



Retail Sales Grow Again (July) but Slower

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Retail Sales rose 1.2% MoM in July (DE 2.9%; Consensus 2.1%) after increasing 8.4% in June, based on the advanced release. In year-over-year terms Retail Sales grew 2.7% after being up 2.1%. **Ex-Auto, the indicator improved 1.9% MoM (DE 1.6%; Consensus 1.3%) compared with a prior 8.3% rebound.** Removing both Auto and Gas, Retail Sales increased 1.5% MoM following a 7.7% gain.

Data Details – Sporting Goods, Hobby, Music and Book Store Sales Fall the Most

- **Sales at Motor Vehicle and Parts Dealers contracted 1.2% MoM** after increasing 9.1%. Furniture and Home Furnishing-related Sales were unchanged following a 37.4% MoM rebound.
- **Sales for Electronics and Appliance Stores rose the most, posting a 22.9% MoM gain** after the 37.6% rise in June. In year-over-year terms, this category was down just 2.8%.
- **Food Services and Drinking Places experienced just a 5% MoM increase after a 26.7% rise.** The Pandemic hit these businesses especially hard, as Sales are still down 18.9% YoY.
- **Clothing-related sales rose a mere 5.7% MoM,** compared with the 98.8% rally in June, and were down 20.9% YoY. **Sporting Goods, Hobby, Music and Book Stores faced a 5% MoM reduction** following a 27.6% rise. Health and Personal Care Sales growth slowed to 3.6% MoM from 6.9%.

Perspectives – Retail Recovery Slows Amid Uncertainty

Retail Sales rebounded with force in May and June, returning to the normal level from before the Pandemic shock. Growth in Sales then lost speed in July.

This slowdown was partly due to **waning pent-up demand**, but it can also be attributed to the **widespread economic uncertainty**. The Pandemic resurgence surely brought worries about the labor market, and the expiration of social benefits compounded the uncertainty.

Looking ahead, growth in Retail Sales will still strongly depend on managing the Pandemic.