

U.S. Data Review

- Retail sales: rebound after weather-related lull; higher prices drive jump in gasoline sales

Lawrence Werther

 lawrence.werther@us.daiwacm.com
 +1-212-612-6393

Brendan Stuart

 brendan.stuart@us.daiwacm.com
 +1-212-612-6172

Retail Sales

- Retail sales rebounded markedly in March, with headline activity rising 1.7 percent (versus a median expectation of +1.4 percent from the Bloomberg economist survey) following an upwardly revised result in the prior month. On a year-over-year basis, activity rose 4.0 percent, in line with recent norms. Moreover, sales excluding motor vehicle and parts dealers increased 1.9 percent (versus +1.4 percent expected; +5.5 percent year-over-year). Concurrently, transactions in the retail control group, which correlate with goods outlays in the GDP accounts, advanced 0.7 percent in March (versus +0.2 percent expected; +4.8 percent year-over-year). The latest performance suggests that consumers were active into the end of Q1 after winter weather exerted a constraining effect on spending at brick-and-mortar outlets in early 2026. That said, price effects were partially responsible for the strong topline results (see below).

- The advance in the headline was driven in part by a surge of 15.5 percent in sales at gasoline stations – the largest one-month gain on record (series spans back to 1992) and reflective of the energy price shock stemming from the ongoing conflict with Iran. Relatedly, the gasoline component of the CPI rose 21.2 percent in March – also the largest one-month increase on record (series spans back to 1967). Thus, adjusting the increase in sales by the aforementioned price index suggests that real activity actually declined (i.e., the burst in activity reflected higher prices rather than a gain in real activity).

Retail Sales -- Monthly Percent Change

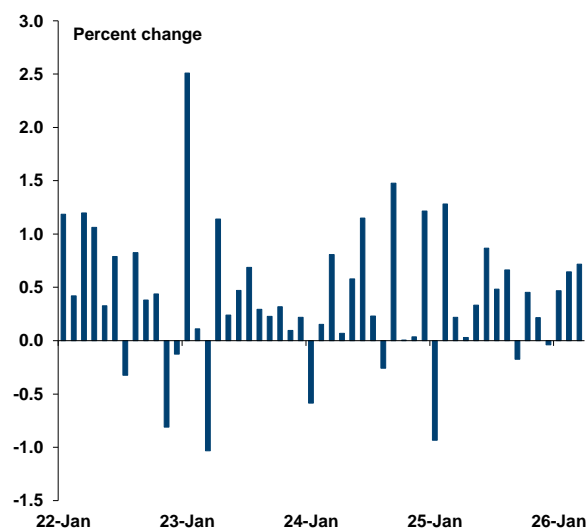
	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26
Total	0.5	0.0	0.0	0.7	1.7
Ex.-Autos	0.4	0.0	0.1	0.7	1.9
Ex.-Autos, Ex.-Gas	0.3	0.0	0.4	0.6	0.6
Retail Control*	0.2	0.0	0.5	0.6	0.7
Autos	0.9	0.0	-0.7	1.0	0.5
Gasoline	1.3	0.4	-2.2	1.3	15.5
Clothing	0.3	-0.8	-0.4	2.8	0.0
General Merchandise	0.0	-0.1	0.5	0.0	1.0
Nonstore**	0.7	0.0	1.8	1.2	1.0

* Retail sales excluding those from food services and drinking places; 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

Retail Sales: Control Group



Source: U.S. Census Bureau via Haver Analytics

- Excluding the automobile and gas categories, activity advanced a solid 0.6 percent in March (+0.3 percent expected; +4.2 percent year-over-year), with several discretionary categories posting firm results. Notably, sales at furniture and home furnishing stores increased 2.2 percent, capping a solid quarter after a choppy performance in the second half of last year (-0.8 percent year-over-year). Moreover, activity at general merchandise stores augmented its upward trend (+1.0 percent; +2.5 percent year-over-year). Additionally, sales at nonstore retailers (mostly online sales) advanced 1.0 percent (+10.1 percent year-over-year), and activity at food services and drinking places -- the one service-related category in the retail report -- picked up 0.1 percent (+2.4 percent year-over-year).
- Factoring in results from the retail control group, our latest calculations suggest that real consumer spending is poised to register in the vicinity of 1.2 percent, annual rate, in the first quarter of 2026 -- consistent with GDP growth of 1.7 percent. Thus, data in hand suggest that real consumer spending is tracking well behind annualized growth of 1.9 percent in 2025-Q4, but the performance is admirable given the recent hit to household budgets from higher gasoline prices, along with weather-related disruptions earlier in the year.