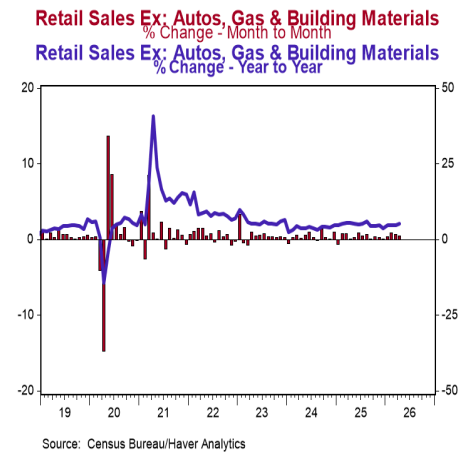
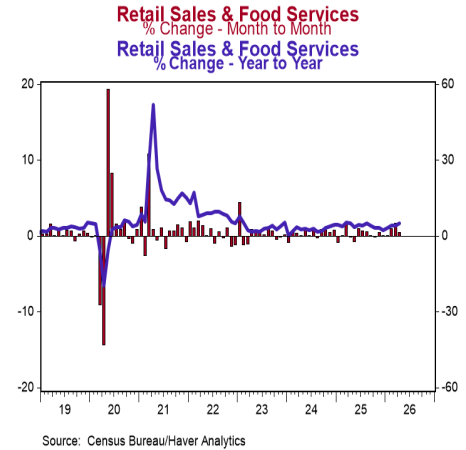


April Retail Sales

Nate Gerze, CFA – Economic Analyst
 Brian S. Wesbury – Chief Economist
 Robert Stein, CFA – Dep. Chief Economist

- Retail sales rose 0.5% in April (+0.7% including revisions to prior months), matching consensus expectations. Retail sales are up 4.9% versus a year ago.
- Sales excluding autos rose 0.7% in April (+0.9% including revisions to prior months), also matching consensus expectations. These sales are up 6.3% in the past year.
- The largest increases in April were for gas stations and nonstore retailers (internet and mail-order). The biggest declines were for autos and clothing stores.
- Sales excluding autos, building materials, and gas rose 0.5% in April (+0.8% including revisions to prior months). If unchanged in May/June, these sales will be up at a 5.1% annual rate in Q2 versus the Q1 average.

Implications: Despite higher inflation consumer spending remained strong in April. Retail sales rose 0.5% for the month, matching consensus expectations, and were revised higher for prior months. Yes, the gain in April was fueled by another large jump at gasoline stations (+2.8%) as national gas prices moved to their highest level since 2022. However, gains were broad-based with nine out of thirteen major sales categories rising for the month. The largest exception was in the autos category, which slipped 0.4% in April. We like to follow “core” sales, which strip out the volatile categories for autos, building materials, and gas stations and is important for estimating GDP. This measure rose 0.5% in April and were up 0.8% when including revisions to earlier months. The largest increase in the core grouping once again came from nonstore retailers (think internet and mail-order) which rose 1.1% in April, the third gain above 1.0% in the past four months. Sales in this category are up 11.1% in the past year, among the highest of any core category. Sales at clothing stores and furniture stores were the lone core categories to decline in April, falling 1.5% and 2.0%, respectively. Meanwhile, the category for restaurants & bars – the only glimpse we get at services in this report – rose 0.6% in April but are up only 2.7% in the last year, lagging overall sales. Nominal retail sales have risen 4.9% in the past year, but it’s important to remember the impact inflation has on these figures. “Real” inflation-adjusted sales are up just 1.1% in the past twelve months and still down from their peak in April 2022. No growth in four years. So despite the solid report in April, the broader picture remains soft. Keep in mind that higher than normal tax refunds may be temporarily boosting the spending power of consumers, too. In the meantime, expect continued volatility in this report as the war with Iran evolves. In employment news this morning, initial jobless claims rose 12,000 last week to 211,000; continuing claims increased 24,000 to 1.782 million. In other news, import prices jumped 1.9% in April while export prices surged 3.3%, both the highest monthly increases since 2022. In the past year, import prices are up 4.2%, while export prices have risen 8.8%.



Retail Sales <i>All Data Seasonally Adjusted</i>	Apr-26	Mar-26	Feb-26	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	0.5%	1.6%	0.9%	12.9%	7.2%	4.9%
Ex Autos	0.7%	1.9%	0.9%	14.8%	8.3%	6.3%
Ex Autos and Building Materials	0.7%	1.9%	0.9%	15.1%	8.2%	6.5%
Ex Autos, Building Materials and Gasoline	0.5%	0.7%	0.9%	8.5%	5.2%	5.1%
Autos	-0.4%	0.6%	1.0%	4.8%	2.6%	-1.2%
Building Materials	0.1%	1.1%	0.5%	7.0%	10.4%	2.2%
Gasoline	2.8%	13.7%	1.7%	98.9%	39.6%	20.9%

Source: U.S. Census Bureau