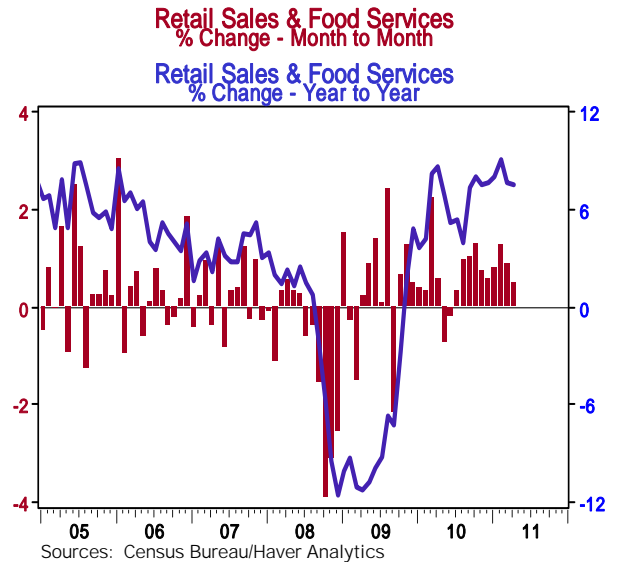


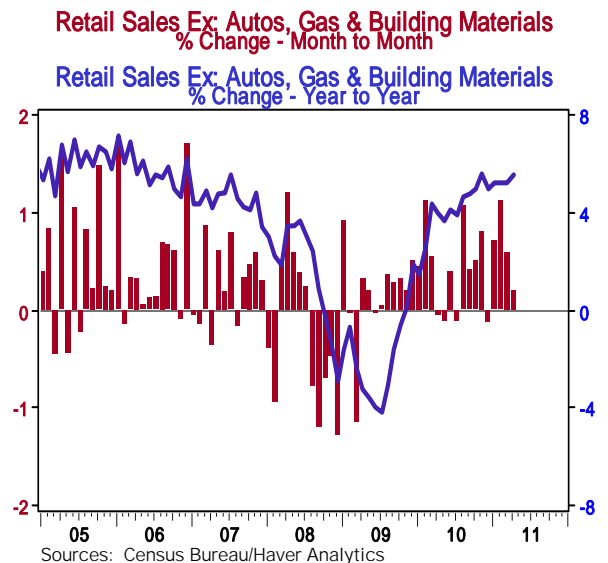
APRIL RETAIL SALES

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- Retail sales increased 0.5% in April (1.1% including large upward revisions to February/March). The consensus had expected a gain of 0.6%. Retail sales are up 7.6% versus a year ago.
- Sales excluding autos were up 0.6% in April (1.0% including upward revisions to February/March). The consensus expected a gain of 0.6%. Retail sales ex-autos are up 6.9% in the past year.
- The increase in retail sales for April was led by gas stations and grocery stores. There were no significant declines in any category of sales.
- Sales excluding autos, building materials, and gas increased 0.2% in April and were up 0.5% including revisions for February/March. These sales are up 5.5% versus last year. This calculation is important for estimating GDP.



Implications: The US consumer is on a roll. Retail sales increased for the tenth straight month in April – the longest winning streak since the late 1990s – and are up 7.6% versus a year ago. Including upward revisions for prior months, overall sales were up 1.1% in April and 1% excluding autos. This was not all fueled by higher gas prices. Not even close. “Core” sales (which exclude autos, building materials, and gas) were up a solid 0.5% including upward revisions to prior months. Even if these sales are completely unchanged for the rest of the second quarter they will still be up at a roughly 4% annual rate in Q2. Auto sales, which took a breather last month after eight straight monthly increases, bounced back in April and were revised higher for prior months as well. Consumer spending is rising for two main reasons. First, earnings are growing due to more jobs, more wages per hour, and more hours per worker. Second, due largely to debt reductions, consumers’ financial obligations (debt service plus other recurring payments like rent, car leases, homeowners’ insurance, and property taxes) are now the smallest share of disposable income since 1995. All of this bodes well for spending in the months to come.



Retail Sales <i>All Data Seasonally Adjusted</i>	Apr-11	Mar-11	Feb-11	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	0.5%	0.9%	1.3%	11.1%	9.9%	7.6%
Ex Autos	0.6%	1.2%	1.2%	12.5%	10.1%	6.9%
Ex Autos and Building Materials	0.6%	1.1%	1.3%	12.7%	10.7%	7.7%
Ex Autos, Building Materials and Gasoline	0.2%	0.6%	1.1%	7.8%	6.7%	5.5%
Autos	0.2%	-0.7%	1.7%	4.7%	9.0%	11.0%
Building Materials	0.1%	2.5%	-1.0%	6.5%	-0.3%	-3.7%
Gasoline	2.7%	4.1%	2.8%	46.3%	38.1%	21.8%

Source: Bureau of Census