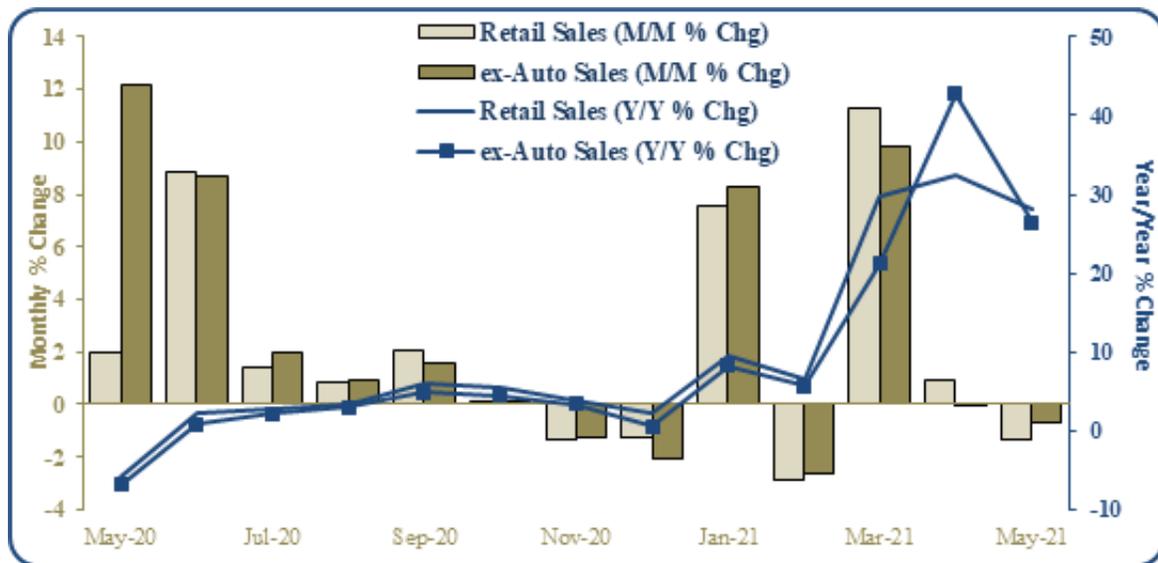
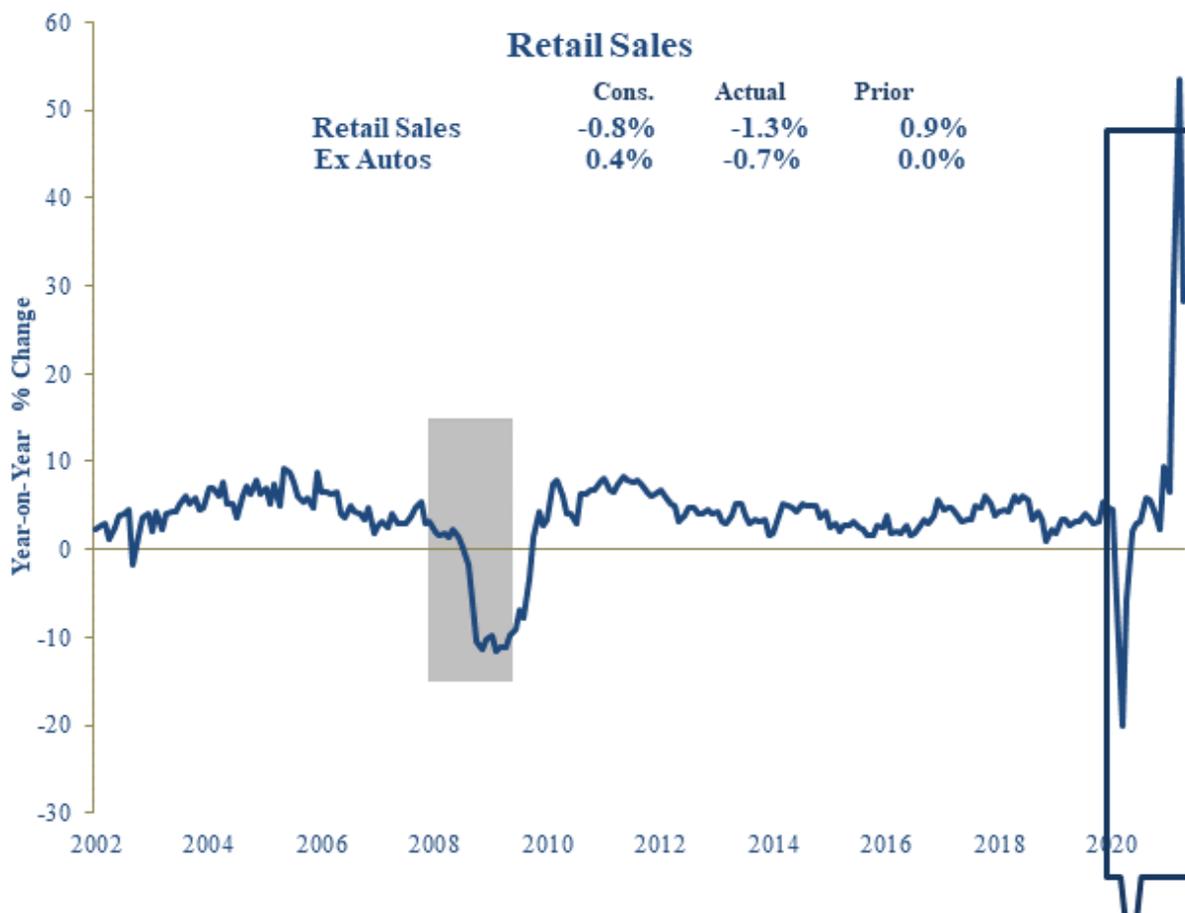


15.Jun.2021

Retail Sales: Another Miss, Hints of Substitution

Bottom Line: Retail sales missed expectations for the second month in a row in May as auto sales fell. On the plus side, the prior two months were revised higher. Core sales in May were led lower by declines in purchases at building and garden supply stores and general merchandise stores. Online retailers, the largest core component, slowed by 0.8%. Eating and drinking places (restaurants and bars) saw a modest 1.8% gain amid more reopenings. Clothing stores, one of the hardest hit in 2020, also saw modestly stronger sales. Overall, the retail sales were slightly better than the headline miss suggested. That said, 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.



Retail Sales FELL by 1.3% in May, compared with the market consensus for a decrease of 0.8%. The April estimate was revised from 0.02% to 0.89%. Retail sales are now 28.1% ABOVE their year-ago level; just a year ago, the year-over-year growth rate was 5.8%. Spending at motor vehicle dealers fell by 3.7%.

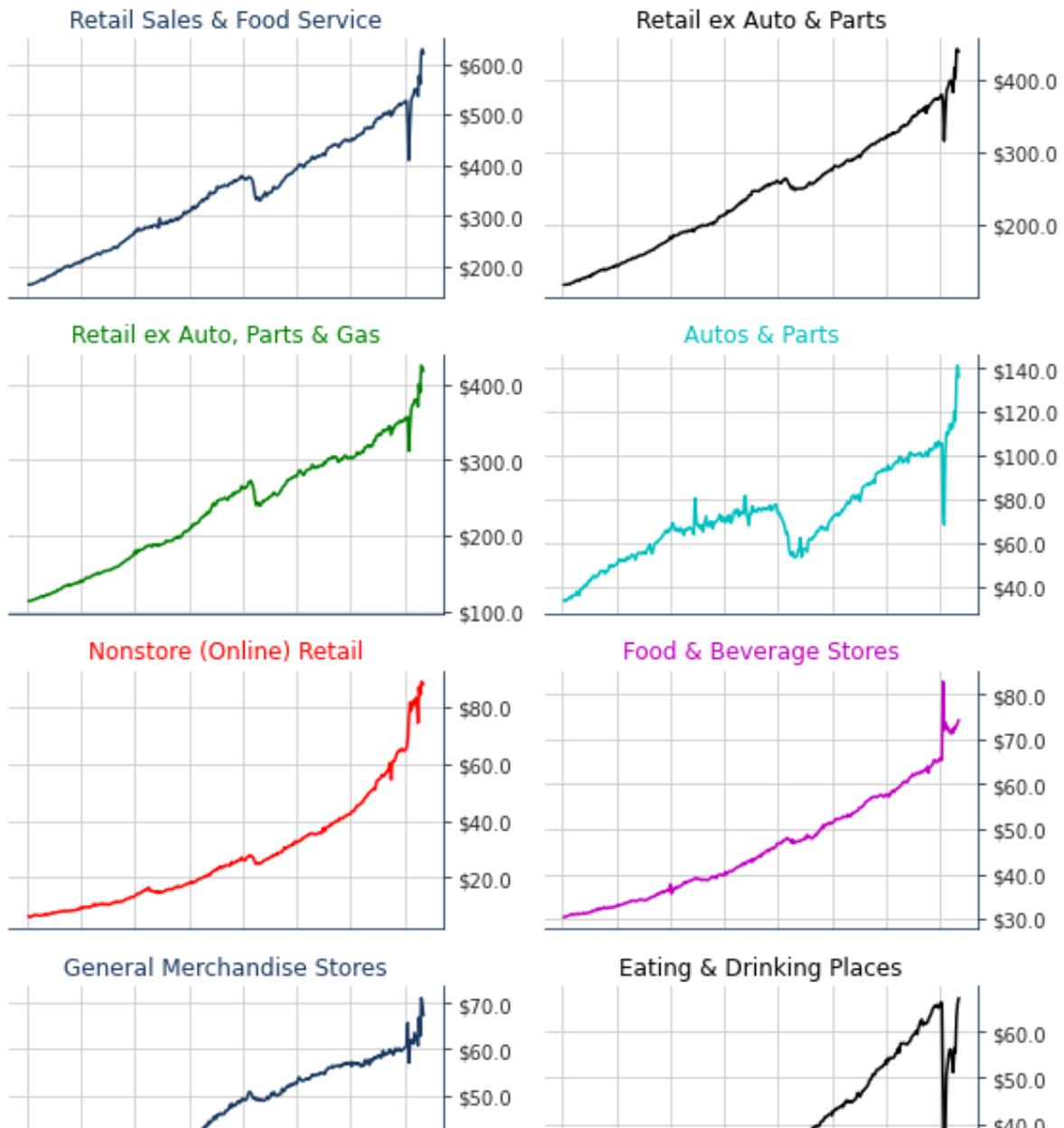
Core Retail Sales FELL by -0.7%, compared with the market consensus for an increase 0.4%. The April estimate was revised from -0.79% to -0.05%. Core retail sales are now

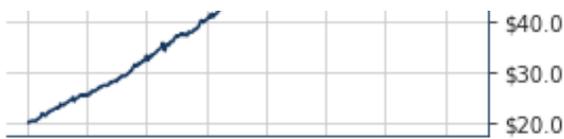
26.4% ABOVE their year-ago level; just a year ago, the year-over-year growth rate was 6.8%.

In May, gains at grocery stores (+1.0%), clothing stores (+3.0%), health and personal care (+1.8%), gasoline stations, primarily due to high gasoline prices (+0.7%). were more than offset by declines in building materials (-5.9%), general merchandise stores (-3.3%), nonstore retailers (-0.8%), miscellaneous retailers (-5.0%).

Core Retail Sales ex Gasoline FELL by 0.81% and are now 23.8% ABOVE their year-ago level; just a year ago, the year over year growth rate was a moderate 3.9%.

Retail Sales (billions of USD per month)

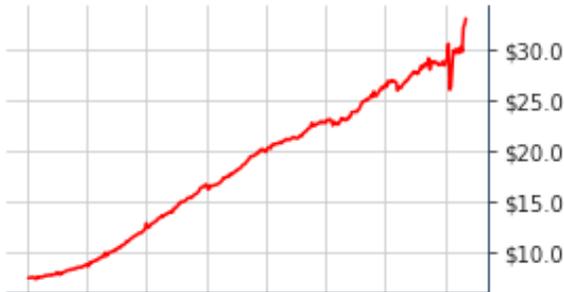




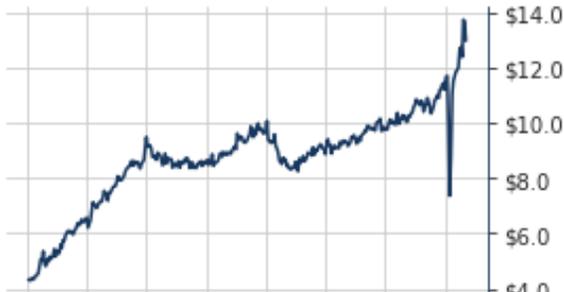
Gas Stations



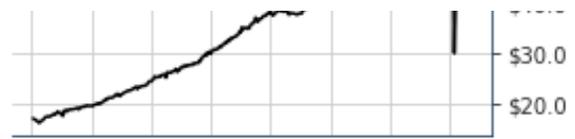
Health & Personal



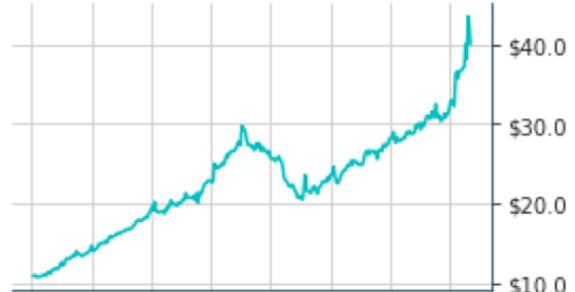
Miscellaneous Retail Stores



Sports, Hobby & Book Stores



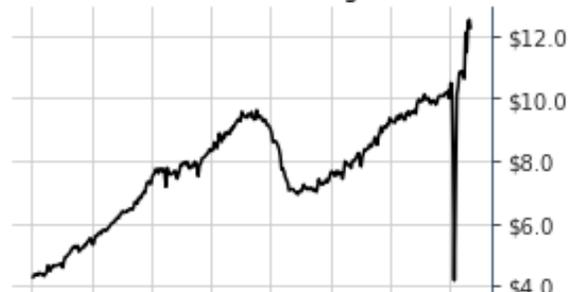
Building & Garden Supply



Clothing Stores



Home Furnishing



Electronics & Appliance Stores



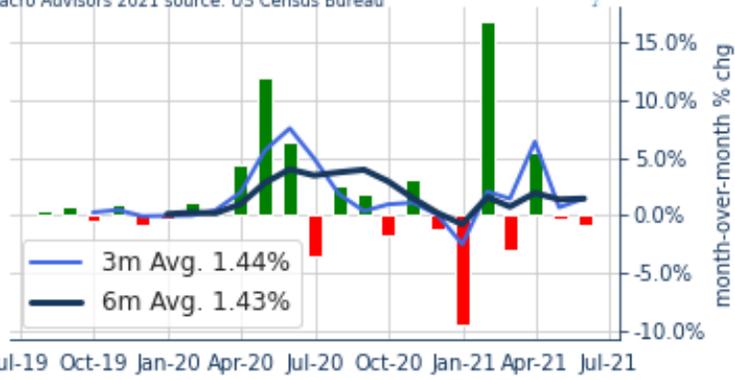
1992 1996 2000 2004 2008 2012 2016 2020

1992 1996 2000 2004 2008 2012 2016 2020

US Nonstore (Online) Retail



Contingent Macro Advisors 2021 source: US Census Bureau



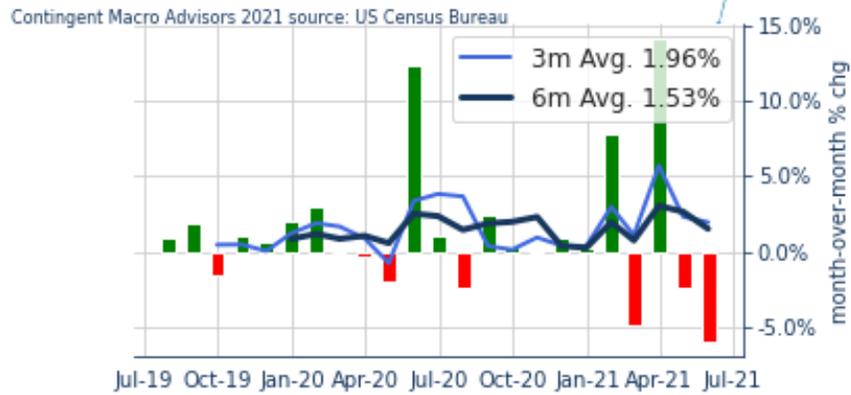
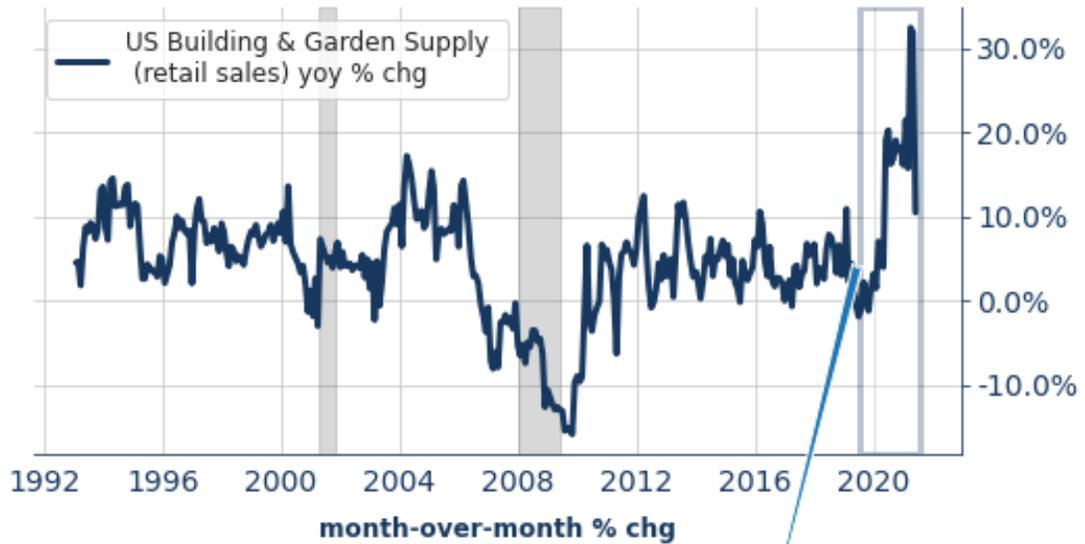
US Eating & Drinking Places (retail sales)



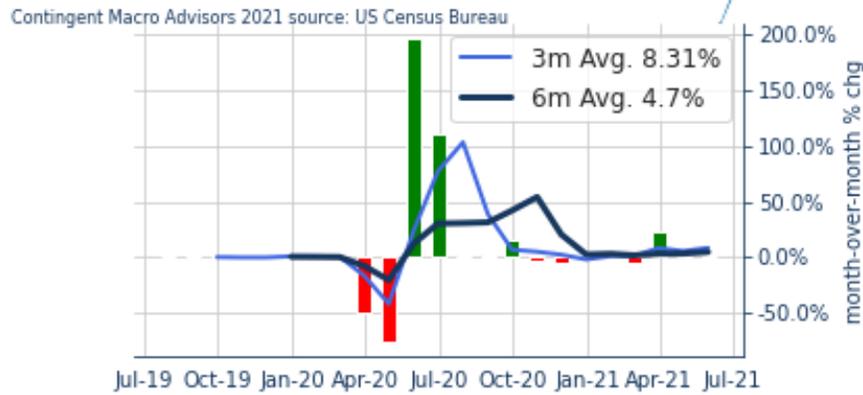
Contingent Macro Advisors 2021 source: US Census Bureau



US Building & Garden Supply (retail sales)



US Clothing Stores (retail sales)



US Retail Sales	May-21	Apr-21	Mar-21	3m ann % chg	6m ann % chg	YoY % chg	2020	2019	5y
Retail Sales & Food Service (\$620B seas. adj. monthly sales)	-1.35%	0.89%	11.28%	50.49%	30.66%	28.15%	2.31%	5.49%	6.50%
Retail ex Auto & Parts (\$438B)	-0.81%	0.06%	9.75%	40.83%	23.61%	23.84%	2.00%	5.96%	6.61%
Retail ex Auto, Parts & Gas (\$417B)	-1.05%	-0.73%	9.19%	32.38%	22.68%	21.32%	4.84%	6.07%	6.63%
Autos & Parts (\$136B)	-3.71%	4.28%	17.01%	90.51%	46.87%	34.83%	9.18%	3.00%	7.35%
Nonstore (Online)	-0.79%	-0.30%	5.41%	18.20%	14.19%	7.89%	15.37%	18.50%	16.94%

Retail (\$88B)									
Food & Beverage Stores (\$74B)	1.00%	0.74%	0.85%	10.84%	5.70%	0.70%	8.69%	4.28%	5.02%
General Merchandise Stores (\$67B)	-3.25%	-2.19%	13.12%	31.30%	18.44%	10.26%	0.86%	1.69%	3.86%
Eating & Drinking Places (\$67B)	1.80%	4.50%	13.94%	115.80%	55.64%	70.58%	-22.21%	6.50%	4.27%
Gas Stations (\$46B)	0.73%	-1.09%	10.07%	44.64%	61.02%	56.99%	-11.33%	7.64%	3.49%
Building & Garden Supply (\$40B)	-5.90%	-2.35%	14.12%	20.91%	16.47%	10.47%	16.11%	3.17%	8.37%
Health & Personal (\$33B)	1.77%	1.01%	8.05%	52.21%	24.55%	25.63%	5.54%	1.49%	5.20%
Clothing Stores (\$25B)	2.96%	-1.96%	23.94%	144.99%	65.77%	200.31%	-12.41%	4.14%	3.00%
Miscellaneous Retail Stores (\$13B)	-4.98%	-0.61%	10.91%	20.33%	16.69%	47.26%	12.99%	6.18%	5.63%
Home Furnishing (\$12B)	-2.13%	0.75%	8.22%	29.68%	30.76%	66.57%	6.32%	1.07%	6.33%
Sports, Hobby & Book Stores (\$10B)	-0.79%	-2.30%	23.67%	106.50%	48.96%	44.10%	15.44%	4.75%	7.21%
Electronics & Appliance Stores (\$8B)	-3.42%	1.45%	17.63%	76.51%	42.25%	91.27%	-13.89%	-1.08%	1.50%

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.