

From: **HFE Notes** <notes@hifregecon.com>
Subject: HFE Snapshot: Retail Sales
Date: April 18, 2018 at 8:42:41 AM EST

Retail sales were +1.6% m/m in March, well above the +1.0% consensus; we had +1.4%. Revisions were minimal. February is now -0.2%, instead of -0.2%. January is +0.8%, instead of +0.7%.

The key control series – ex autos, gas, building materials & food services – was +1.0% m/m in March, above the +0.4% consensus; we had +0.9%. February is now -0.3% m/m (was -0.2%) January is +1.7% (as before). Control was -2.2% in December and +0.8% in November.

The control part feeds directly into GDP calculations, specifically for non-auto goods; the more reliable units data are used for auto consumption. The food services part is also used – in services consumption. It was +0.8% m/m in March, after +0.3% (was +0.1%). Building materials were +0.3% m/m, after -4.3% (was -4.4%).

In short, spending surged, consistent with some catch-up after exaggerated weakness. The net result is still a weak pace in Q1 as a whole, but with positive momentum as the quarter ended. We estimate total real spending rose at about a 1.2% annual rate in Q1, down from 2.5% in Q4. Even that will likely lead to further upward revisions to tracking estimates for Q1 GDP growth – the current 2.4% GDPNow estimate includes a 0.8% pace for consumption and consumption accounts for two-thirds of GDP.

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HFE Snapshot On The U.S. Economy



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