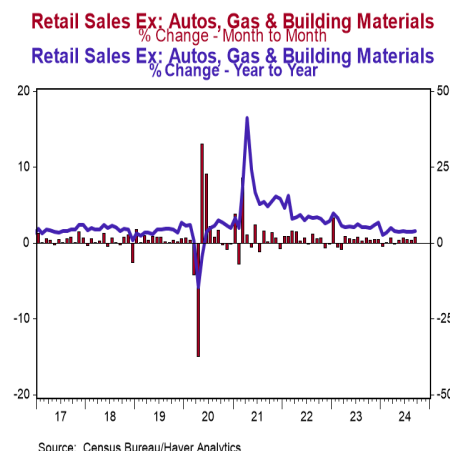
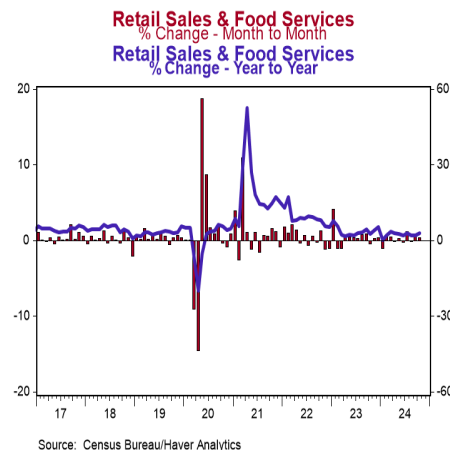


# October Retail Sales

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- Retail sales rose 0.4% in October (+0.6% including revisions to prior months), narrowly beating the consensus expected increase of 0.3%. Retail sales are up 2.8% versus a year ago.
- Sales excluding autos rose 0.1% in October (+0.3% including revisions to prior months), matching consensus expectations. These sales are up 2.7% in the past year.
- The largest increase in October, by far, was for autos. The largest decline was for health & personal care stores.
- Sales excluding autos, building materials, and gas were unchanged in October but were up 0.1% including revisions to previous months. If unchanged in November and December, these sales will be up at a 3.3% annual rate in Q4 versus the Q3 average.



**Implications:** Despite years of higher prices, consumers continue to buy. Retail sales rose 0.4% in October versus a consensus expected increase of 0.3%, while prior months’ activity was revised higher, bringing the overall gain to 0.6%. Looking at the details, eight out of thirteen major sales categories rose in October. Overall activity was boosted by a 1.6% increase for autos. Stripping this out, sales were up a meager 0.1%. Taking out the two other often-volatile categories of gas stations and building materials, “core” sales (the most important group for measuring GDP) were unchanged for the month. Within the core sales grouping, restaurants and bars led the way, rising 0.7% following an upwardly revised 1.2% jump in the previous month. While healthy growth, the 4.3% increase in restaurant and bar sales in the last year represents a slowing from the 8.6% advance in the year ending in October 2023. We will be watching this category closely since it is the only glimpse we get at services in the retail sales report, which suffered heavily during the COVID years but have since returned to the forefront of the US consumer. Partially offsetting gains in October were declining sales for health & personal care stores (-1.1%) and miscellaneous store retailers (-1.6%). As a whole, retail sales are up 2.8% on a year-to-year basis, barely keeping pace with inflation. “Real” inflation-adjusted retail sales are up 0.3% in the past year and still down from the peak in early 2022. This highlights the ugly ramifications of inflation: consumers are paying higher prices today but taking home fewer goods than they were two years ago. And while the Fed cut interest rates by a quarter percentage point last week and looks likely to cut again in December, it is not at all clear that inflation problems are behind us. Case in point, import prices rose 0.3% and export prices jumped 0.8% in October versus a consensus expected decline of 0.1% for both. We hope they have the resolve to stomp out the embers of inflation even if economic troubles come.

<b>Retail Sales</b> <i>All Data Seasonally Adjusted</i>	<b>Oct-24</b>	<b>Sep-24</b>	<b>Aug-24</b>	<b>3-mo % Ch.</b> <i>Annualized</i>	<b>6-mo % Ch.</b> <i>annualized</i>	<b>Yr to Yr</b> <i>% Change</i>
<b>Retail Sales and Food Services</b>	<b>0.4%</b>	<b>0.8%</b>	<b>-0.1%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>2.8%</b>
<i>Ex Autos</i>	<b>0.1%</b>	<b>1.0%</b>	<b>-0.1%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>2.7%</b>
<i>Ex Autos and Building Materials</i>	<b>0.1%</b>	<b>1.0%</b>	<b>-0.1%</b>	<b>3.7%</b>	<b>3.8%</b>	<b>2.6%</b>
<i>Ex Autos, Building Materials and Gasoline</i>	<b>0.0%</b>	<b>1.2%</b>	<b>0.0%</b>	<b>4.9%</b>	<b>5.5%</b>	<b>3.8%</b>
<b>Autos</b>	<b>1.6%</b>	<b>0.2%</b>	<b>-0.3%</b>	<b>6.0%</b>	<b>6.5%</b>	<b>3.4%</b>
<b>Building Materials</b>	<b>0.5%</b>	<b>1.0%</b>	<b>0.3%</b>	<b>7.4%</b>	<b>7.5%</b>	<b>2.8%</b>
<b>Gasoline</b>	<b>0.1%</b>	<b>-0.9%</b>	<b>-0.9%</b>	<b>-6.5%</b>	<b>-10.4%</b>	<b>-7.1%</b>

Source: Bureau of Census