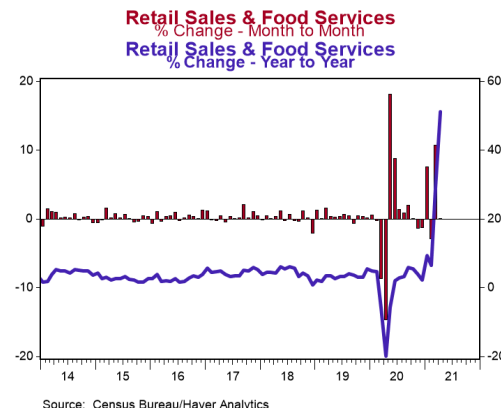


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## April Retail Sales

- Retail sales were unchanged in April (+0.9% including revisions to prior months), coming in below the consensus expected gain of 1.0%. Retail sales are up 51.2% versus a year ago.
- Sales excluding autos declined 0.8% in April (-0.2% including revisions to prior months), coming in below the consensus expected gain of 0.6%. These sales are up 40.6% in the past year. Excluding gas, sales grew 0.1% in April, and are up 49.5% from a year ago.
- Sales in April remained unchanged as gains in autos and restaurants & bars were offset, by declines in general merchandise stores, clothing & accessory stores, and non-store retailers (internet & mail-order).
- Sales excluding autos, building materials, and gas fell 0.8% in April. If unchanged in May/June, these sales would be up at a 15.3% annual rate in Q2 versus the Q1 average.

**Implications:** Retail sales took a breather in April after soaring 10.7% in March. Sales soared in March because of a rebound from polar-vortex related problems in February plus the government sending out “stimulus” checks like they’re going out of style. So the lack of further growth in retail sales in April is understandable. Eight of thirteen major categories declined in April, with general merchandise stores leading the way. But gains in autos and restaurants and bars helped offset the decline. Still, the level of sales remains extremely robust. Sales are at an all-time record high, up 51.2% from a year ago, when a great deal of business activity was shut down due to COVID-related restrictions. Another way to look at it is that sales are up 17.9% versus February 2020, which was pre-COVID. That’s the fastest growth rate for any 14-month period since 1979. In other words, due to temporary government support, retail sales are running hotter than they would have been in the absence of COVID, even as the level of output (real GDP) is still running lower than it would have been in the absence of COVID. It has not been an even recovery for all major categories, though. For instance, sporting goods stores (+42.0%), non-store retailers (+33.7%), auto sales (+32.2%), and building materials (+31.3%) have all grown significantly faster than overall retail sales since February 2020. Only at restaurants and bars (-2.0%) are sales still below where they were in February 2020. “Core” sales, which exclude the most volatile categories of autos, building materials, and gas station sales, declined 0.8% in April, but are up 38.1% from a year ago. In the months ahead, the path of retail sales will be a battle between getting back to normal due to vaccines as well as rising wages and jobs, while the temporary and artificial boost from “stimulus” checks wanes. In inflation news today, import prices rose 0.7% in April. Meanwhile, export prices increased 0.8%. In the past year, import prices are up 10.6%, while export prices are up 14.4%. Jumps like these show the rising inflation trend we are likely to witness in the year ahead.



<b>Retail Sales</b> <i>All Data Seasonally Adjusted</i>	<b>Apr-21</b>	<b>Mar-21</b>	<b>Feb-21</b>	<b>3-mo % Ch.</b> <b>Annualized</b>	<b>6-mo % Ch.</b> <b>annualized</b>	<b>Yr to Yr</b> <b>% Change</b>
<b>Retail Sales and Food Services</b>	<b>0.0%</b>	10.7%	-2.9%	33.7%	27.0%	51.2%
<b>Ex Autos</b>	<b>-0.8%</b>	9.0%	-2.7%	22.8%	21.5%	40.6%
<b>Ex Autos and Building Materials</b>	<b>0.0%</b>	8.6%	-2.4%	22.2%	20.3%	41.3%
<b>Ex Autos, Building Materials and Gasoline</b>	<b>-0.8%</b>	8.5%	-3.0%	18.6%	17.2%	38.1%
<b>Autos</b>	<b>2.9%</b>	17.1%	-3.6%	82.1%	49.1%	104.5%
<b>Building Materials</b>	<b>-0.4%</b>	13.9%	-4.8%	36.2%	38.7%	33.8%
<b>Gasoline</b>	<b>-1.1%</b>	10.2%	3.2%	60.2%	53.0%	76.1%

Source: Bureau of Census