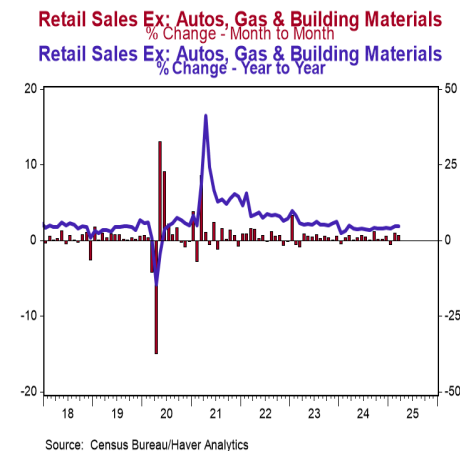
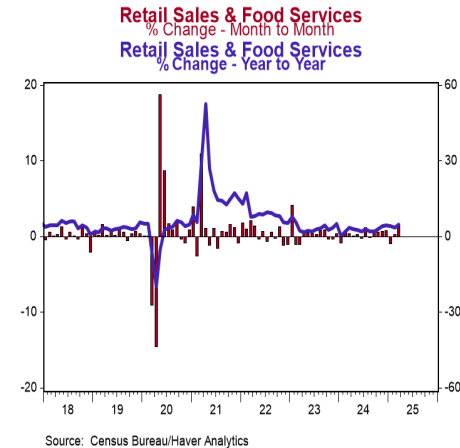


March Retail Sales

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- Retail sales rose 1.4% in March (+1.7% including revisions to prior months), matching consensus expectations. Retail sales are up 4.6% versus a year ago.
- Sales excluding autos rose 0.5% in March (+1.1% including revisions to prior months), narrowly beating the consensus expected +0.4%. These sales are up 3.6% in the past year.
- The largest increase in March, by far, was for autos, followed by restaurant & bars and building materials. The largest decline was at gas stations.
- Sales excluding autos, building materials, and gas rose 0.6% in March and were up 1.3% including revisions to prior months. These sales were up at a 3.0% annual rate in Q1 versus the Q4 average.

Implications: Retail sales soared in March as consumers scramble to front-run potential tariffs. Looking at the headline, the 1.4% jump in overall sales was the largest monthly increase in more than two years, led by a 5.3% surge in auto sales (one of the sectors expected to be hit the hardest by tariffs). Excluding autos, sales rose 0.5%, while previous months' activity was revised substantially upward. Building materials – another category expected to be impacted by new tariffs – also showed an outsized gain, rising 3.3%, the largest increase for the category in four years. Overall, eleven out of thirteen major categories rose in March, with sales at gas stations (-2.5%) and furniture stores (-0.7%) showing the only declines. We like to follow “core” sales, which excludes the often-volatile categories for autos, building materials, and gas. That measure rose 0.6% and was up a robust 1.3% including revisions. Core sales are up 4.6% in the past year but have been slowing in 2025: up at a 3.0% annual rate in the first quarter, even after the March bump from tariff front-running. The good news is that sales at restaurant & bars – which have been dragging lately – jumped 1.8% in March, matching the largest monthly increase for that category since October 2022. We watch this category closely since it is the only glimpse we get at services in the retail sales report – the sector that drives two-thirds of the US economy. As a whole, retail sales are up 4.6% on a year-to-year basis. However, “real” inflation-adjusted retail sales are up 2.1% in the past year and are still down from the peak in early 2021. This highlights the ugly ramifications of inflation: consumers are paying higher prices today but taking home fewer goods than they were four years ago. Going forward, we expect retail sales to remain choppy as consumers try to make heads and tails of what may come next in the constantly shifting environment. In other recent news, import prices declined 0.1% in March while export prices were unchanged. In the past year, import prices are up 0.9% while export prices are up 2.4%.



Retail Sales <i>All Data Seasonally Adjusted</i>	Mar-25	Feb-25	Jan-25	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	1.4%	0.2%	-1.0%	2.5%	5.2%	4.6%
Ex Autos	0.5%	0.7%	-0.4%	3.1%	3.2%	3.6%
Ex Autos and Building Materials	0.3%	0.8%	-0.4%	2.9%	3.6%	3.7%
Ex Autos, Building Materials and Gasoline	0.6%	0.9%	-0.5%	4.2%	4.0%	4.6%
Autos	5.3%	-1.6%	-3.4%	0.3%	14.2%	8.8%
Building Materials	3.3%	-0.4%	-1.3%	6.0%	-1.6%	2.6%
Gasoline	-2.5%	-0.8%	1.0%	-8.9%	0.2%	-4.3%

Source: Bureau of Census