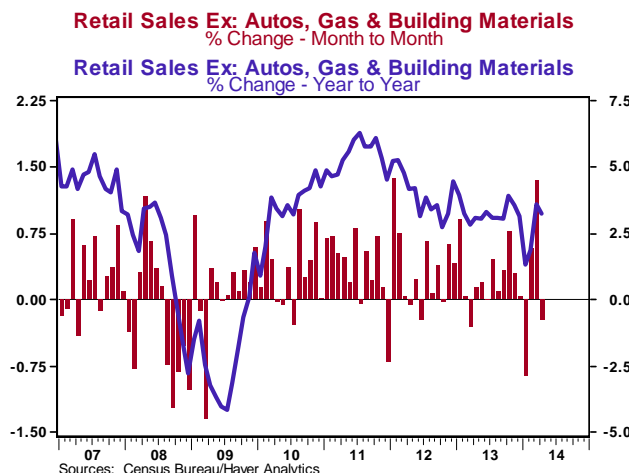
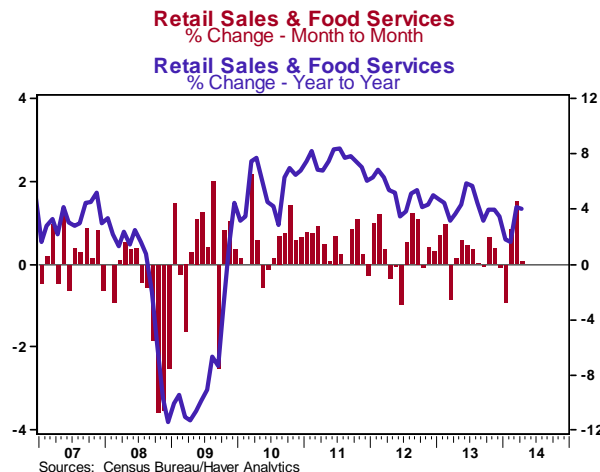


April Retail Sales

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- Retail sales increased 0.1% in April (+0.5% including revisions for February/March) versus a consensus expected 0.4% gain. Sales are up 4.0% versus a year ago.
- Sales excluding autos were unchanged in April but are up 0.4% including revisions to prior months. The consensus expected a gain of 0.6%. These sales are up 2.7% in the past year.
- The increase in sales in April was led by autos and gas stations. The weakest categories were restaurants/bars and non-store retailers (internet & mail-order).
- Sales excluding autos, building materials, and gas declined 0.2% in April (+0.3% including revisions to prior months). If unchanged in May/June, these sales will be up at a 3.6% annual rate in Q2 versus the Q1 average.

Implications: After booming in March, retail sales took a breather in April. Some of the volatility is probably due to the late Easter. The past four Easters around this late were in 2000, 2003, 2006, and 2011 and each had ex-auto sales well below where our models were forecasting after relatively good sales in March. In other words, it looks like the government has trouble seasonally-adjusting retail sales when Easter comes late. As a result, we think a better gauge of activity would be the average over the past two months which show retail sales up a strong 0.8%. Sales of autos led the way in April, growing 0.6%, and are up at a 30.7% annual rate in the past three months. “Core” sales, which exclude autos, building materials and gas, fell 0.2% in April. But core sales were revised up substantially in March and were up 0.3% including the revisions. These sales are a key input into the GDP data and it looks like “real” (inflation-adjusted) consumer spending, goods and services combined, will be revised slightly higher to around a 3.2% annual rate in Q1 versus an original government estimate of 3.0%. Weather still took a toll in Q1, but it looks like it showed up more in inventories. Due to new data on inventories and trade, we’re now looking for a downward revision to Q1 real GDP growth to a -0.3% annual rate from an original estimate of +0.1%. In other news this morning, inflation remained tame in the trade sector. Import prices fell 0.4% in April and slipped 0.2% excluding oil. Both measures of import prices are down 0.3% in the past year. Export prices dropped 1% in April (-1.2% excluding agriculture). Export prices are essentially unchanged from a year ago. Look for signs of higher inflation later this week from both producer and consumer prices.



Retail Sales <i>All Data Seasonally Adjusted</i>	Apr-14	Mar-14	Feb-14	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	0.1%	1.5%	0.9%	10.4%	3.8%	4.0%
Ex Autos	0.0%	1.0%	0.4%	6.0%	2.3%	2.7%
Ex Autos and Building Materials	-0.1%	1.0%	0.5%	5.9%	2.2%	2.7%
Ex Autos, Building Materials and Gasoline	-0.2%	1.4%	0.6%	7.2%	2.5%	3.2%
Autos	0.6%	3.6%	2.6%	30.7%	10.1%	9.8%
Building Materials	0.4%	1.0%	-0.3%	4.3%	4.4%	2.2%
Gasoline	0.8%	-1.0%	-0.2%	-1.6%	0.2%	-0.2%

Source: Bureau of Census