

June U.S. Retail Sales

Overview



June retail sales grew 0.2%, below expectations with results mixed



June sales supported by rebound in furniture and electronics, while essential categories like grocery and gasoline saw lower spending



Consumer spending remains resilient despite the higher interest rates, supported by a strong jobs market and falling inflation

Breaking Down U.S. Retail Sales

U.S. retail sales edged slightly higher in June, though less than expected with results mixed. June monthly sales rose 0.2%, and data for May was revised higher, as sales for that month gained 0.5% instead of 0.3% previously reported. June monthly sales also matched the June CPI rate of 0.2% (retail sales are not adjusted for inflation). Core retail sales, excluding automobiles, gasoline, building materials and food services, increased 0.6% in June.

U.S. consumers saw a rebound in spending on furniture & home furnishings, electronics & appliances as well as higher nonstore retail sales, which all grew greater than 1% in June. Meanwhile, YOY core retail sales grew 3.8%, led by gains of 9.4% and 8.4% at nonstore retailers and health & personal care. Food services also saw strong YOY growth, up 8.4% compared to food away from home inflation of 7.7%. Meanwhile, lower fuel prices pushed spending at gasoline stations down nearly 23%.

While clothing stores saw a 0.6% increase in June and similar YOY growth, department store sales fell 2.4% in June and 5.2% YOY. Food & beverage store sales were negative 0.7% for the month, with YOY sales up just 1.3%, compared to annual food at home inflation of 4.7%. Sporting goods, hobby, musical instrument and book stores, one of the strongest pandemic categories, continued to give back sales, with spending falling 1% for the month and 1.3% YOY.

Overall, spending remained resilient despite the Fed interest rate hikes over the past year plus to combat inflation. These positive trends reflect the still strong labor market and the last of the remaining excess COVID stimulus savings, which most economists expect consumers to spend through in the 2H23. Citing better-than-expected economic data, Goldman Sachs cut its odds of a U.S. recession in the next year down to 20% from 25%. The Company's chief economist says 2Q GDP growth is tracking at 2.3%, supported by consumer spending. The economist also expects that consumer prices will continue to ease. Inflation fell to 3% in June, which has supported a rebound in consumer sentiment.

Still, other economists predict the current YOLO spending will slow as savings dwindle, debt levels rise, and particularly if rates remain high, which will impact big ticket items like cars and appliances which are often financed. Further, many consumer budgets will be hit when monthly student loan payments resume this September.

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Seasonally Adjusted Retail Sales				
Source: U.S. Census, Bloomberg				
	June 2023			
	Jun. 2023	Jun. 2023 Est.	May 2023	Jun. 2023
	m/o/m	m/o/m	m/o/m	y/o/y
Total Retail Sales	0.2%	0.5%	0.5%	1.5%
Retail Sales Ex Auto	0.2%	0.3%	0.3%	0.6%
Retail Sales Ex Auto and Gas	0.3%	0.0%	0.5%	3.9%
Core Retail Sales*	0.6%	-0.3%	0.3%	3.8%
By Category:				
Furniture & home furnishings	1.4%		-0.4%	-4.6%
Electronics & appliance	1.1%		2.1%	0.9%
Building materials & garden	-1.2%		1.4%	-3.2%
Food & beverage stores	-0.7%		0.0%	1.3%
Grocery	-0.7%		-0.2%	1.1%
Health & personal care	-0.1%		0.2%	6.3%
Gasoline stations	-1.4%		-2.1%	-22.7%
Clothing & clothing accessories	0.6%		0.3%	0.7%
Sporting goods, hobby, musical instrument & book stores	-1.0%		-0.1%	-1.3%
General merchandise	-0.1%		0.3%	0.5%
Department stores	-2.4%		0.2%	-5.2%
Nonstore retailers	1.9%		0.7%	9.4%
Food services & drinking places	0.1%		1.2%	8.4%

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

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
1Q23	1,799,494	272,610	15.1%	3.4%	7.8%
4Q22	1,783,613	264,689	14.8%	6.1%	7.5%
3Q22	1,786,874	264,027	14.8%	9.8%	10.9%
2Q22	1,785,953	258,172	14.5%	8.5%	6.9%
1Q22	1,739,586	252,859	14.5%	11.6%	8.9%

* Retail sales excluding foodservice

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