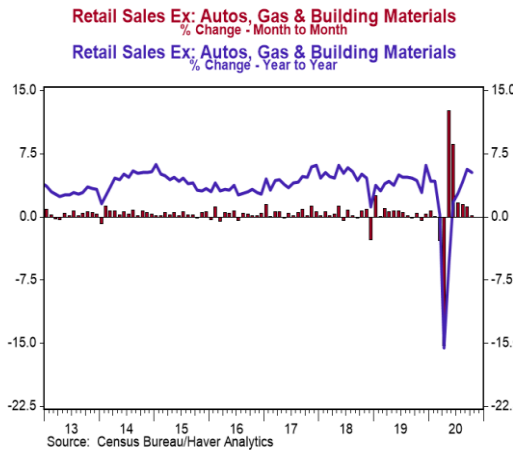


# October Retail Sales

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- Retail sales rose 0.3% in October (+0.7% including revisions to prior months). The consensus expected a gain of 0.5%. Retail sales are up 5.7% versus a year ago.
- Sales excluding autos rose 0.2% in October (+0.9% including revisions to prior months). The consensus expected an increase of 0.6%. These sales are up 4.4% in the past year. Excluding gas, sales rose 0.2% in October, and are up 7.4% from a year ago.
- The increase in sales in October was led by non-store retailers (internet and mail-order), autos, and building materials. The largest decline was for clothing & accessory stores.
- Sales excluding autos, building materials, and gas rose 0.1% in October. If unchanged in November/December, these sales will be up at a 5.3% annual rate in Q4 versus the Q3 average.



**Implications:** A solid report today on the US consumer. Retail sales rose 0.3% in October, coming in short of the consensus expected gain of 0.5%. However, including upward revisions to prior months, retail sales grew 0.7%. It’s important to keep in mind how much progress has been made. Back in April, retail sales were down 19.9% from a year ago; now, in October, retail sales are up 5.7% from October 2019. For some more perspective: from February (before the COVID shutdowns started) to the bottom in April, retail sales fell 21.7%. Now, with the increase in October, we are 4.9% higher than the February pre-COVID high-water mark, meaning retail sales have had a full V-shaped recovery and are now starting to trace out a checkmark. The gains in sales this month were not as broad-based as previous months with only five of thirteen major categories increasing in October. However, this shouldn’t be surprising as it’s unrealistic to expect the rapid growth rates from early on when the economy began to reopen to be sustained indefinitely. Non-store retailers led the way higher, up 3.1% on the month and now up 29.1% in the past year. It was less than two years ago that non-store retailers surpassed general merchandise stores for share of consumer spending, and the pandemic – which brought us inside and online – has continued to accelerate the shift toward digital shopping. Expect further gains in the months to come for non-store retailers as some states start to add back restrictions as COVID-19 cases continue to rise. “Core” sales, which exclude the most volatile categories of autos, building materials, and gas station sales, rose 0.1% in October, and are now up 5.3% from a year ago. After a massive rebound in real GDP in the third quarter, Q4 real GDP so far looks like it is growing around 5%. Also today on the inflation front, import prices declined 0.1% in October, with a 1.9% drop in fuel prices, which more than offset higher nonfuel prices. Meanwhile, export prices increased 0.2%, led by agricultural exports, which rose 3.4%. In the past year, import prices are down 1.0%, while export prices are down 1.6%.

Retail Sales <i>All Data Seasonally Adjusted</i>	Oct-20	Sep-20	Aug-20	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
<b>Retail Sales and Food Services</b>	<b>0.3%</b>	1.6%	1.4%	13.6%	79.7%	5.7%
<b>Ex Autos</b>	<b>0.2%</b>	1.2%	1.5%	12.3%	62.1%	4.4%
<b>Ex Autos and Building Materials</b>	<b>0.0%</b>	1.2%	1.4%	11.3%	64.9%	3.2%
<b>Ex Autos, Building Materials and Gasoline</b>	<b>0.1%</b>	1.2%	1.4%	11.1%	62.4%	5.3%
<b>Autos</b>	<b>0.4%</b>	2.9%	1.1%	18.9%	181.7%	10.7%
<b>Building Materials</b>	<b>0.9%</b>	0.4%	2.6%	16.7%	35.1%	19.5%
<b>Gasoline</b>	<b>0.4%</b>	2.0%	0.8%	13.8%	93.5%	-14.0%

Source: Bureau of Census