

U.S. Data Review

- Retail sales: vehicle sales jump; a solid performance excluding autos and gasoline
- Industrial production: broad-based gains

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Retail Sales

Retail sales rose 0.9 percent in April, close to the expected gain of 1.0 percent. In addition, results in March were revised higher, with the level of sales 0.6 percent firmer than previously reported. The latest increase, along with the upward revision to prior data, should be viewed as a sign of continued support from consumers, although inflation undoubtedly played a role in boosting the reported results.

The auto component contributed importantly to the gain in retail activity in April with an advance of 2.2 percent. Sales have increased in three of the first four months of 2022, suggesting that supply constraints (semiconductor shortages) that hampered activity in the past year or so are easing.

Sales at gasoline service stations eased 2.7 percent in April after jumps of 9.6 percent in March and 6.3 percent in February. In contrast to results in other recent months, the April performance suggests a pickup in real activity despite the decline in nominal terms. (Recall surges in the gasoline component of the CPI of 18.3 percent in March and 6.6 percent in February, which eclipsed the nominal advances in the gasoline component of retail sales; in April, activity at gasoline stations fell by less than the 6.1 percent decline in the gasoline component of the CPI.)

Sales excluding autos and gas rose 1.0 percent, a solid performance especially when an upward adjustment of 0.4 percent to the level of activity in March is taken into account. Sales at electronics and appliance stores rose for the fourth month in a row, continuing a recovery after dropping in the closing months of 2021. Nonstore retailers also posted a healthy increase (2.1 percent) after leveling off in recent months. Moreover, restaurant sales rose 2.0 percent after a jump of 1.9 percent in March. Warmer weather and an easing in Covid-related restrictions led to a strong performance in this discretionary category. Results at miscellaneous outlets rose 4.0 percent, continuing a strong upward trend.

One area where inflation effects clearly played a role was at food and beverage stores (-0.2 percent). The food at home component of the CPI rose 1.0 percent in April, and the dip in the food and beverage category suggests a larger drop in real activity. Food prices have risen sharply in recent months, and the latest reading on activity at food and beverage stores signals cutbacks or reallocations of grocery budgets.

Retail Sales -- Monthly Percent Change

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
Total	-1.6	2.7	1.7	1.4	0.9
Ex.-Autos	-1.4	1.6	1.7	2.1	0.6
Ex.-Autos, Ex.-Gas	-1.8	2.0	1.2	1.2	1.0
Retail Control*	-1.9	2.0	1.2	1.2	1.2
Autos	-2.3	7.3	1.4	-1.6	2.2
Gasoline	1.3	-1.8	6.3	9.6	-2.7
Clothing	-2.8	0.4	1.3	2.0	0.8
General Merchandise	-1.8	3.0	-2.4	2.1	0.2
Nonstore**	-4.4	7.1	1.3	0.4	2.1

* 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

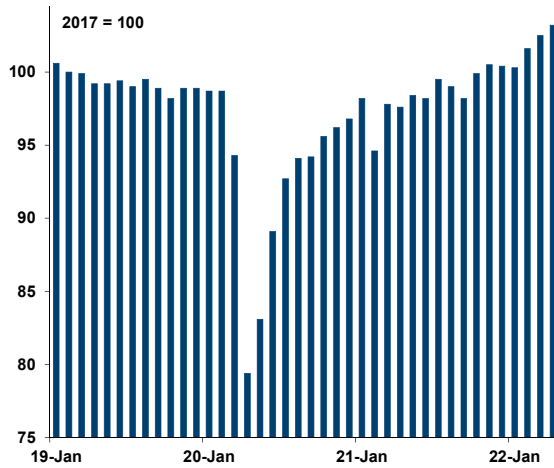
Industrial Production

The industrial production index jumped 1.1 percent in April, easily beating the expected increase of 0.5 percent. Some of the surprising strength occurred in the utility sector (up 2.4 percent), where cooler-than-normal temperatures stirred demand for heating services, but the manufacturing and mining sectors also performed well (up 0.8 and 1.6 percent, respectively). Revisions in prior months were modest on balance, as the combined adjustments left the headline index in March 0.1 percent lighter than previously believed.

The auto industry led the increase of 0.8 percent in manufacturing with a jump of 3.9 percent. The increase pushed auto output to the second highest level of the current expansion, exceeded only by the reading in July 2020, before chip shortages became an issue. Excluding the auto industry, manufacturing activity rose 0.4 percent, a respectable advance, with most industries contributing (14 of 20 categories posted increases and two were steady month-to-month). Manufacturing activity has been above its pre-Covid level since last October, with firm increases in the past three months quickening the upward trend (chart, left).

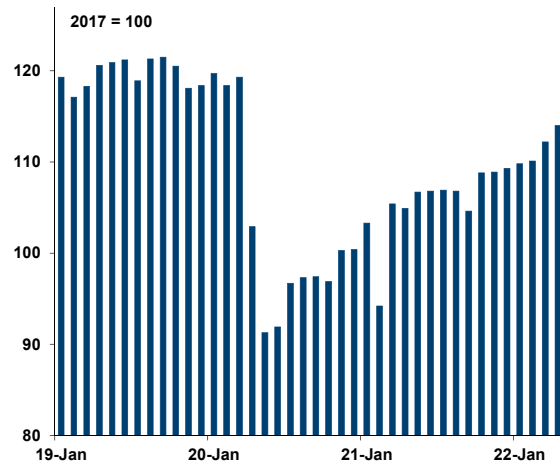
The mining sector seems to be stirring in response to higher energy prices, as the increase of 1.6 percent in April followed a jump of 1.9 percent in March, with the strength concentrated in oil and natural gas extraction. Mining activity remains below its pre-pandemic level, but gains in March and April have added an accent to the upward drift that had been in place (chart, right).

Industrial Production: Manufacturing



Source: Federal Reserve Board via Haver Analytics

Industrial Production: Mining



Source: Federal Reserve Board via Haver Analytics