

May U.S. Retail Sales

Overview

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May retail sales rise a weaker than expected 0.1%

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YOY sales (excluding auto and gas) grew 2.9%, well below April's 3.5% increase and May's inflation of 3.3%

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Inflation continues to fall more slowly than expected with the Fed signaling that just one cut is expected before the end of the year


Breaking Down U.S. Retail Sales

U.S. retail sales rose a modest 0.1% in May, below expectations of 0.3%, as consumers remain pressured by stubbornly high inflation and interest rates. April sales were revised downward to a 0.2% decline, from flat. On an annual basis, May sales were up 2.3%, below inflation of 3.3%. Excluding auto and gas, May retail sales increased just 0.1% from April but rose 2.6% year over year. Gasoline prices moderated which led to a 2.2% monthly decline at gas stations. Furniture and home furnishing stores and building materials and garden sales also lagged with sales falling 1.1% and 0.8%, respectively, while general merchandise and department stores remained relatively flat. Meanwhile, sporting goods and hobby stores were the biggest gainers, with monthly sales rising 2.8%.

The annual results continued to be largely driven by spending at restaurants and bars, nonstore retail, clothing & clothing accessories, and general merchandise stores. YOY spending at food and beverage stores and grocery stores rose 1.6% and 1.3%, respectively, lower than April's 2.2% and 1.9%, respectively, and was above a flat May annual inflation rate for food at home.

The Labor Department reported that consumer prices rose 3.3% in May, after increasing 3.4% in April, and 3.5% in March, but were still above the 2.3% annual retail sales increase, as inflation remained sticky, driven by higher prices for used cars and trucks, shelter and services like insurance and hospital care. Though the annual increase in consumer prices has slowed from a peak of 9.1% in June 2022, inflation continues to run above the Fed's goal of 2%. Meanwhile, the unemployment rate ticked up to 4% in May, the highest level since January 2022, but the average hourly earnings were up 4.1% YOY, higher than the Fed would like and likely reinforcing its reluctance to cut interest rates more than once this year. However, based on the weaker than expected retail sales report, investors remain hopeful that the Fed will cut rates in September, pushing stock prices higher and bond yields lower. The markets are pricing in a 67% chance of a cut in September, up from a 52% chance last week, according to the CME FedWatch Tool.

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Seasonally Adjusted Retail Sales				
Source: U.S. Census, Bloomberg				
	May 2024			
	May 2024	May 2024 (Est. **)	Apr. 2024	May 2024
	m/o/m	m/o/m	m/o/m	y/o/y
Total Retail Sales	0.1%	0.3%	-0.2%	2.3%
Retail Sales Ex Auto	-0.1%	0.2%	-0.1%	2.5%
Retail Sales Ex Auto and Gas	0.1%	N/A	-0.3%	2.6%
Core Retail Sales*	0.4%	0.4%	-0.5%	3.1%
By Category:				
Furniture & home furnishings	-1.1%		0.9%	-6.8%
Electronics & appliance	0.4%		2.2%	1.8%
Building materials & garden	-0.8%		0.3%	-4.3%
Food & beverage stores	-0.2%		0.7%	1.6%
Grocery	-0.4%		0.6%	1.3%
Health & personal care	0.1%		-0.3%	-0.7%
Gasoline stations	-2.2%		1.9%	1.6%
Clothing & clothing accessories	0.9%		1.7%	2.4%
Sporting goods, hobby, musical instrument & book stores	2.8%		-2.4%	-2.6%
General merchandise	0.1%		-0.9%	2.7%
Department stores	0.0%		0.3%	-1.6%
Nonstore retailers	0.8%		-1.8%	6.8%
Food services & drinking places	-0.4%		0.4%	3.8%

* 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
1Q24	1,820,022	289,204	15.9%	1.5%	8.6%
4Q23	1,821,361	283,293	15.6%	3.1%	10.0%
3Q23	1,811,128	279,739	15.4%	2.4%	9.5%
2Q23	1,787,398	272,821	15.3%	0.7%	8.5%
1Q23	1,792,376	266,314	14.9%	3.5%	7.6%

* Retail sales excluding foodservice

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