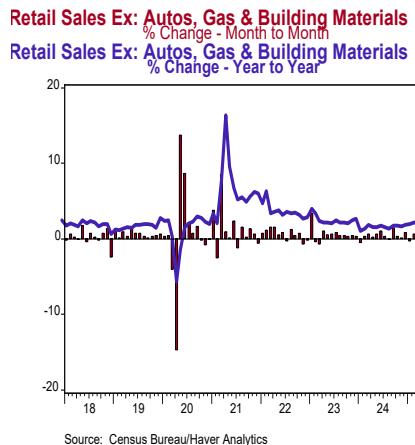
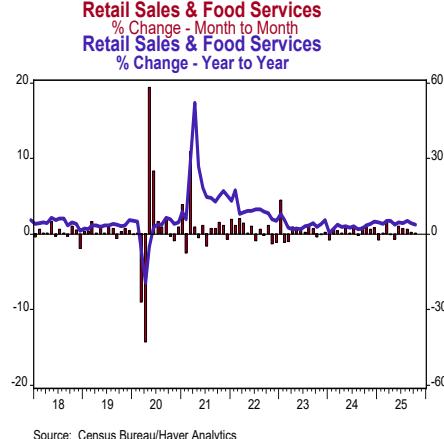


October Retail Sales

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- Retail sales were unchanged in October (-0.1% including revisions to prior months) versus a consensus expected +0.1%. Retail sales are up 3.5% versus a year ago.
- Sales excluding autos rose 0.4% in October, beating the consensus expected +0.2%. These sales are up 4.0% in the past year.
- The largest increase in October was for nonstore retailers (internet and mail-order). The largest decline, by far, was for autos.
- Sales excluding autos, building materials, and gas rose 0.6% in October (+0.5% including revisions to prior 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: Retail sales for October generated a soft headline, but stronger details. Overall retail sales were unchanged for the month, but slipped 0.1% including revisions for prior months. However, sales are still up 3.5% from a year ago and sales in October rose in eight out of the thirteen major categories. The flat reading for overall sales was largely the result of a 1.6% drop in autos, due to the expiration at the end of September of an up to \$7,500 credit for buying electric vehicles. The expiration of that credit pulled some auto purchases into the third quarter, making comparisons harder for October. Meanwhile, sales by non-store retailers (think internet and mail-order) rose 1.8% as the early months of holiday-shopping season kicked off. “Core” sales, which exclude volatile categories such as autos, building materials, and gas stations, increased by 0.6% in October. The core number is crucial for estimating GDP, because when it calculates GDP the government uses other sources for autos, building materials, and gas, not the retail report. If unchanged in November and December, these sales will be up at 3.3% annual rate in Q4 versus the Q3 average. Perhaps the worst news in the report was that sales at restaurants & bars – the only glimpse we get at services in the report, which make up the bulk of consumer spending – declined 0.4% in October while previous months’ activity were revised significantly lower. We will be watching this closely in the months ahead. In the meantime, note that in spite of recent weakness these sales are up at a 5.2% annualized rate through the first ten months of the year versus a 2.5% annualized increase for overall sales. In other recent news, the Empire State Index – a measure of factory sentiment in the New York region – declined unexpectedly to -3.9 in December from +18.7 in November. On the housing front, the NAHB Index (a measure of homebuilder sentiment) rose to 39 in December from 38 in November, the third consecutive monthly increase. Keep in mind a reading below 50 signals a greater number of builders view conditions as poor versus good, now the twentieth consecutive month that has been the case.



Retail Sales All Data Seasonally Adjusted	Oct-25	Sep-25	Aug-25	3-mo % Ch. Annualized	6-mo % Ch. annualized	Yr to Yr % Change
Retail Sales and Food Services	0.0%	0.1%	0.5%	2.7%	3.0%	3.5%
Ex Autos	0.4%	0.1%	0.6%	4.6%	4.9%	4.0%
Ex Autos and Building Materials	0.5%	0.1%	0.6%	5.1%	5.6%	4.6%
Ex Autos, Building Materials and Gasoline	0.6%	0.0%	0.6%	5.0%	5.6%	4.9%
Autos	-1.6%	-0.1%	0.4%	-5.0%	-4.6%	1.2%
Building Materials	-0.9%	-0.1%	0.2%	-3.1%	-5.7%	-4.5%
Gasoline	-0.8%	1.9%	0.3%	5.4%	5.3%	1.9%

Source: U.S. Census Bureau