

US Retail Sales Disappoint, But The Details Are Better

United States, Retail Sales, % Change headline/ex-autos/ex-auto-gas, m/m, September:

Actual: 0.1 / -0.1 / 0.0

Scotia: 0.5 / 0.3 / na

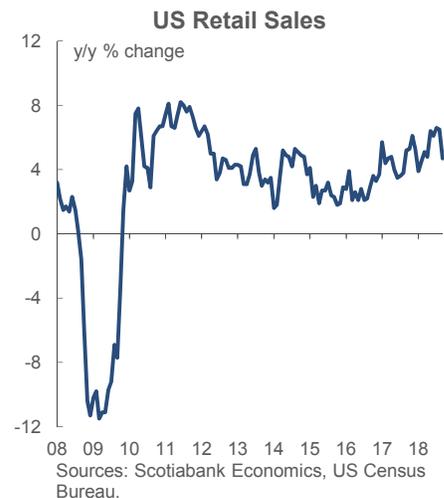
Consensus: 0.6 / 0.4 / 0.3

Prior: 0.1 / 0.2 / 0.1 (revised from 0.1 / 0.3 / 0.2)

- While headline sales disappointed, the underlying details are considerably better. Both the USD on a DXY basis and the 2 year Treasury yield were largely unaffected.
- The retail sales control group was up 0.5% and that's the part that translates into consumer spending within the GDP accounts. Recall that the control group excludes more volatile items including autos, building materials and gas station sales.
- Other underlying details are also better. Autos including parts were up 0.8% m/m after a half point prior drop, so that part was roughly in line with expectations in terms of direction but soft vehicle prices held back the value change. New vehicle prices slipped 0.1% m/m but prices for used cars and trucks fell 3% m/m.
- Gas station sales fell 0.8% m/m but not because of flat gas prices.
- Other components were mixed with strong readings for furniture, electronics, sporting goods, non-store retailers etc but a drop in restaurant (eating/drinking establishments) sales dragged knocked two-tenths off of the headline and lower alongside gas station sales knocked another tenth off.
- It was a strong quarter overall. The value of retail sales climbed 5.1% q/q in seasonally adjusted and annualized terms with the control group up similarly (+4.8%). With headline and core CPI up 2% during the quarter, that translates into about a 3% annualized gain in retail sales volumes.

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