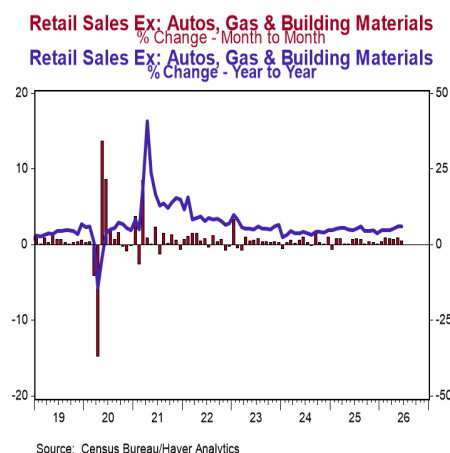
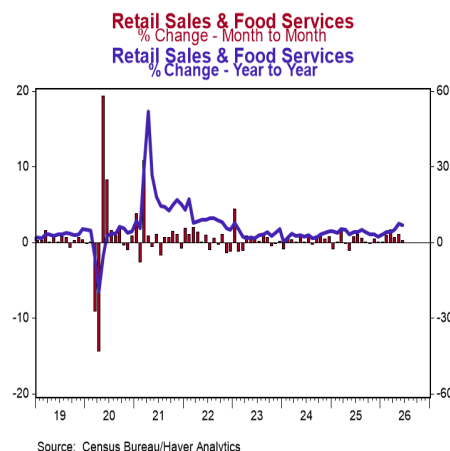


## June Retail Sales

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- Retail sales rose 0.2% in June, matching consensus expectations (+0.6% including revisions to previous months). Retail sales are up 6.7% versus a year ago.
- Sales excluding autos declined 0.2% in June (+0.3% including revisions to prior months), versus the consensus expected -0.1%. These sales are up 6.9% in the past year.
- The largest increases in June were nonstore retailers (internet and mail-order) and autos. The biggest decline was for gas stations.
- Sales excluding autos, building materials, and gas rose 0.4% in June. These sales were up at a 9.1% annual rate in Q2 versus the Q1 average.

**Implications:** Consumer spending closed out the first half of 2026 on solid footing as retail sales matched consensus expectations in June and the underlying details of the report were strong. Sales rose a consensus-expected 0.2% in June while upward revisions to previous months pushed the overall gain to +0.6%. This happened despite a 5.3% drop at gasoline stations, which was driven by lower prices at the pump rather than weakening underlying demand. The monthly overall gain was broad-based with seven out of the thirteen major sales categories rising. Auto sales helped lead the way higher with a 1.9% increase for the month following a 1.1% gain in May. 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 0.4% in June and was running at a 9.1% annualized growth rate in the second quarter versus the first quarter average – the fastest quarterly growth rate in three years. Sales at nonstore retailers (think internet and mail-order) have been the standout within the core grouping, up 1.9% in the month and rising at an 18.2% annualized rate in the second quarter. Meanwhile, sales at restaurants & bars (the only glimpse we get at services in this report) moved 0.1% higher in June, while May's figure was revised sharply higher, from an initially reported 0.1% decline to a 1.2% increase. It's important to remember that none of these figures are adjusted for inflation. Given the decline in [consumer prices in June](#), overall sales rose 0.6% for the month in “real” terms. However, this favorable inflation adjustment is the exception rather than the rule. Nominal retail sales have risen 6.7% in the past year, but factoring in inflation, “real” inflation-adjusted sales are up 3.1% in the past twelve months. The good news is that real retail sales have finally surpassed their peak from more than four years ago back in April 2022. In other news this morning, initial jobless claims declined 8,000 last week to 208,000; continuing claims fell 16,000 to 1.805 million. These figures suggest continued payroll growth in July. In manufacturing news, the Philadelphia Fed Manufacturing Index, a measure of factory sentiment in that region, surged to a nearly five-year high of +41.4 in July from +10.3 in June.



| <b>Retail Sales</b><br><i>All Data Seasonally Adjusted</i> | <b>Jun-26</b> | <b>May-26</b> | <b>Apr-26</b> | <b>3-mo % Ch.</b><br><i>Annualized</i> | <b>6-mo % Ch.</b><br><i>annualized</i> | <b>Yr to Yr</b><br><i>% Change</i> |
|------------------------------------------------------------|---------------|---------------|---------------|----------------------------------------|----------------------------------------|------------------------------------|
| <b>Retail Sales and Food Services</b>                      | <b>0.2%</b>   | 1.0%          | 0.7%          | 7.9%                                   | 9.4%                                   | 6.7%                               |
| <b>Ex Autos</b>                                            | <b>-0.2%</b>  | 1.0%          | 0.9%          | 7.3%                                   | 10.0%                                  | 6.9%                               |
| <b>Ex Autos and Building Materials</b>                     | <b>-0.2%</b>  | 1.1%          | 1.0%          | 7.7%                                   | 10.1%                                  | 7.1%                               |
| <b>Ex Autos, Building Materials and Gasoline</b>           | <b>0.4%</b>   | 0.9%          | 0.7%          | 8.3%                                   | 8.1%                                   | 5.8%                               |
| <b>Autos</b>                                               | <b>1.9%</b>   | 1.1%          | -0.4%         | 10.9%                                  | 7.2%                                   | 5.7%                               |
| <b>Building Materials</b>                                  | <b>0.1%</b>   | -0.3%         | 0.1%          | -0.4%                                  | 5.1%                                   | 3.5%                               |
| <b>Gasoline</b>                                            | <b>-5.3%</b>  | 2.6%          | 3.7%          | 3.1%                                   | 31.0%                                  | 19.8%                              |

Source: U.S. Census Bureau