

U.S. Flash

Retail Sales Rise Despite the Fall in Gasoline Prices

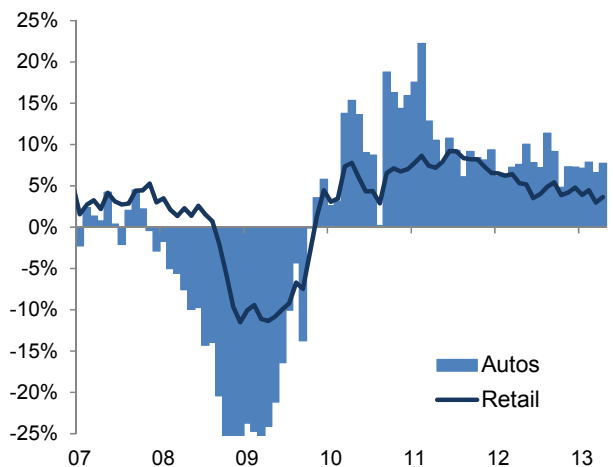
- Retail Sales rose by 0.1% in April despite the call for a negative figure
- Excluding autos and gas, the sales figure was much more positive, up 0.6%
- Consumer activity seems to be carrying over into 2Q13, for now

The retail sales report for April showed a slight rise in consumer spending despite the call for a consensus decline. Headline retail sales rose 0.1%, which is modest considering the 0.5% decline seen in March. The nominal figure was higher than expected given the lower gas prices seen during the month. Sales at gasoline stations declined for the second consecutive month, down 4.7% in April. On the other hand, auto sales unexpectedly rose 1.0% after a dip in March, continuing a volatile string of recent data and conflicting yet again the unit sales report released earlier this month. Excluding autos, retail sales declined 0.3% following a 0.6% drop in March.

When excluding both autos and gas, retail sales increased 0.6% for its quickest pace since last November. This is on the back of strong building materials growth and clothing store sales which grew at 1.5% and 1.2%, respectively. Seasonally, the clothing store sales were expected due to the acclimate weather which has finally pushed consumers to begin purchasing spring and summer apparel. Other industries also benefitted from the renewed spending habits in April, including garden equipment, nonstore retailers, general merchandise and food services. This purports a slightly seasonal push toward the summer months where consumers are more likely to dine out and spend on home furnishes due to the more comfortable climate. Some of the sectors that did not do as well seemed to be outliers as both are unexpected declines. Food and drink stores declined by 0.8% as both grocery stores and alcohol stores brought down the overall the figure.

In general, this report points toward some resurgence in consumer spending as the spring and summer season draws customers out. The growth in the auto sector and the growing demand for building materials are expected to drive future spending along with a broader set of consumer products. Still, we expect that spending may be a bit subdued during the second quarter but then accelerate again as we approach 3Q13 and beyond.

Chart 1
Retail and Auto Sales
YoY % Change



Source: US Census Bureau & BBVA Research

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