

U.S. Data Review

- Retail sales: solid performance amid rising gasoline prices

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 rose 0.5 percent in April (in line with the median expectation from the Bloomberg survey), with nine out of the 13 categories registering increases. On a year-over-year basis, headline activity increased 4.9 percent – up 0.7 percentage point from March and in line with recent norms. Moreover, transactions excluding motor vehicles and parts dealers rose 0.7 percent, the third consecutive advance at that pace or higher (+6.3 percent year-over-year, up from +5.6 percent in the prior month). At the same time, transactions in the retail control group, which correlates with goods outlays in the GDP accounts, posted a faster-than-expected increase of 0.5 percent in April (+5.7 percent year-over-year versus +5.1 percent in March). The latest performance suggests that consumers remained active in early Q2 in the face of heightened economic uncertainty, with tax refunds likely providing a near-term tailwind to spending and the recent surge in gasoline prices not yet yielding a dramatic response from households.
- Similar to last month's report, the advance in the headline was driven in part by a 2.8 percent jump in sales at gasoline stations – reflective of the war-driven oil shock. Relatedly, the gasoline component of the CPI increased 5.4 percent in April (published May 12). That in mind, adjusting monthly sales for inflation suggests that price effects skewed the latest results. In other words, the spike in activity reflected higher prices rather than a gain in real activity.

Retail Sales -- Monthly Percent Change

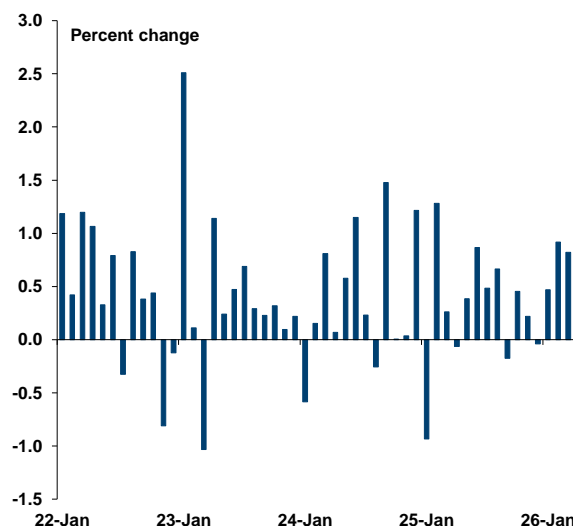
	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Total	0.0	0.0	0.9	1.6	0.5
Ex.-Autos	0.0	0.1	0.9	1.9	0.7
Ex.-Autos, Ex.-Gas	0.0	0.4	0.8	0.7	0.5
Retail Control*	0.0	0.5	0.9	0.8	0.5
Autos	0.0	-0.7	1.0	0.6	-0.4
Gasoline	0.4	-2.2	1.7	13.7	2.8
Clothing	-0.8	-0.4	2.6	0.5	-1.5
General Merchandise	-0.1	0.5	0.1	1.1	0.1
Nonstore**	0.0	1.8	1.8	0.8	1.1

* 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 from headline sales, activity rose a similar-sized 0.5 percent in April (0.2 percentage point higher than expected; +4.9 percent year-over-year, up from +4.5 percent previously). Results across categories exhibited normal month-to-month volatility, though (on balance) they still indicated resilient consumer spending. Parsing the internals of the report, transactions at electronic and appliance stores jumped 1.4 percent, essentially matching the change in the sporting goods area (+7.6 and +13.4 percent year-over-year, respectively). Additionally, sales at nonstore retailers (mostly online sales) increased 1.1 percent (+11.1 percent year-over-year). On the soft side, activity at furniture and home furnishing stores dropped 2.0 percent (-3.6 percent year-over-year) while apparel sales fell 1.5 percent (+5.5 percent year-over-year). Meanwhile, transactions at food services and drinking places – the only service-related area in the Census Bureau report – advanced 0.6 percent (+2.7 percent year-over-year).
- Factoring in the latest results, we now expect growth in real consumer spending in the vicinity of 1.5 percent, annual rate, in the second quarter of 2026 – which would be consistent with GDP growth of 2.0 percent. Consumer spending has decelerated somewhat from the pace last year (+1.6 percent in 2026-Q1 versus average quarterly growth of 2.1 percent in 2025), a still-respectable performance considering the recent hit to household budgets from elevated prices at the pump but one that appears increasingly vulnerable to downside risks (e.g., the diminishing impact of income tax refunds, depressed sentiment, a fragile labor market, etc.).