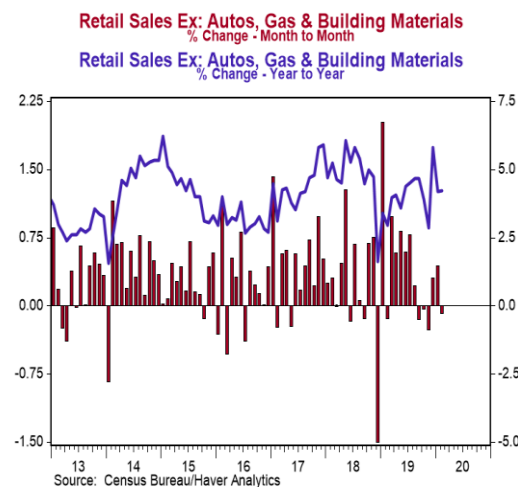
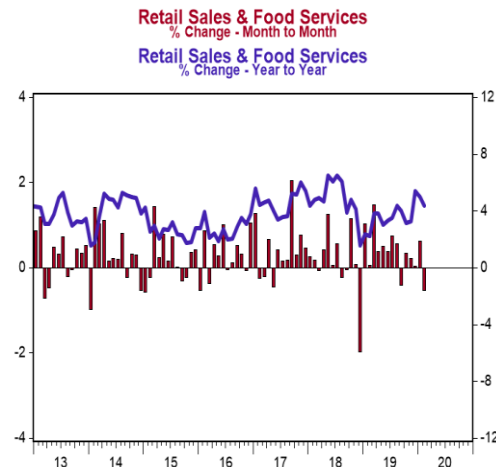


## February Retail Sales

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- Retail sales declined 0.5% in February (-0.3% including revisions to prior months), coming in well below the consensus expected 0.2% gain. Retail sales are up 4.3% versus a year ago.
- Sales excluding autos declined 0.4% in February, (-0.3% including revisions to prior months). The consensus expected a 0.1% gain. These sales are up 4.2% in the past year. Excluding gas, sales declined 0.3% in February but are up 4.5% from a year ago.
- The drop in sales in February was led by gas stations and autos. The largest increase was for non-store retailers (internet and mail order).
- Sales excluding autos, building materials, and gas declined 0.1% in February, but were unchanged including revisions to prior months. If unchanged in March, these sales will be up at a 2.0% annual rate in Q1 versus the Q4 average.

**Implications:** A soft report on retail sales for February, declining 0.5%, and coming in below consensus expectations. Most of the decline was concentrated in the most volatile categories: gas station sales (held down by falling oil prices), autos, and building materials. But the decline in February was widespread, as sales fell in eight of thirteen major categories, including restaurants & bars, which were down -0.5% and which are dropping steeply in March. “Core” sales, which exclude those three volatile categories were down 0.1%. Overall sales are up a solid 4.3% from a year ago, but this positive reading should start to reverse in the months ahead as the panic and shutdowns related to the coronavirus take hold. The one bright spot, and one that may continue through the short and sharp coronavirus contraction in the months ahead, was non-store retail sales. These sales grew 0.7% in February and are up 7.5% from a year ago. The best news, if any, going into this contractionary period was that the consumer was on very solid footing. Jobs and wages were moving up, companies and consumers continued to benefit from tax cuts, consumer balance sheets were healthy, and serious (90+ day) debt delinquencies were down substantially from post-recession highs. For these reasons, we expect the consumer to bounce back strongly in the second half of the year once we get past the coronavirus. Until then, expect some ugly data in the months ahead.



Retail Sales <i>All Data Seasonally Adjusted</i>	Feb-20	Jan-20	Dec-19	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>	-0.5%	0.6%	0.0%	0.5%	0.5%	4.3%
<b>Ex Autos</b>	-0.4%	0.6%	0.5%	2.6%	0.8%	4.2%
<b>Ex Autos and Building Materials</b>	0.0%	0.4%	0.4%	1.4%	0.4%	4.1%
<b>Ex Autos, Building Materials and Gasoline</b>	-0.1%	0.4%	0.3%	2.7%	0.4%	4.2%
<b>Autos</b>	-0.9%	0.8%	-1.8%	-7.6%	-0.8%	4.9%
<b>Building Materials</b>	-1.3%	3.3%	1.6%	14.9%	4.4%	5.1%
<b>Gasoline</b>	-2.8%	-0.4%	0.9%	-8.6%	0.4%	2.7%

Source: Bureau of Census