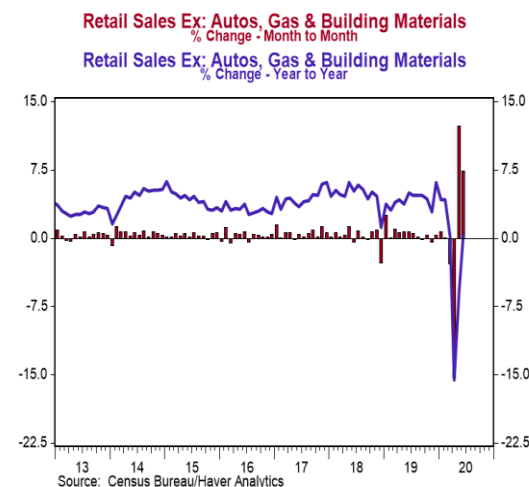


June Retail Sales

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- Retail sales rose 7.5% in June (+8.0% including revisions to prior months), beating the consensus expected increase of 5.0%. Retail sales are up 1.1% versus a year ago.
- Sales excluding autos rose 7.3% in June (+7.0% including revisions to prior months). The consensus expected an increase of 5.0%. These sales are down 0.5% in the past year. Excluding gas, sales rose 7.0% in June, and are up 2.9% from a year ago
- The surge in sales in June was led by clothing & accessory stores, autos, and restaurants & bars. The largest decline was for non-store retailers (internet & mail order).
- Sales excluding autos, building materials, and gas rose 7.3% in June. These sales were down at a 28.0% annual rate in Q2 versus the Q1 average.

Implications: Another solid month for retail sales in June, growing 7.5% on the back of an upwardly revised 18.2% gain in May. When you include revisions, retail sales rose 8.0% from the initial May reading. Just two months ago, retail sales were down 19.9% from a year ago; now, in June, retail sales are up 1.1% from June 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 June, we are only 0.6% below the February mark. Still down, but a strong start to the recovery process. Ten of thirteen major categories had gains in June, with the leaders being the sectors that were hit hardest during the shutdown. For example, clothing fell by 86% from February to April, and led the way higher in June up 105% from last month and up 467.5% since the April bottom. Autos rose 8.2% in June as car dealers followed the rest of the country in continuing to reopen doors along with restaurants & bars. The three major categories that fell were all in areas that did exceptionally well during the shutdown with all still seeing double-digit gains from a year ago. Non-store retailers – the one group that rose, rather than fell, throughout the shutdown – fell 2.4% in June, but is still up 23.5% versus a year ago. Food & beverage sales declined 1.2% in June but are up 12.4% from a year ago, while building materials fell 0.3%, but are up 17.3% from a year ago. “Core” sales, which exclude the most volatile categories of autos, building materials, and gas station sales, jumped 7.3% in June, and are now up 0.3% from a year ago. While the data are improving (virtually across the board), the second quarter for real GDP will still be much worse than the first, with the steepest drop in real GDP for any quarter since the immediate aftermath of World War II or possibly the Great Depression in the 1930s. What matters right now is the path forward, and we have started down that path at a healthy clip. In other news today on the employment front, initial jobless claims declined for a 15th consecutive week, coming in at 1.300 million last week, down 10,000 from the week before. Continuing claims, which lag initial claims by a week, declined 422,000 to a reading of 17.338 million. These figures suggest the rebound in the labor market continues in July, although it’s far from fully healed. Also this morning, the Philly Fed Index, a measure of East Coast factory sentiment, declined to a still robust +24.1 in July from +27.5 in June. This number continues to show a healthy rebound in manufacturing activity.



Retail Sales <i>All Data Seasonally Adjusted</i>	Jun-20	May-20	Apr-20	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	7.5%	18.2%	-14.7%	37.8%	-0.4%	1.1%
Ex Autos	7.3%	12.1%	-15.2%	8.2%	-3.1%	-0.5%
Ex Autos and Building Materials	0.0%	12.3%	-16.2%	6.9%	-5.0%	-1.7%
Ex Autos, Building Materials and Gasoline	7.3%	12.3%	-15.3%	8.6%	-0.4%	0.3%
Autos	8.2%	48.7%	-12.2%	299.0%	10.6%	7.5%
Building Materials	-0.3%	12.2%	-2.2%	43.3%	25.1%	17.3%
Gasoline	15.3%	11.9%	-24.5%	-9.6%	-38.3%	-19.1%

Source: Bureau of Census