

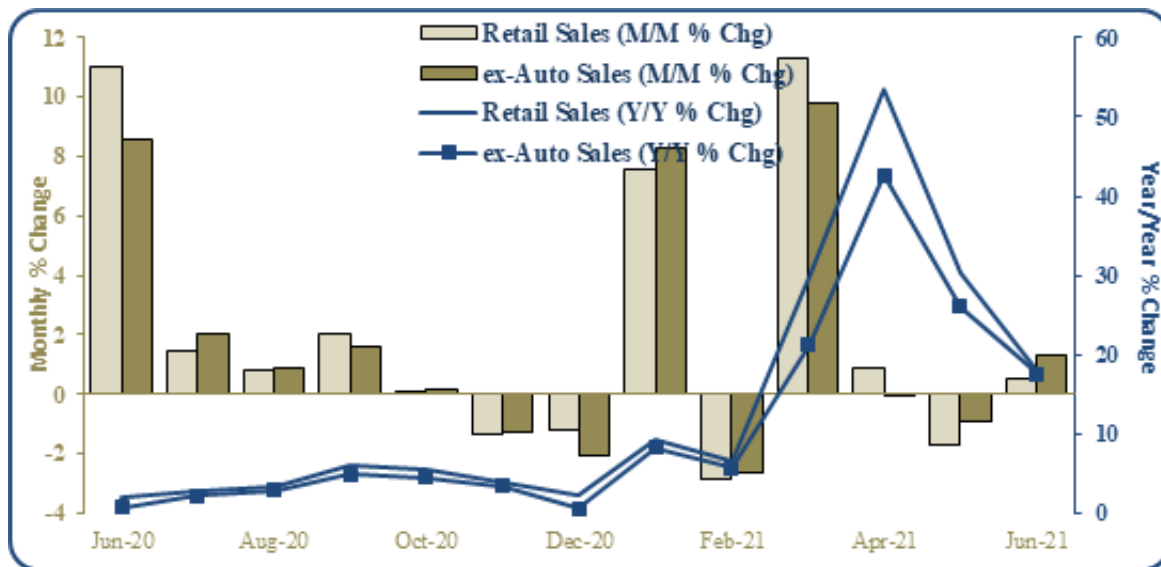
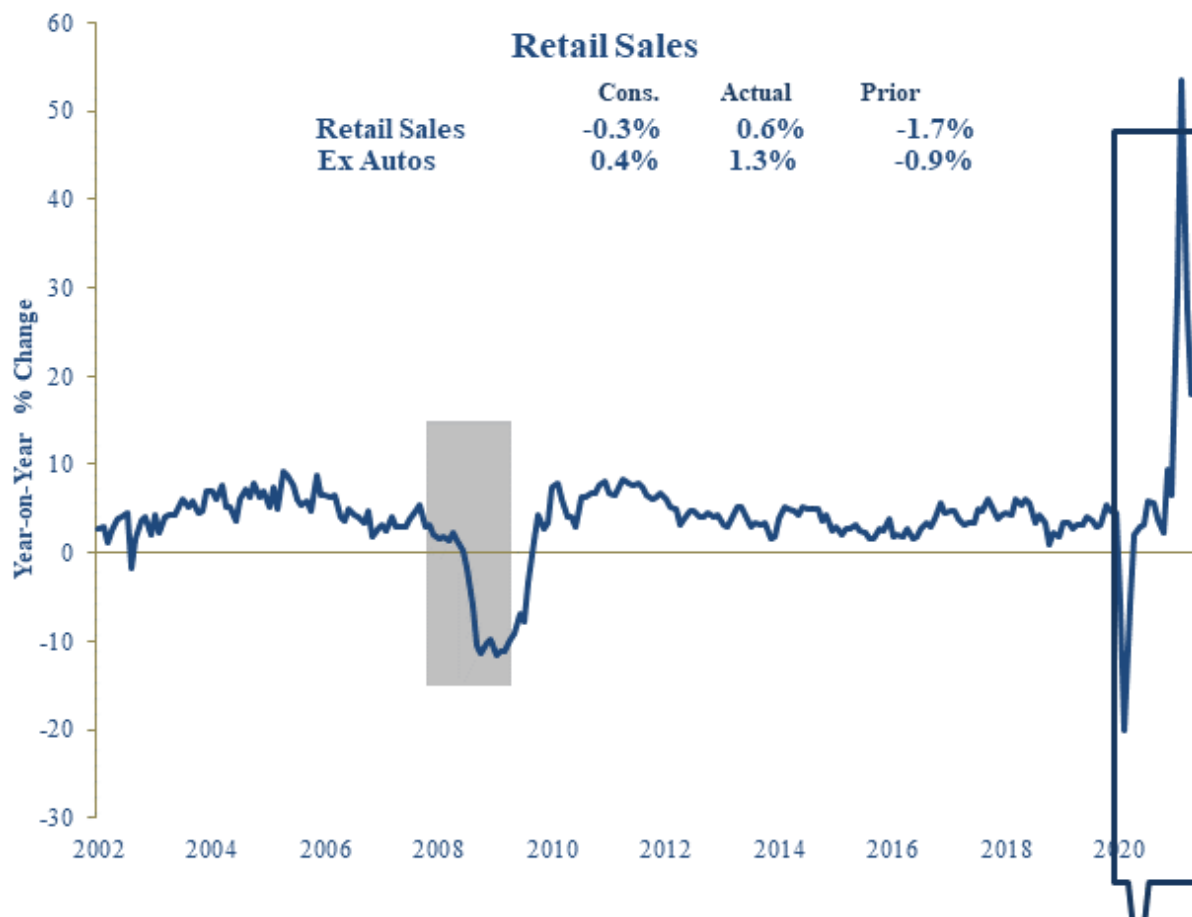
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16.Jul.2021

correction -- apologies, few sentences in our Bottom Line didn't get pasted in correctly, please find the correct write-up below.

Retail Sales: Modest Rebound, Trend Decelerating

Bottom Line: Retail sales rose more than expected in June, better than expected, even adjusted for negative revisions to May data. Online retailers, the largest core component, rebounded but also saw the largest negative revisions to May data. Eating and drinking places (restaurants and bars) saw continued but modest gains amid more reopenings. But the trend is decelerating in the sector, somewhat surprisingly earlier than expected (potentially due to the increase in Covid infections). One of the hardest hit in 2020, clothing stores also saw modestly stronger sales for the second month in a row. There are signs of substitution away from goods towards services as reopenings continued. Slower building and garden store sales, for instance, suggest people are spending less on their homes after a year of massive home-focused spending. Moreover, we should note that retail sales don't capture spending on many services like air travel and hotels. Overall, the trend in retail sales is decelerating, somewhat slower than the expectations for the "reopening", particularly in the restaurant sector. Finally, sales in the auto and parts sector (the largest segment at \$132B) slowed for the second month in a row, potentially supporting the notion that the sharp increase in used car prices may still prove transitory.



Retail Sales ROSE by 0.6% in June, compared with the market consensus for a decrease of 0.3%. The May estimate was revised lower from -1.35% to -1.72%. Retail sales are now 18.0% ABOVE their year-ago level; just a year ago, the year over year growth rate was 2.1%. Spending at motor vehicle dealers fell by 2.0%.

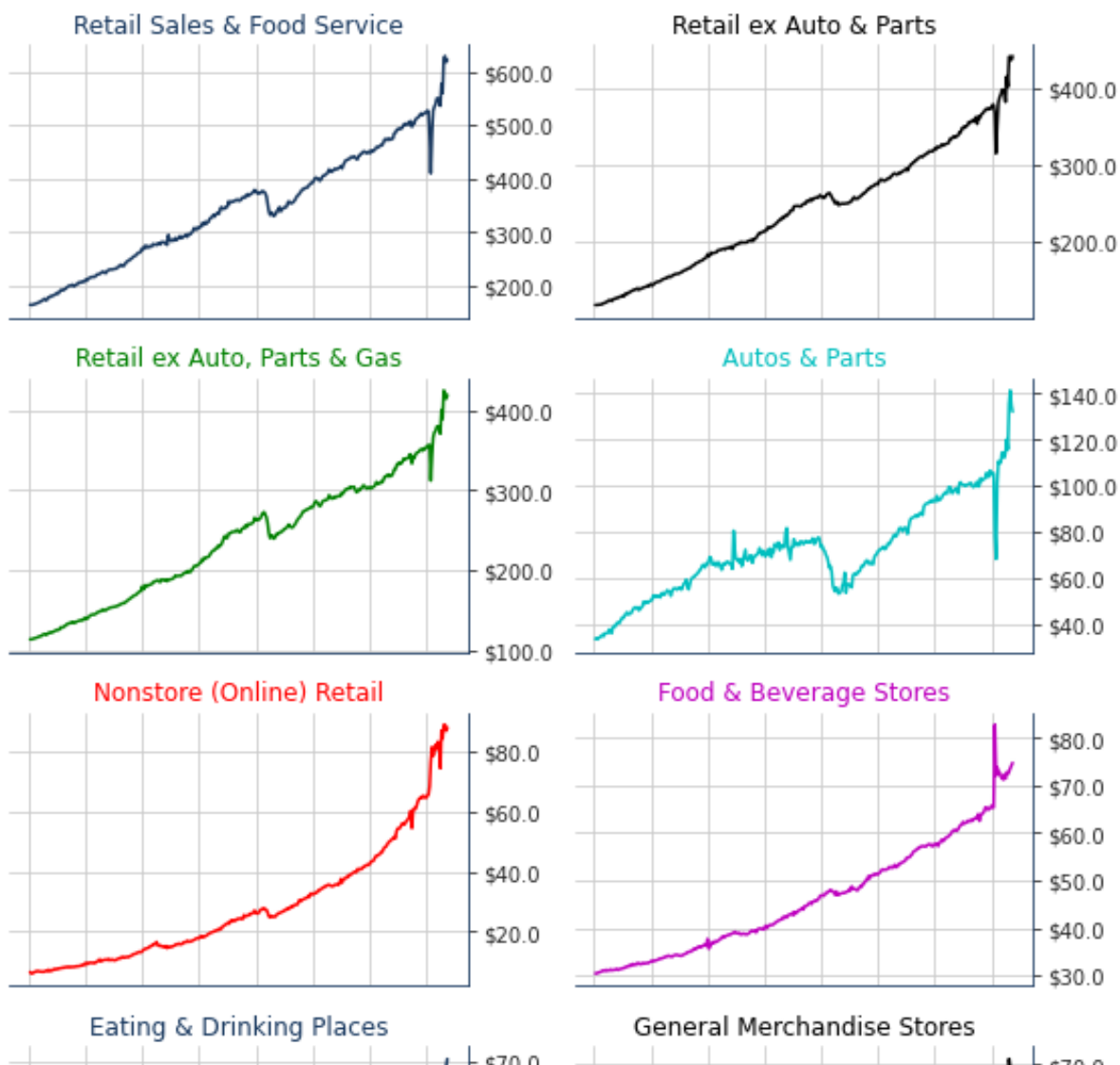
Core Retail Sales ROSE by 1.3%, compared with the market consensus for an

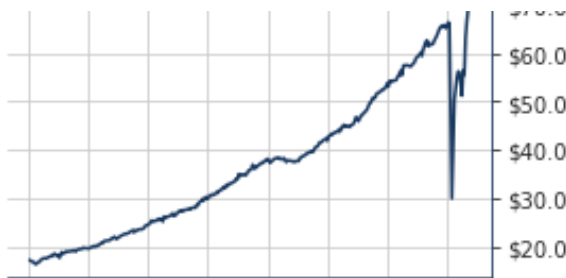
increase 0.4%. The May estimate was revised lower from -0.66% to -0.88%. Core retail sales are now 17.6% ABOVE their year ago level; just a year ago, the year over year growth rate was 0.8%.

In June, gains at general merchandise stores (+1.9%), gasoline stations, primarily due to high gasoline prices (+2.5%), nonstore retailers (+1.2%), clothing stores (+2.6%). were partially offset by declines in building materials (-1.6%), furniture & home furnishing (-3.6%), and sporting goods, hobbies, etc. (-1.7%),

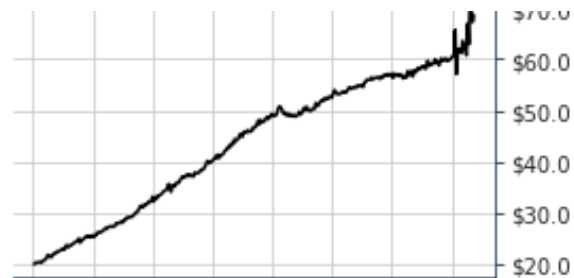
Core Retail Sales ex Gasoline ROSE by 1.15% and are now 15.8% ABOVE their year ago level; just a year ago, the year over year growth rate was a moderate 3.1% .

Retail Sales (billions of USD per month)





Gas Stations



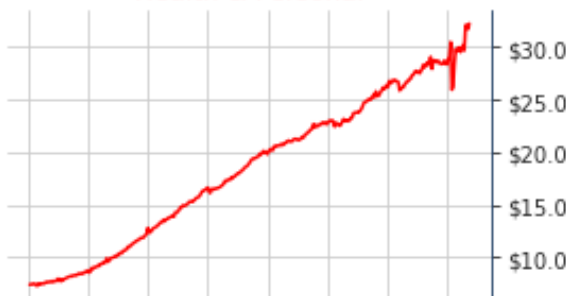
Building & Garden Supply



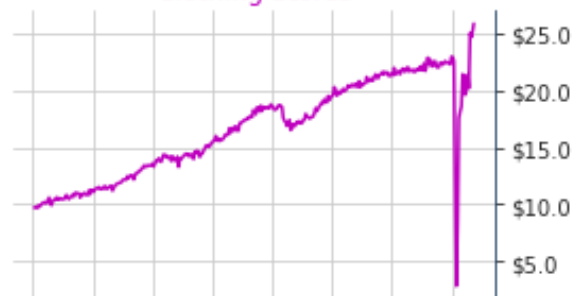
Health & Personal



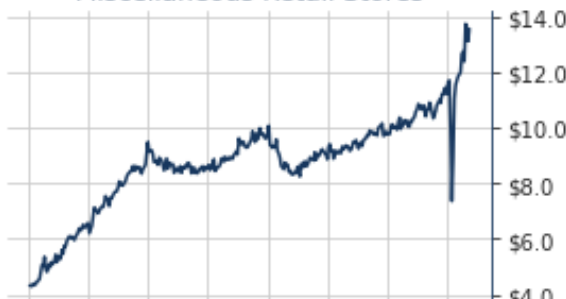
Clothing Stores



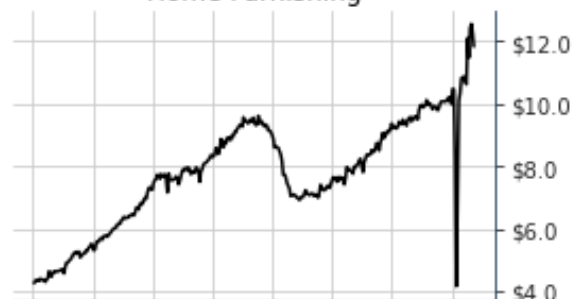
Miscellaneous Retail Stores



Home Furnishing



Sports, Hobby & Book Stores



Electronics & Appliance Stores

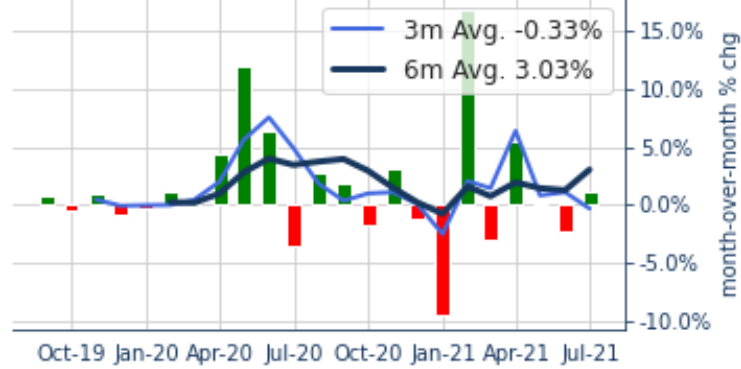
1992 1996 2000 2004 2008 2012 2016 2020

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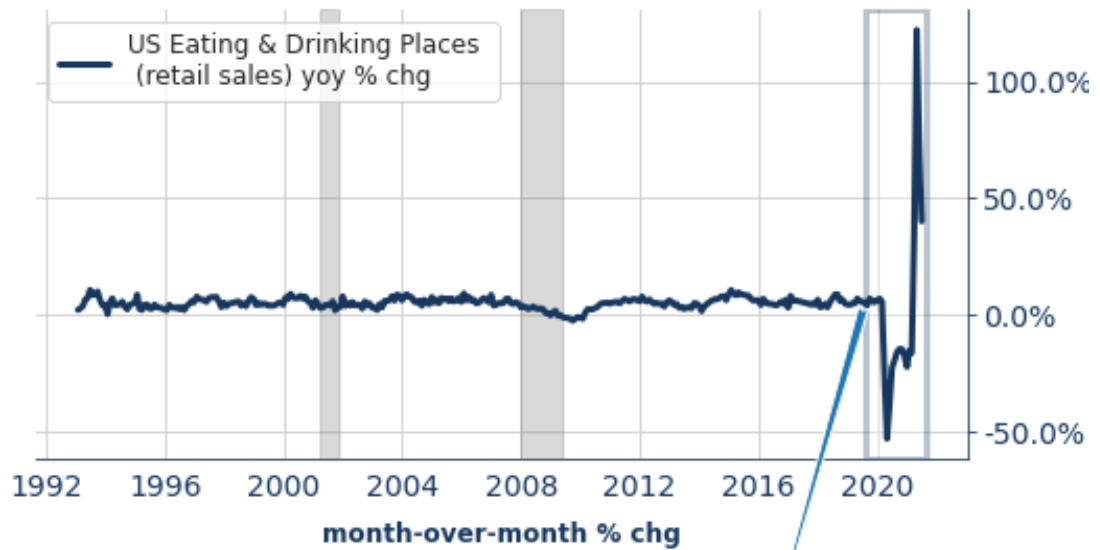
US Nonstore (Online) Retail



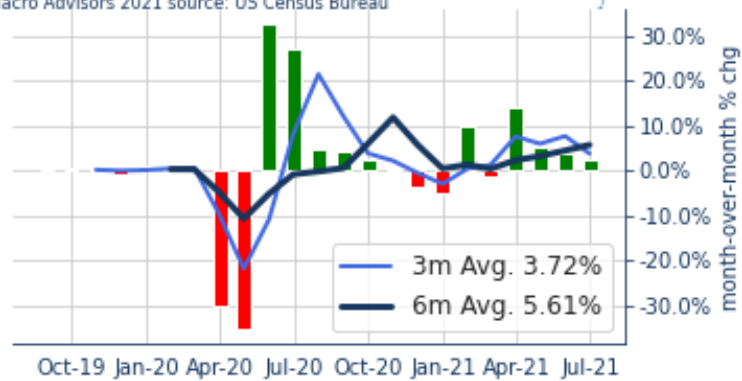
Contingent Macro Advisors 2021 source: US Census Bureau



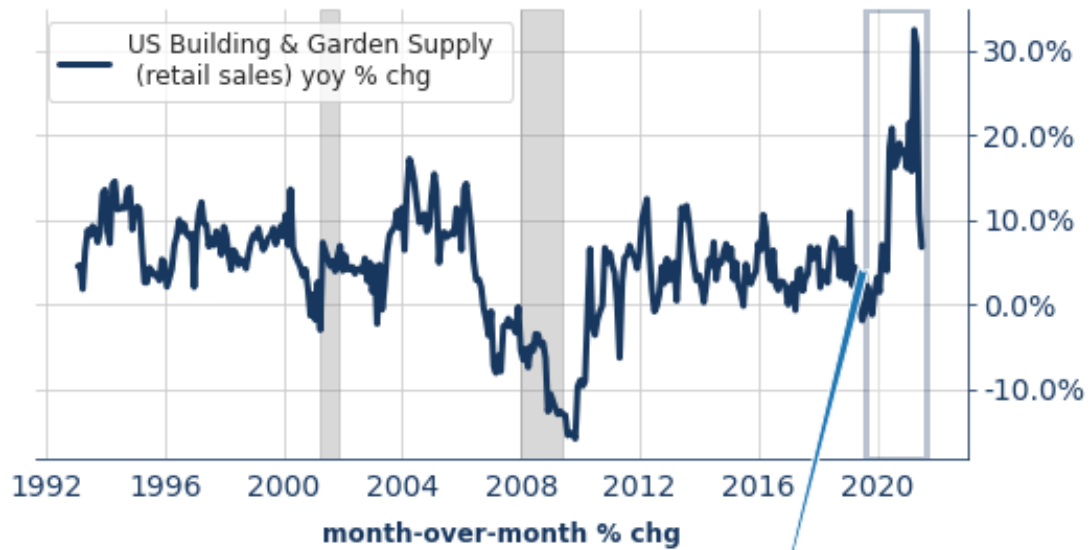
US Eating & Drinking Places (retail sales)



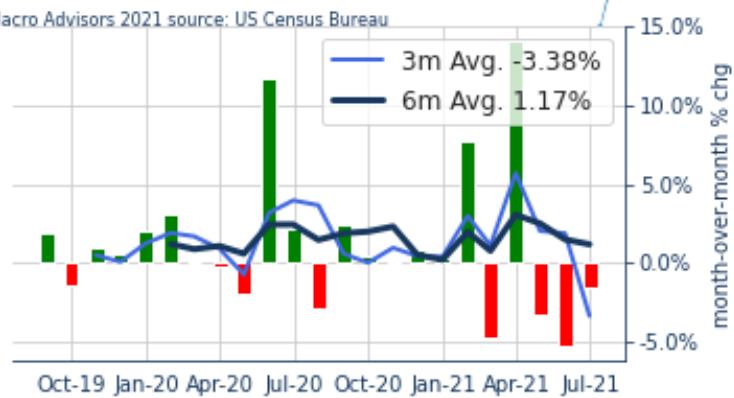
Contingent Macro Advisors 2021 source: US Census Bureau



US Building & Garden Supply (retail sales)



Contingent Macro Advisors 2021 source: US Census Bureau



US Clothing Stores (retail sales)



US Retail Sales	Jun-21	May-21	Apr-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
Retail Sales & Food Service (\$621B seas. adj. monthly sales)	0.55%	-1.72%	0.90%	-1.14%	34.39%	17.98%	2.31%	5.49%	6.55%
Retail ex Auto & Parts (\$442B)	1.15%	-1.00%	0.07%	0.83%	33.67%	15.82%	2.00%	5.96%	6.86%
Retail ex Auto, Parts & Gas (\$419B)	1.10%	-1.61%	-0.84%	-5.33%	27.80%	14.46%	4.84%	6.07%	6.74%
Autos & Parts (\$132B)	-2.05%	-4.60%	4.40%	-9.43%	33.27%	19.49%	9.18%	3.00%	6.57%
Nonstore (Online)	1.18%	-2.28%	0.10%	-4.05%	39.53%	11.99%	15.37%	18.50%	16.96%

Retail (\$88B)									
Food & Beverage Stores (\$75B)	0.64%	1.02%	0.74%	10.02%	9.56%	3.02%	8.69%	4.28%	5.19%
Eating & Drinking Places (\$71B)	2.33%	3.71%	5.11%	54.88%	89.99%	40.23%	-22.21%	6.50%	5.45%
General Merchandise Stores (\$69B)	1.92%	-3.12%	-2.43%	-13.84%	27.26%	10.51%	0.86%	1.69%	4.29%
Gas Stations (\$47B)	2.51%	0.24%	-1.39%	5.41%	44.93%	37.14%	-11.33%	7.64%	3.89%
Building & Garden Supply (\$39B)	-1.62%	-5.25%	-3.26%	-33.87%	11.59%	6.76%	16.11%	3.17%	7.84%
Health & Personal (\$32B)	1.61%	-1.18%	0.10%	2.07%	16.08%	13.80%	5.54%	1.49%	4.64%
Clothing Stores (\$26B)	2.58%	2.17%	-1.41%	14.00%	65.42%	47.11%	-12.41%	4.14%	3.55%
Miscellaneous Retail Stores (\$14B)	3.38%	-3.55%	-1.00%	-5.02%	14.77%	22.76%	12.99%	6.18%	6.79%
Home Furnishing (\$12B)	-3.59%	-2.25%	1.10%	-17.59%	24.02%	17.06%	6.32%	1.07%	5.44%
Sports, Hobby & Book Stores (\$9B)	-1.73%	-1.66%	-1.83%	-19.01%	48.27%	10.16%	15.44%	4.75%	6.63%
Electronics & Appliance Stores (\$8B)	3.27%	-5.52%	1.28%	-4.62%	62.94%	37.26%	-13.89%	-1.08%	1.69%

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.

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