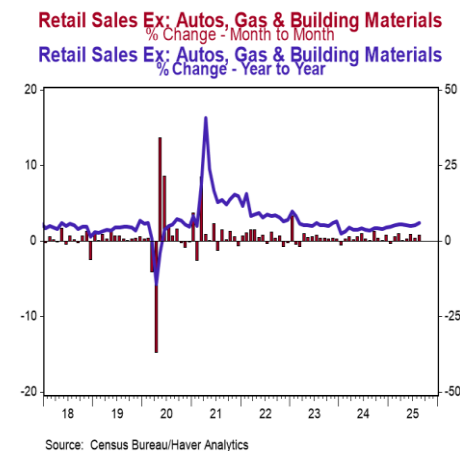
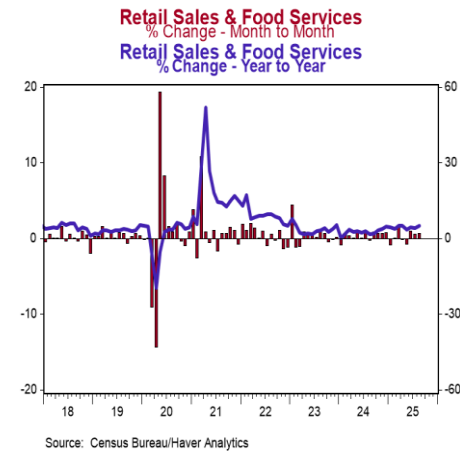


August Retail Sales

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- Retail sales rose 0.6% in August (+0.8% including revisions to prior months), beating the consensus expected +0.2%. Retail sales are up 5.0% versus a year ago.
- Sales excluding autos rose 0.7% in August (+0.9% including revisions to prior months), beating the consensus expected +0.4%. These sales are up 4.9% in the past year.
- The largest increases in August were for nonstore retailers (internet and mail-order), autos, and restaurants & bars. The largest decline was for miscellaneous store retailers.
- Sales excluding autos, building materials, and gas rose 0.7% in August (+0.9% including revisions to prior months). If unchanged in September, these sales will be up at a 6.3% annual rate in Q3 versus the Q2 average.

Implications: Despite a [cooling labor market](#), US consumers spent at a solid clip in August, with retail sales beating even the most optimistic forecast from any Economics group surveyed by Bloomberg and rising 0.6%, the third consecutive monthly increase. Factoring in revisions to previous months, retail sales grew an even faster 0.8%. Sales rose in nine out of the thirteen major categories for the month led by a 2.0% jump at nonstore retailers (think internet and mail-order). That strength, along with gains at clothing stores (+1.0%) and sporting goods stores (+0.8%), likely reflects some seasonal purchases as students returned to school. Meanwhile, auto sales continue to climb, up 0.5% in August and +5.6% in the past year. “Core” sales, which exclude volatile categories such as autos, building materials, and gas stations, increased by 0.7% in August and were revised upward for previous months. 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 September, these sales will be up at a 6.3% annual rate in Q3 compared to the Q2 average, the fastest quarterly pace since 2023. In the past year, these sales are up 6.0%, above the 5.0% increase for overall sales. Keep in mind, however, that a monetary policy tight enough to bring inflation down is also tight enough to bring economic growth down. One category we will be watching closely for this is at restaurants & bars – the only glimpse we get at services in the report, which make up the bulk of consumer spending. That category continues to whipsaw, rising 0.7% in August, after declining in two out of the three months prior. While this report appears to differ from some other signs of a slowing economy, we remain cautious given the potential delayed effects of tighter monetary policy. In other recent news, the Empire State Index – a measure of manufacturing sentiment in the New York region – fell to -8.7 in September from 11.9 in August. On the trade front, import and export prices both increased 0.3% in August. In the past year, import prices are unchanged while export prices are up 3.4%.



Retail Sales <i>All Data Seasonally Adjusted</i>	Aug-25	Jul-25	Jun-25	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	0.6%	0.6%	1.0%	9.2%	5.8%	5.0%
Ex Autos	0.7%	0.4%	0.9%	8.0%	5.2%	4.9%
Ex Autos and Building Materials	0.7%	0.4%	0.8%	8.3%	5.5%	5.3%
Ex Autos, Building Materials and Gasoline	0.7%	0.4%	0.9%	8.2%	6.5%	6.0%
Autos	0.5%	1.7%	1.2%	14.3%	8.2%	5.6%
Building Materials	0.1%	-0.9%	1.4%	2.2%	0.5%	-2.3%
Gasoline	0.5%	0.9%	0.7%	8.8%	-3.5%	-0.7%

Source: U.S. Census Bureau