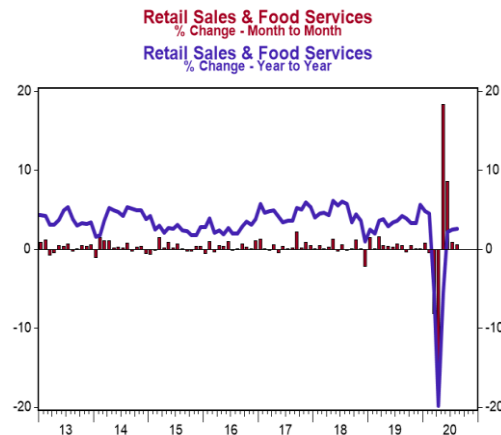


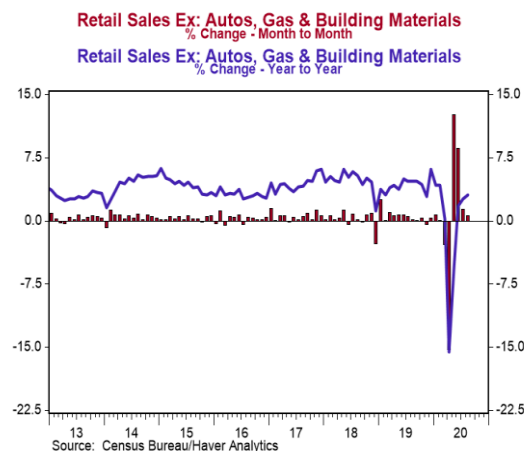
August Retail Sales

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- Retail sales rose 0.6% in August (+0.3% including revisions to prior months). The consensus expected an increase of 1.0%. Retail sales are up 2.6% versus a year ago.
- Sales excluding autos rose 0.7% in August (+0.3% including revisions to prior months). The consensus expected an increase of 1.0%. These sales are up 2.1% in the past year. Excluding gas, sales rose 0.6% in August, and are up 4.1% from a year ago.
- The increase in sales in August was led by restaurants & bars, building materials, and clothing & accessory stores. The largest decline was for grocery stores.
- Sales excluding autos, building materials, and gas rose 0.6% in August. If unchanged in September, these sales will be up at a 54.3% annual rate in Q3 versus the Q2 average.



Source: Census Bureau/Haver Analytics



Source: Census Bureau/Haver Analytics

Implications: Retail sales continued to move higher in August, growing 0.6%, although the gain was less than the consensus expected and there were small net downward revisions to prior months. Some slowdown in the growth rate of spending should be expected as the \$600 weekly unemployment checks from the federal government ran out at the end of July. It’s also 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 August, retail sales are up 2.6% from August 2019. For some more perspective: from February (before the COVID shutdowns started) to the bottom in April, retail sales fell 17.7%. Now, with the increase in August, we are 2.5% higher than the February mark, meaning retail sales have seen a full V-shaped recovery. Nine of thirteen major categories of sales had gains in August, with the leaders continuing to be the sectors that were hit hardest during the shutdown. For example, restaurants & bars fell by 54.1% from February to April and led the way higher in August, up 4.7% from last month and have now recovered 70% of what was lost during the downswing. Other categories that were large contributors this month were sales of building materials, up 2.0% in August, and sales at clothing and accessory stores which rose 2.9%. On the flip side, grocery store sales, which were one of the largest gainers over the first few months of the pandemic as people stocked up, declined 1.6% in August, but remain up 9.0% from a year ago. “Core” sales, which exclude the most volatile categories of autos, building materials, and gas station sales, rose 0.6% in August, and are now up 3.1% from a year ago. While the data are improving (virtually across the board), the second quarter for real GDP showed the steepest drop in real GDP for any quarter since the Great Depression. What matters right now is the path forward, and we have started down that path at a healthy clip. Third quarter real GDP looks set to grow at about a 25% annual rate, or more.

Retail Sales <i>All Data Seasonally Adjusted</i>	Aug-20	Jul-20	Jun-20	3-mo % Ch. Annualized	6-mo % Ch. annualized	Yr to Yr % Change
Retail Sales and Food Services	0.6%	0.9%	8.6%	46.9%	3.9%	2.6%
Ex Autos	0.7%	1.3%	8.4%	49.7%	2.7%	2.1%
Ex Autos and Building Materials	0.0%	1.6%	9.1%	54.7%	1.4%	1.1%
Ex Autos, Building Materials and Gasoline	0.6%	1.4%	8.6%	50.3%	5.0%	3.1%
Autos	0.2%	-1.0%	9.0%	36.9%	8.9%	4.5%
Building Materials	2.0%	-2.4%	1.1%	2.8%	25.1%	15.4%
Gasoline	0.4%	4.4%	15.0%	111.3%	-27.4%	-15.4%

Source: Bureau of Census