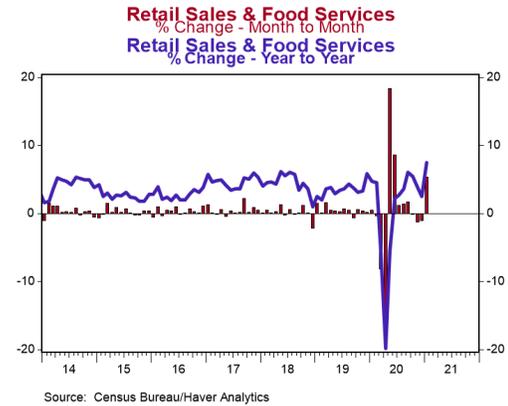


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January Retail Sales

- Retail sales rose 5.3% in January (+5.0% including revisions to prior months), blowing away the consensus expected gain of 1.1%. Retail sales are up 7.4% versus a year ago.
- Sales excluding autos climbed 5.9% in January (+5.5% including revisions to prior months) easily beating the consensus expected gain of 1.0%. These sales are up 6.1% in the past year. Excluding gas, sales grew 5.4% in January, and are up 8.8% from a year ago.
- The increase in sales in January was led by non-store retailers (internet & mail-order), autos, restaurants & bars, and general merchandise stores.
- Sales excluding autos, building materials, and gas rose 6.2% in January. If unchanged in February/March, these sales will be up at a 15.8% annual rate in Q1 versus the Q4 average.



Implications: Retail sales soared in January after a lackluster November and December, putting to bed any worries of a double-dip recession. Retail sales skyrocketed 5.3% for the month, crushing the consensus expectations of a 1.1% gain, and the underlying details of the report were strong as well. All thirteen major categories rose in January, with non-store retailers (internet and mail-order sales) leading the way. It seems many were waiting for another stimulus package to arrive in late December, which finally did arrive late in the month. This, coupled with the additional easing of lockdown restrictions nationwide, had a large impact. But more important than any stimulus is the vaccine. As it continues to roll out lockdowns and restrictions will continue to ease. More than 71.6 million vaccine doses have been distributed nationwide with 55.2 million administered. As the vaccine rollout continues, expect confidence to continue to come back. It's important to keep in mind how much progress has been made since early last year in the depths of the recession. Back in April, retail sales were down 19.9% from a year ago; now, retail sales are up 7.4% from January 2020, the largest twelve-month percentage gain since 2011. And remember, this compares January 2021 to January 2020, which was before COVID-19 started wreaking havoc with the US economy. For some more perspective: from February 2020 (before the COVID shutdowns started) to the bottom in April 2020, retail sales fell 21.7%. Now, we are 7.8% higher than the February pre-COVID level, meaning retail sales have had a full V-shaped recovery. It has not been an even recovery for all major categories, though. For instance, non-store retailers (+27.5%), sporting goods stores (+21.6%), building materials (+20.2%), and auto sales (+12.9%) have all grown significantly faster than overall retail sales since February 2020. Yet those sectors that were massively impacted by the shutdowns early on, restaurants & bars (-16.4%), clothing stores (-9.6%), and gas stations (-5%) have still not recovered to their pre-COVID levels. "Core" sales, which exclude the most volatile categories of autos, building materials, and gas station sales, rose 6.2% in January, and are up 6.5% from a year ago. Moving forward, expect further gains in retail sales as even more new stimulus money will be flowing into Americans' wallets in the coming months, and we start to approach herd immunity.



Retail Sales <i>All Data Seasonally Adjusted</i>	Jan-21	Dec-20	Nov-20	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	5.3%	-1.0%	-1.3%	12.1%	12.4%	7.4%
Ex Autos	5.9%	-1.8%	-1.2%	11.5%	11.3%	6.1%
Ex Autos and Building Materials	0.0%	-1.9%	-1.4%	10.3%	10.4%	5.0%
Ex Autos, Building Materials and Gasoline	6.2%	-2.7%	-1.3%	7.7%	9.1%	6.5%
Autos	3.1%	2.0%	-1.6%	14.6%	16.6%	13.0%
Building Materials	4.6%	-0.1%	1.4%	26.5%	19.1%	19.0%
Gasoline	4.0%	6.5%	-1.7%	40.5%	25.0%	-7.8%

Source: Bureau of Census