

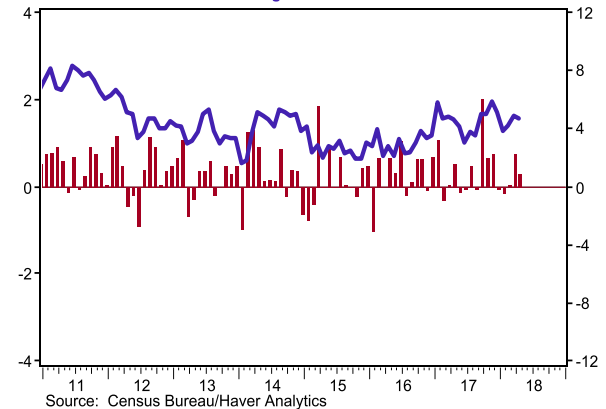
April Retail Sales

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- Retail sales rose 0.3% in April (+0.6% including revisions to prior months), matching consensus expectations. Retail sales are up 4.7% versus a year ago.
- Sales excluding autos increased 0.3% in April (+0.7% including revisions to prior months). The consensus expected a 0.5% gain. These sales are up 4.8% in the past year. Excluding gas, sales were up 0.3% in April and are up 4.1% from a year ago.
- The gain in sales in April was led by non-store retailers (internet and mail-order) and gas stations. The largest decline was for restaurants and bars.
- Sales excluding autos, building materials, and gas also rose 0.3% in April (+0.6% including revisions to prior months). If unchanged in May and June, these sales will be up at a 2.9% annual rate in Q2 versus the Q1 average.

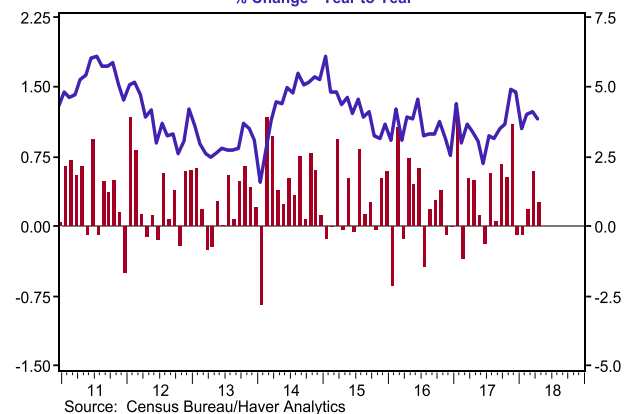
Retail Sales & Food Services
 % Change - Month to Month

Retail Sales & Food Services
 % Change - Year to Year



Retail Sales Ex: Autos, Gas & Building Materials
 % Change - Month to Month

Retail Sales Ex: Autos, Gas & Building Materials
 % Change - Year to Year



Implications: Broad based gains pushed retail sales higher in April, while prior month data saw upward revisions as well. Nine of thirteen major categories moved higher in April, led by non-store retailers and gasoline stations (thanks in part to gasoline prices hitting the highest levels since late 2014), while clothing and accessory stores saw their largest monthly gain in more than a year. Retail sales are up a healthy 4.7% from a year ago, and up 4.8% in the past year excluding auto sales. So while we saw modest consumer spending growth last quarter - rising 1.1% in Q1, the slowest pace for any quarter in nearly five years - that had more to do with the timing of economic growth than the trend. And today's report shows the pace of consumer spending is on the rise to start the second quarter. With extra cash in consumers' pockets thanks to tax-cuts, we remain very optimistic about an acceleration of growth in 2018 and still expect growth of 3.0%+ for the year, which would be the best since 2005. As we get back to normal, expect overall retail sales to continue the trend higher in the months to come. Why are we optimistic about retail sales growth in the months ahead? Jobs and wages are moving up, tax cuts are taking effect, consumers' financial obligations are less than average relative to incomes, and serious (90+ day) debt delinquencies are down substantially from post-recession highs. Put it all together, and the outlook for the consumer looks bright. In other news this morning, the Empire State index, a measure of manufacturing sentiment in New York, rose to a very healthy 20.1 in May from 15.8 in April, signaling growing optimism in the region.

Retail Sales <i>All Data Seasonally Adjusted</i>	Apr-18	Mar-18	Feb-18	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	0.3%	0.8%	0.0%	4.5%	3.3%	4.7%
Ex Autos	0.3%	0.4%	0.4%	4.6%	4.9%	4.8%
Ex Autos and Building Materials	0.3%	0.6%	0.2%	4.5%	5.2%	4.7%
Ex Autos, Building Materials and Gasoline	0.3%	0.6%	0.2%	4.2%	4.0%	3.9%
Autos	0.1%	2.1%	-1.2%	3.9%	-2.4%	4.3%
Building Materials	0.4%	-1.0%	1.5%	3.6%	0.2%	4.4%
Gasoline	0.8%	0.3%	0.5%	6.5%	14.8%	11.7%

Source: Bureau of Census