U.S. Data Review

• Retail sales: a soft patch



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Retail Sales

Retail sales rose 0.2 percent in November, noticeably shy of the expected increase of 0.5 percent. In addition, results in the prior two months were revised slightly lower from already unimpressive performances. All told, retail activity in the past three months has been soft, with growth averaging less than 0.1 percent per month. Excluding the volatile auto and gasoline components, retail sales have declined slightly in the past three months.

The health-care component stood out in November with a drop of 1.1 percent, which accented a downward drift that began in June. Other areas were soft as well.

Retail Sales -- Monthly Percent Change

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
Total	0.7	0.6	-0.4	0.4	0.2
ExAutos	0.9	0.2	-0.2	0.3	0.1
ExAutos, ExGas	0.8	0.4	-0.3	0.2	0.0
Retail Control*	0.8	0.2	-0.2	0.2	0.1
Autos	0.1	2.0	-1.1	1.0	0.5
Gasoline	1.7	-1.2	-0.1	1.7	0.7
Clothing	1.2	-1.2	0.1	-0.3	-0.6
General Merchandise	0.9	-0.2	-0.9	0.3	0.1
Nonstore**	1.4	1.4	-0.1	0.6	0.8

* 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

Clothing stores registered a drop of 0.6 percent after showing little net change in prior months. Sales at sporting goods stores fell 0.5 percent. This area has been trying to turn a corner from a downward trend, but the November results dampened this effort. Restaurants and bars had been doing reasonably well, but they registered their second consecutive decline in November. General merchandise stores posted a gain, but the increase of 0.1 percent did little to boost a lethargic trend. Sales at electronic stores jumped 0.7 percent, an apparent bright spot, but the gain merely continued an up and down pattern that has traced a flat trend over the past several months.

There was one genuine firm area in November: nonstore retailers. On-line and catalog activity is continuing to move along a firm upward trend. Overall, however, retail activity has been light recently. We are surprised at the soft performance given positive fundamentals for consumer spending (strong labor market and healthy financial positions). We suspect that activity will improve in coming months. A similar soft patch occurred earlier this year (January to March), but sales revived from April through August.

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