

September U.S. Retail Sales

Overview

- 1 September retail sales grew 0.4%, better than expected, and accelerated from a 0.1% gain in August
- 2 Core retail sales grew a solid 4% YOY, ahead of September core CPI inflation of 3.3%
- 3 The strong retail sales data is unlikely to prevent additional Fed rate cuts

Breaking Down U.S. Retail Sales

September monthly retail sales rose 0.4% month-over-month (MOM), surpassing expectations of 0.3% and accelerating from a 0.1% gain in August, signaling stronger consumer spending amid moderating inflation. Excluding auto and gasoline, sales rose 0.7%, and core retail sales also grew 0.7%, above forecasts. Year-over-year (YOY) retail sales climbed 1.7%, and core retail sales increased a solid 4%, indicating resilience despite elevated costs in specific categories like shelter and food. The sales data is not adjusted for inflation; YOY CPI inflation eased to 2.4% in September, with food inflation increasing 0.4%, housing rising 0.2%, and gasoline price falling 4.1%. Core CPI (excluding food and energy) rose 3.3%, higher than overall CPI due to stubborn shelter inflation (up 4.9% YOY, albeit this was slightly down from August's YOY gain of 5.2%). The shelter category, particularly rent and housing costs, which accounts for more than one-third of the overall CPI, has been the primary factor preventing inflation from declining more rapidly.

Lower gasoline prices provided consumers with extra spending power, particularly in restaurants, bars, and various retail outlets such as clothing stores and online purchases. Key drivers of the September MOM retail sales boost were higher receipts at clothing stores (up 1.5%), and miscellaneous store retailers (4%), as well as increases in health & personal categories (1.1%), and a 1% increase each for food & beverage stores, grocery, and food services & drinking places. Sporting goods, hobby, musical instrument & book stores and department stores were also positive MOM, though both remained negative on a YOY basis. However, furniture & home furnishings, electronics & appliance stores, and gasoline stations were down 1.4%, 3.3%, and 1.6% MOM, respectively.

The monthly sales data indicates that, despite overall inflation cooling, consumers are still facing pressures from rising costs in certain categories, with many turning to credit card debt while savings rates remain low. Meanwhile, labor market data for September showed unemployment rates falling slightly to 4.1% from 4.2%, with a bigger-than-expected increase in nonfarm payrolls, indicating resilience in the labor market, although hurricane impacts may temporarily distort upcoming labor figures. Looking ahead, economists forecast strong GDP growth for the third quarter at an annualized rate of 3.2%, up from 3% in 2Q. However, investors believe this is unlikely to prevent the Fed from reducing interest rates by 25 bps in the coming months, following a half a percentage point cut in September. Markets are currently pricing in a 94.1% chance for a cut of 25 bps at the Fed's next meeting.

Seasonally Adjusted Retail Sales				
Source: U.S. Census, Bloomberg				
	September 2024			
	Sep 2024	Sep 2024 (Est.**)	Aug 2024	Sep 2024
	m/o/m	m/o/m	m/o/m	y/o/y
Total Retail Sales	0.4%	0.3%	0.1%	1.7%
Retail Sales Ex Auto	0.5%	0.1%	0.2%	2.2%
Retail Sales Ex Auto and Gas	0.7%	N/A	0.3%	3.7%
Core Retail Sales*	0.7%	N/A	0.3%	4.0%
By Category:				
Furniture & home furnishings	-1.4%		-0.4%	-2.3%
Electronics & appliance	-3.3%		-1.7%	-4.6%
Building materials & garden	0.2%		0.0%	0.5%
Food & beverage stores	1.0%		-0.5%	2.5%
Grocery	1.0%		-0.5%	2.5%
Health & personal care	1.1%		0.6%	4.6%
Gasoline stations	-1.6%		-1.2%	-10.7%
Clothing & clothing accessories	1.5%		-0.8%	3.5%
Sporting goods, hobby, musical instrument & book stores	0.3%		0.1%	-3.5%
General merchandise	0.5%		-0.4%	2.6%
Department stores	0.4%		-1.0%	-1.2%
Nonstore retailers	0.4%		1.6%	7.1%
Food services & drinking places	1.0%		0.5%	3.7%
Miscellaneous store retailers	4.0%		0.3%	7.9%

* 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
2Q24	1,826,928	291,647	16.0%	2.1%	6.7%
1Q24	1,818,701	287,855	15.8%	1.5%	8.1%
4Q23	1,821,361	283,293	15.6%	3.1%	10.0%
3Q23	1,811,793	279,739	15.4%	2.4%	9.5%
1Q23	1,789,656	273,354	15.3%	0.8%	8.7%

* Retail sales excluding foodservice

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