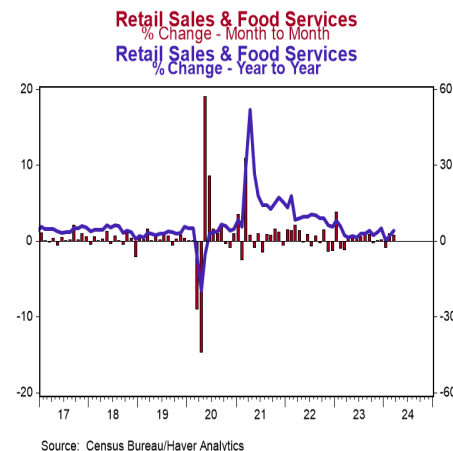


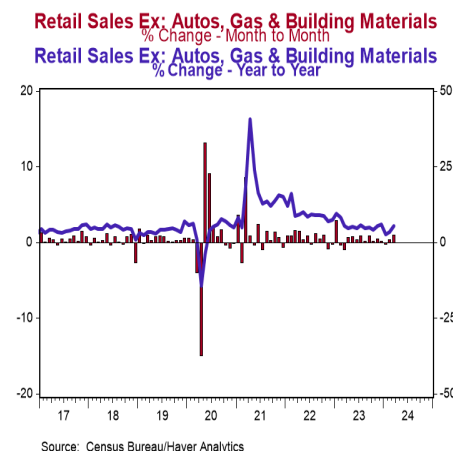
## March Retail Sales

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- Retail sales rose 0.7% in March (+1.3% including revisions to prior months), beating the consensus expected gain of 0.4%. Retail sales are up 4.0% versus a year ago.
- Sales excluding autos rose 1.1% in March (+1.5% including revisions to prior months), easily beating the consensus expected gain of 0.5%. These sales are up 4.3% in the past year.
- The largest increase in March, by far, was for nonstore retailers (internet & mail-order), followed by gas stations. The largest decline was for autos.
- Sales excluding autos, building materials, and gas rose 1.0% in March and were up 1.4% including revisions to prior months. These sales were up at a 2.2% annual rate in Q1 versus the Q4 average.



**Implications:** Retail sales beat expectations in March, rising 0.7% for the month versus a consensus expected gain of 0.4%, while previous months were revised higher. Factoring these in, retail sales grew an even faster 1.3%. These figures add to a trove of recent reports pulling the Federal Reserve away from rate cuts starting in June. Sales rose in eight of thirteen major categories for the month, led by a robust 2.7% gain in nonstore retailers (think internet and mail-order), followed by a 2.1% increase at gas stations, which rose largely due to higher gas prices in March. The largest decline in March was a 0.7% drop for autos. “Core” sales, which exclude volatile categories such as autos, building materials, and gas stations — and is a crucial measure for estimating GDP — surged 1.0% in March (+1.4% including revisions to prior months). After looking weak in the first two months of 2024, these sales ended up increasing at a 2.2% annual rate in Q1 versus the Q4 average. It’s important to remember that a key driver of overall spending is inflation. While overall retail sales are up 4.0% in the last year and sit at a record high unadjusted for inflation, “real” (inflation-adjusted) retail sales are up just 0.5% in the last year, and have remained stagnant for nearly two years after peaking in April 2022. It has been 40 years since the US had an inflation problem, so investors should be aware that it can distort data. Our view remains that the tightening in monetary policy since 2022 will eventually deliver a recession. In other news this morning, the Empire State Index, a measure of New York factory sentiment, rose to -14.3 in April from -20.9 in March.



<b>Retail Sales</b> <i>All Data Seasonally Adjusted</i>	<b>Mar-24</b>	<b>Feb-24</b>	<b>Jan-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>	0.7%	0.9%	-0.9%	3.2%	1.2%	4.0%
<b>Ex Autos</b>	1.1%	0.6%	-0.6%	4.3%	1.9%	4.3%
<b>Ex Autos and Building Materials</b>	1.1%	0.5%	-0.3%	5.0%	2.3%	4.8%
<b>Ex Autos, Building Materials and Gasoline</b>	1.0%	0.3%	-0.2%	4.5%	3.5%	5.5%
<b>Autos</b>	-0.7%	2.5%	-2.1%	-1.6%	-1.8%	2.8%
<b>Building Materials</b>	0.7%	2.3%	-3.9%	-4.2%	-3.0%	-0.6%
<b>Gasoline</b>	2.1%	1.6%	-1.1%	10.3%	-7.3%	-0.7%

Source: Bureau of Census