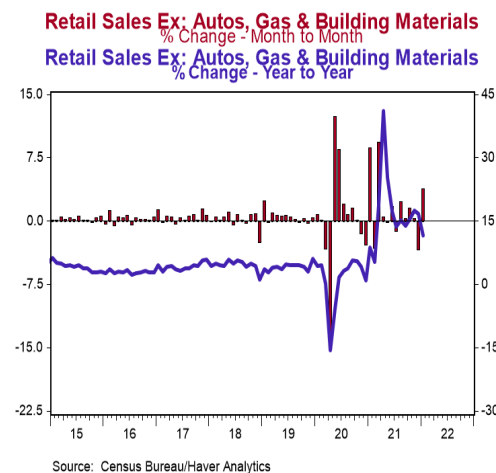
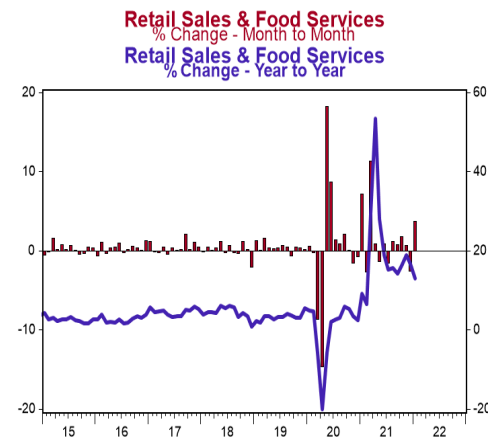


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## January Retail Sales

- Retail sales rose 3.8% in January (+3.7% including revisions to prior months), easily beating the consensus expected gain of 2.0%. Retail sales are up 13.0% versus a year ago.
- Sales excluding autos rose 3.3% in January, much stronger than the consensus expected gain of 1.0%. These sales are up 13.4% in the past year. Excluding gas, sales rose 4.2% in January and are up 11.4% from a year ago.
- The increase in sales in January was led by online retailers (internet & mail-order) and autos.
- Sales excluding autos, building materials, and gas increased 3.8% in January. If unchanged in February/March, these sales will be up at a 6.1% annual rate in Q1 versus the Q4 average.

**Implications:** Retail sales boomed in January, easily beating consensus expectations, and rising 3.8% for the month, the fastest gain since March 2021. Some of the gain was due to inflation, but most of it was not: consumer prices rose 0.6% in January, leaving “real” retail sales up 3.1% for the month because of rounding. The sales gains were broad, with eight of thirteen major categories up in January, led by non-store retailers and autos, in particular, with large gains also among general merchandise stores and in building materials. Overall sales are up a robust 13.0% from a year ago. Another way to look at it is that sales are up 23.6% versus February 2020, which was pre-COVID. “Core” sales, which exclude the most volatile categories of autos, building materials, and gas station sales, also rose 3.8% in January, are up 11.5% from a year ago, and up 21.3% versus February 2020. In other words, due to a very loose monetary policy and the massive increase in government transfer payments in response to COVID, retail sales are running much hotter than they would have had COVID never happened, 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. While categories like online shopping, sporting goods stores, and gas stations have had above-trend growth since COVID began, others, like restaurants & bars, weren’t back to pre-COVID levels until April of 2021. In the months ahead, the path of retail sales will be a battle between a number of opposing factors. Rising wages, jobs, and inflation will all be tailwinds for retail sales, while the waning of the temporary and artificial boost from “stimulus” checks and other government benefits will be headwinds. In other news this morning, import prices rose 2.0% in January while export prices increased 2.9%. In the past year, import prices are up 10.8%, while export prices are up 15.1%. Expect prices to move higher in the months ahead as Omicron wanes and monetary policy – both here and abroad – remains overly loose.



<b>Retail Sales</b> <i>All Data Seasonally Adjusted</i>	<b>Jan-22</b>	<b>Dec-21</b>	<b>Nov-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>3.8%</b>	<b>-2.5%</b>	<b>0.7%</b>	<b>7.5%</b>	<b>11.5%</b>	<b>13.0%</b>
<b>Ex Autos</b>	<b>3.3%</b>	<b>-2.8%</b>	<b>0.7%</b>	<b>4.5%</b>	<b>11.9%</b>	<b>13.4%</b>
<b>Ex Autos and Building Materials</b>	<b>0.0%</b>	<b>-3.0%</b>	<b>0.5%</b>	<b>2.3%</b>	<b>10.7%</b>	<b>13.6%</b>
<b>Ex Autos, Building Materials and Gasoline</b>	<b>3.8%</b>	<b>-3.4%</b>	<b>0.3%</b>	<b>2.1%</b>	<b>9.5%</b>	<b>11.5%</b>
<b>Autos</b>	<b>5.7%</b>	<b>-1.6%</b>	<b>0.7%</b>	<b>20.3%</b>	<b>10.0%</b>	<b>11.3%</b>
<b>Building Materials</b>	<b>4.1%</b>	<b>1.2%</b>	<b>3.3%</b>	<b>40.6%</b>	<b>30.0%</b>	<b>12.2%</b>
<b>Gasoline</b>	<b>-1.3%</b>	<b>0.4%</b>	<b>1.9%</b>	<b>4.0%</b>	<b>20.8%</b>	<b>33.4%</b>

Source: Bureau of Census