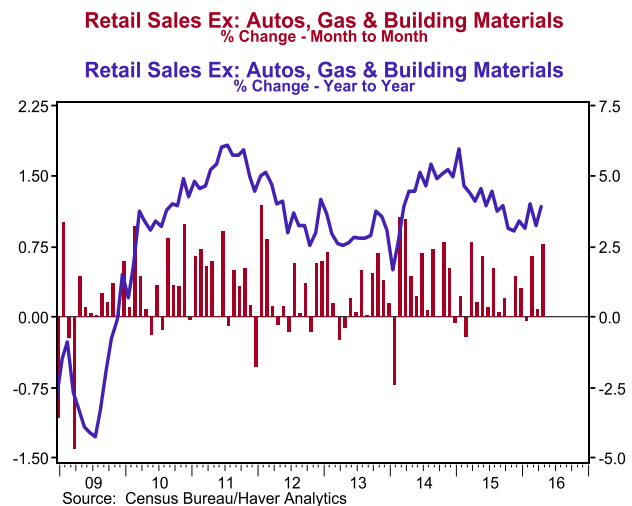
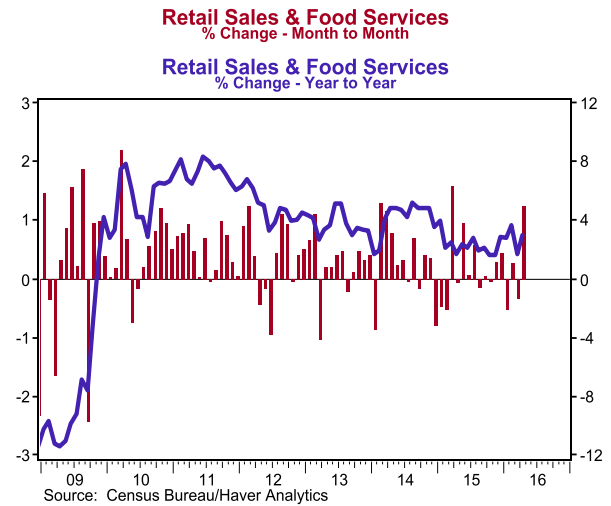


April Retail Sales

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- Retail sales increased 1.3% in April, beating the consensus expected gain of 0.8%. Retail sales are up 3.0% versus a year ago.
- Sales excluding autos increased 0.8% in April (+1.1% including revisions to prior months). The consensus expected a gain of 0.5%. These sales are also up 3.0% in the past year. Excluding both autos and gas, sales are up 4.3% versus a year ago.
- The increase in sales in April was led by autos, non-store retailers (internet and mail orders), and gas stations. The biggest decline was for building materials.
- Sales excluding autos, building materials, and gas rose 0.8% in April (+1.1% including revisions to prior months). If unchanged in May/June, these sales will be up at a 4.3% annual rate in Q2 versus the Q1 average.

Implications: Forget about Macy’s! The economy is doing just fine, thank you. Government statistics show that retail sales rose 1.3% in April, the biggest gain in more than a year, with eleven of the thirteen major retail categories up. Autos led the way, but even ex-autos retail sales rose up 0.8%. Adding in upward revisions to prior months, they rose 1.1%. These sales are accelerating, up 5.6% annualized over the past three months versus 3.0% from a year ago. The second largest gain in April was for non-store retailers. So, when you hear about old-line brick-and-mortar department stores doing poorly, this explains why. Meanwhile, gas station sales, after subtracting from retail sales for eight consecutive months, have added to retail sales over the past two as oil prices have been trending higher. Still even with the 2.2% gain in April, sales at gas stations are down 9.4% from a year ago. “Core” sales, which exclude autos, building materials, and gas, rose 0.8% in April and were up 1.1% including revisions to prior months. Core sales are up a very respectable 3.9% from a year ago, which is a healthy pace considering consumer prices are up only about 1%. Look for better growth in consumer spending in the months ahead. Employment continues to expand, while wage growth is starting to accelerate. In other news yesterday, new claims for unemployment benefits increased 20,000 last week to 294,000. This was mostly caused by a 14,000 increase in claims in New York, most likely from a strike at Verizon. The four-week moving average is still 268,000 and claims have remained below 300,000 for 62 straight weeks, the longest stretch in more than forty years. Continuing claims increased 37,000 to 2.16 million. Plugging these figures into our models suggests May payrolls will rise about 200,000.



Retail Sales <i>All Data Seasonally Adjusted</i>	Apr-16	Mar-16	Feb-16	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	1.3%	-0.3%	0.3%	4.9%	2.9%	3.0%
Ex Autos	0.8%	0.4%	0.2%	5.6%	3.5%	3.0%
Ex Autos and Building Materials	0.9%	0.4%	0.1%	5.6%	3.0%	2.4%
Ex Autos, Building Materials and Gasoline	0.8%	0.1%	0.6%	6.2%	4.6%	3.9%
Autos	3.2%	-3.2%	0.7%	2.4%	0.4%	3.1%
Building Materials	-1.0%	0.5%	0.7%	0.6%	9.3%	8.2%
Gasoline	2.2%	3.1%	-5.2%	-0.2%	-10.6%	-9.4%

Source: Bureau of Census