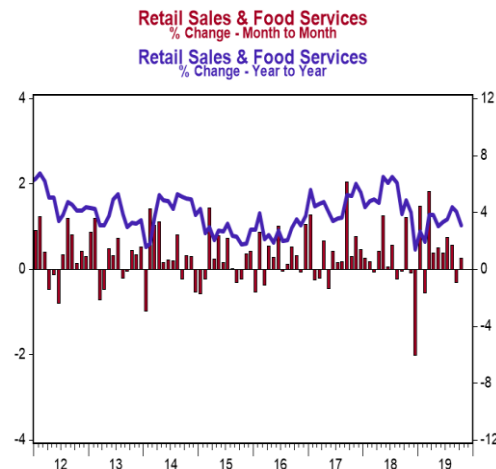


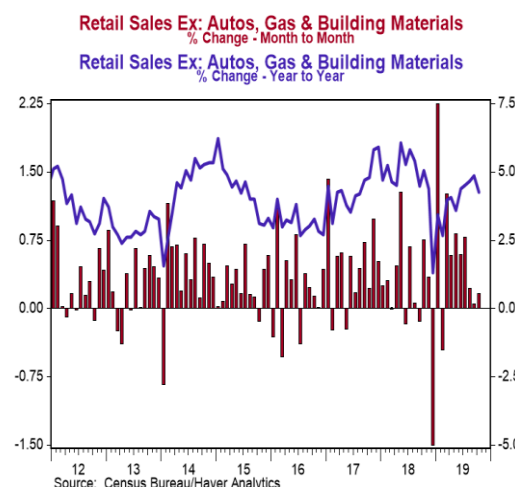
October Retail Sales

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- Retail sales rose 0.3% in October (+0.2% including revisions to prior months) versus a consensus expected 0.2%. Retail sales are up 3.1% versus a year ago.
- Sales excluding autos increased 0.2% in October, falling short of the consensus expected 0.4% gain. These sales are up 2.8% in the past year. Excluding gas, sales rose 0.2% in October and are up 3.9% from a year ago.
- The rise in sales in October was led by non-store retailers (internet & mail order), autos, and gas stations. The largest decline was at clothing & accessory stores.
- Sales excluding autos, building materials, and gas increased 0.2% in October (+0.1% including revisions to prior months). If unchanged in November and December, these sales will be up at a 1.1% annual rate in Q4 versus the Q3 average.



Source: Census Bureau/Haver Analytics



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Implications: Retail sales bounced back in October after falling for the first time in seven months in September. Sales grew 0.3% in October and are up a solid 3.1% from a year ago, but the underlying details of the report were a little more mixed than the overall headline would suggest, as sales rose in only six of thirteen major categories. Non-store retailers (think internet & mail order) and autos led the way rising 0.9% and 0.5% in October, respectively. Non-store sales are up 14.3% from a year ago, sit at record highs, and now make up 12.9% of overall retail sales, also a record. The largest decline in sales in October was for clothing and accessory stores, which dropped 1.0%. In spite of the lack of breadth, there should be no doubt the consumer is doing well. “Core” sales, which exclude autos, building materials, and gas stations (the most volatile sectors) grew 0.2% in October, and are up 4.2% from a year ago and 7.8% at an annualized rate since the start of 2019, the fastest ten-month pace of growth since December 1999. Jobs and wages are moving up, companies and consumers continue to benefit from tax cuts, consumer balance sheets look healthy, and serious (90+ day) debt delinquencies are down substantially from post-recession highs. For these reasons, expect continued solid gains in retail sales in the year ahead. In inflation news today, import prices fell 0.5% in October, driven by a decline in petroleum prices. Meanwhile, export prices declined 0.1% primarily due to industrial goods. In the past year, import prices are down 3.0%, while export prices are down 2.2%. We expect a turnaround to at least modest price gains in the year ahead.

Retail Sales <i>All Data Seasonally Adjusted</i>	Oct-19	Sep-19	Aug-19	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	0.3%	-0.3%	0.6%	2.0%	4.3%	3.1%
Ex Autos	0.2%	-0.1%	0.2%	1.3%	4.1%	2.8%
Ex Autos and Building Materials	0.0%	0.0%	0.1%	1.4%	4.4%	3.2%
Ex Autos, Building Materials and Gasoline	0.2%	0.0%	0.2%	1.7%	5.3%	4.2%
Autos	0.5%	-1.3%	2.0%	5.1%	5.0%	4.5%
Building Materials	-0.5%	-1.8%	2.3%	0.0%	-0.4%	-2.0%
Gasoline	1.1%	-0.1%	-1.2%	-1.0%	-2.6%	-5.0%

Source: Bureau of Census