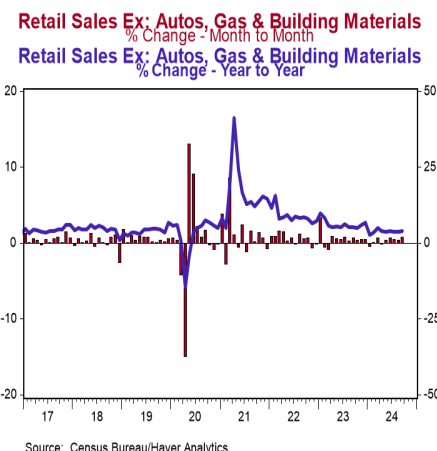
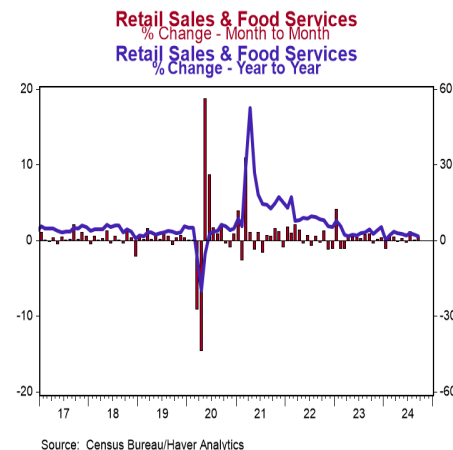


# September Retail Sales

Nate Gerze – Economic Analyst  
 Brian S. Wesbury – Chief Economist  
 Robert Stein, CFA – Dep. Chief Economist

- Retail sales rose 0.4% in September (+0.5% including revisions to prior months), narrowly beating the consensus expected increase of 0.3%. Retail sales are up 1.7% versus a year ago.
- Sales excluding autos rose 0.5% in September (+0.7% including revisions to prior months), beating the consensus expected +0.1%. These sales are up 2.2% in the past year.
- The largest increases in September were for restaurant & bars and grocery stores. The largest decline was for gas stations.
- Sales excluding autos, building materials, and gas rose 0.8% in September and were up 1.0% including revisions to previous months. These sales were up at a 6.2% annual rate in Q3 versus the Q2 average.

**Implications:** The US consumer closed out the third quarter on a respectable note as retail sales rose by slightly more than expected in September and the underlying details of the report were solid. Sales rose 0.4% in September versus a consensus expected rise of 0.3%, while revisions to previous months’ activity pushed the overall gain to 0.5%. The monthly advance was broad-based with ten out of thirteen major sales categories rising, led by a 1.0% increase for sales at restaurants and bars, the largest increase for that category in 2024. Last month’s activity in this category was revised higher too, now showing a 0.5% increase versus an initial reading of no change. Sales in this category are up a solid 3.7% in the last year, but much lower than the 10.1% advance in the year ending in September 2023. We will be watching this category closely since it is the only glimpse we get at services in the retail sales report, which have been an important driver of economic growth the last couple of years as consumers have shifted their preferences back toward a more normal mix of goods and services after the COVID years. Looking at the other details of the report, the largest decline was at gas stations (-1.6%) as gas prices fell in September. Stripping this out along with the other often-volatile categories for autos and building materials, “core” sales jumped 0.8% in September and were up 1.0% when factoring in revisions. These sales – which are crucial for estimating GDP – were up at a 6.2% annualized rate in the third quarter versus the second quarter average. Notably, while overall sales are up only 1.7% in the past year, core sales are up a more respectable 3.9%. What does the report mean for investors? The Fed is much more likely to cut rates by a quarter point the day after the election, not a half. In other news this morning, initial jobless claims fell 19,000 last week to 241,000 after hitting a recent high of 260,000 the week prior. Meanwhile, continuing claims rose 9,000 to 1.867 million. On the trade front, import prices declined 0.4% in September while export prices fell 0.7%. In the past year, import prices are down 0.1% while export prices are down 2.1%.



Retail Sales <i>All Data Seasonally Adjusted</i>	Sep-24	Aug-24	Jul-24	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
<b>Retail Sales and Food Services</b>	<b>0.4%</b>	0.1%	1.2%	7.0%	3.0%	1.7%
<b>Ex Autos</b>	<b>0.5%</b>	0.2%	0.5%	4.9%	3.6%	2.2%
<b>Ex Autos and Building Materials</b>	<b>0.5%</b>	0.2%	0.5%	4.9%	3.5%	2.4%
<b>Ex Autos, Building Materials and Gasoline</b>	<b>0.8%</b>	0.3%	0.4%	6.4%	5.0%	3.9%
<b>Autos</b>	<b>0.0%</b>	-0.4%	4.4%	16.8%	0.6%	-0.3%
<b>Building Materials</b>	<b>0.2%</b>	0.0%	0.9%	4.4%	5.1%	0.5%
<b>Gasoline</b>	<b>-1.6%</b>	-1.2%	0.5%	-9.0%	-9.7%	-10.7%

Source: Bureau of Census