

U.S. Flash

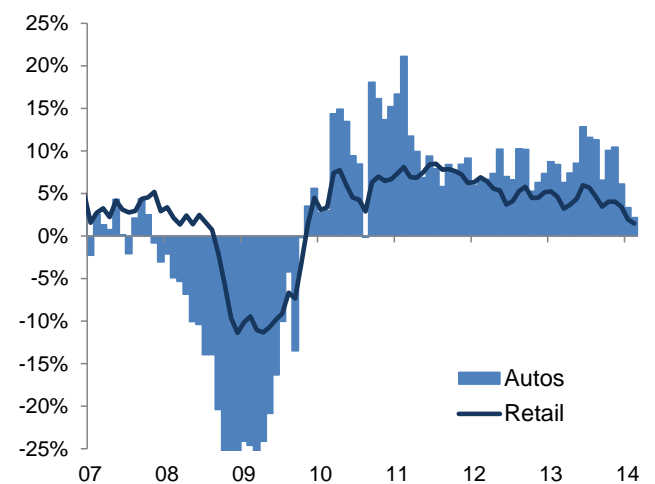
Retail Sales Rise in February Behind Nonstore Component

- **Total retail sales increased 0.3% at both the headline and ex-auto level in February**
- **Discounts on trucks in February likely contributed to boost in autos**
- **YoY growth continues to trend downward at a modest 1.5% in February**

Retail sales increased 0.3% MoM in February, the first rise since November, at both the headline and ex-auto levels. The increase was led by a large jump in nonstore retailers, which saw an impressive 1.3% MoM increase. Though it may seem that consumers made purchases online rather than traditional stores, the jump in non retailers was attributed exclusively to fuel dealers, including those in heating oil and liquefied petroleum gas, as consumers continued to crank up their heaters; meanwhile, electronic shopping actually declined 1.7% MoM. Surprisingly, auto sales were up 0.3%, after dropping 2.3% in January. The jump in sales is likely attributed to a large discount in pickup truck sales in February, as GM announced its intent to significantly drop the prices of its trucks to boost demand. Discounts on the Silverado were up \$500 MoM, from about \$3,700 in January to \$4,200 in February. Sales in health and personal care stores increased by 1.2% MoM in February, in correlation with the freezing temperature which likely had people catching colds. Meanwhile, clothing and accessory store sales jumped 0.4%, unphased by the cold. Sales on furniture and home furnishing remained mostly unchanged in February, which may foreshadow the housing data released next week.

Looking at the bigger picture, retail sales consumption is now only up 1.5% YoY and has been steadily trending downward after reaching a peak of 6.0% last June. Although the MoM increase is positive, the downward trend in YoY should warrant a closer look, as retail sales provides us with a pulse on consumer spending. Although we do not think it is dangerously low, we would like to retail sales up near 3-4% YoY for us to be confident that consumption is increasing at a healthy rate.

Chart 1
Retail and Auto Sales
YoY % Change



Source: US Census Bureau & BBVA Research

Michael Soni
michael.soni@bbvacompass.com
+1 713 831 7348

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