

January U.S. Retail Sales

Overview

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January retail sales fell a worse than expected 0.8%, while December sales data was lowered

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YOY sales (excluding auto and gas) grew 2.2%, led by higher spending at food stores, restaurants, bars and nonstore retail

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Today's report of slower consumer spending could indicate the economy is cooling, and offset the higher than expected January inflation


Breaking Down U.S. Retail Sales

January monthly retail sales plummeted a worse than expected 0.8%, while the December sales data was lowered 20 bps to a 0.40% increase, which was in-line with original estimates. The January monthly drop was led by a 4.1% slide in sales at building materials and garden stores and 1.7% drop at gasoline stations. Stripping out auto, monthly sales were still down a sharp 0.6% compared to an expected gain of 0.2%. While January typically sees lower retail spending after the December holiday sales, the data is adjusted for seasonal and holiday variations. Compared to January 2023, retail sales increased 0.6%. Stripping out auto and gas, January YOY sales grew 2.2%, led by higher prices at food & beverage stores and restaurants and bars, as well as a 6.4% increase in non-store retail. Most discretionary categories saw sharp drops in YOY sales.

A Bank of America report on credit card spending among its customers showed a 0.2% YOY decline, which was attributed to cold and wet weather in large parts of the country. Spending declined in the South, Midwest and East, but actually rose 1.7% in the Western U.S., where weather was more mild.

Consumer spending is a key contributor to U.S. economic growth and the drop in January spending could be an early sign that the economy is cooling. Today's news provides an offset to the higher than expected 3.1% inflation rate in January. Meanwhile, the January jobs report showed initial unemployment claims were below estimates indicating the labor market remains strong. Investors and economists are dissecting the data to estimate when the Federal Reserve will begin cutting interest rates. The higher inflation report earlier this week moved estimates for a cut out to June or later, which pushed bond yields higher and stock prices lower yesterday. In early trading today, stock prices are up slightly and bond yields down.

 Michael Blackburn, Executive Vice President

 1-800-789-0123, ext. 131

Seasonally Adjusted Retail Sales				
Source: U.S. Census, Bloomberg				
	January 2024			
	Jan. 2024	Jan. 2024 (Est.**)	Dec. 2023	Jan. 2024
	m/o/m	m/o/m	m/o/m	y/o/y
Total Retail Sales	-0.8%	-0.2%	0.4%	0.6%
Retail Sales Ex Auto	-0.6%	0.2%	0.4%	1.2%
Retail Sales Ex Auto and Gas	-0.5%	N/A	0.6%	2.2%
Core Retail Sales*	-0.4%	N/A	0.6%	2.5%
By Category:				
Furniture & home furnishings	1.5%		-0.2%	-9.8%
Electronics & appliance	-0.4%		-0.9%	-5.8%
Building materials & garden	-4.1%		0.9%	-8.3%
Food & beverage stores	0.1%		0.2%	1.9%
Grocery	0.6%		0.1%	2.3%
Health & personal care	-1.1%		-1.6%	5.0%
Gasoline stations	-1.7%		-0.8%	-7.5%
Clothing & clothing accessories	-0.2%		1.3%	0.5%
Sporting goods, hobby, musical instrument & book stores	-0.2%		-0.7%	-3.2%
General merchandise	0.0%		1.2%	0.9%
Department stores	0.5%		2.8%	-6.7%
Nonstore retailers	-0.8%		1.4%	6.4%
Food services & drinking places	0.7%		0.2%	6.3%

* Excludes sales from auto & motor vehicle dealers, gasoline stations, building materials, food services & drinking places

** Represents Bloomberg monthly sales estimates

Quarterly E-commerce Sales

Quarterly U.S. Retail Sales; Total and E-commerce					
Source: U.S. Census					
Quarter	Retail Sales (\$ millions)		E-commerce	% Change from Same Quarter a Year Ago	
	Total	E-comm	% of Total	Total	E-comm
3Q23	1,825,254	284,103	15.6%	2.3%	7.6%
2Q23	1,797,503	277,841	15.5%	0.6%	7.6%
1Q23	1,798,161	271,867	15.1%	3.4%	7.5%
4Q22	1,783,986	264,689	14.8%	6.1%	7.5%
3Q22	1,785,006	264,105	14.8%	9.7%	11.0%

* Retail sales excluding foodservice

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