores rose 0.5 percent, the fourth gain in the past five months, putting it back on track after a lull late last year. The increase at general merchandise stores was only moderate at 0.2 percent, but this was enough to preserve an upward trend. Activity at sporting goods stores posted a minuscule increase (less than 0.1 percent), but this area seems to be stabilizing after a downtrend in the prior two to three years.

The strong tone to the report was evident in two special groupings. The so-called retail control, a grouping that correlates with spending as measured in the GDP accounts, rose 0.7 percent and results in the prior two months were revised upward (equivalent to approximately another 0.3 percentage point of growth). In addition, a grouping of stores that deal primarily with discretionary purchases posted a gain of 0.5 percent.

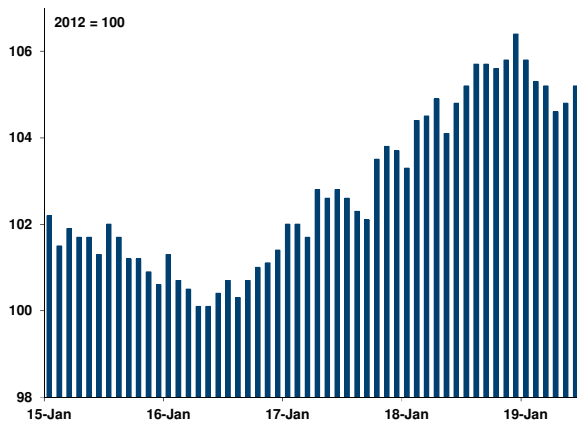
## Industrial Production

The industrial production index was unchanged in June, falling slightly shy of the expected increase of 0.1 percent. The results were soft, but the headline figure was constrained by a drop of 3.6 percent in utility output, which is nearly always a function of swings in temperatures. The manufacturing component posted an increase of 0.4 percent, and mining activity rose 0.2 percent.

The increase in manufacturing activity was encouraging, as it marked the second consecutive increase after declining or showing no change in the prior four months (chart, left). Output remained noticeably below levels seen late last year, but at least activity showed signs of life in the past two months. Much of the recent improvement was the result of stronger activity in the auto industry, but the non-auto sector also has stirred a bit (up 0.2 percent in June and unchanged in May).

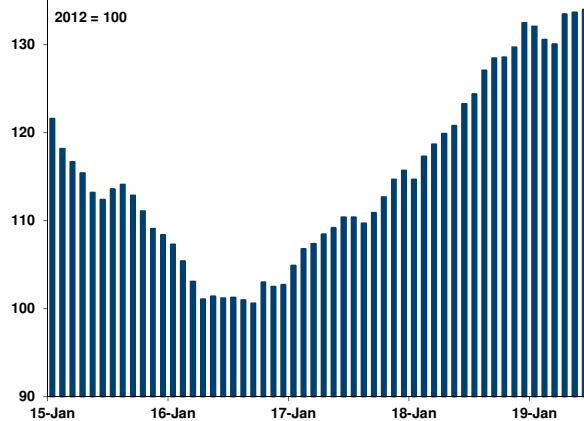
The mining sector posted small advances in May and June (0.2 percent in both months) after a jump of 2.6 percent in April. The recent changes more than offset a retreat earlier in the year and reestablished an upward trend (chart, right).

### Industrial Production: Manufacturing



Source: Federal Reserve Board via Haver Analytics

### Industrial Production: Mining



Source: Federal Reserve Board via Haver Analytics