

# ECONOMIC NEWS

## United States: Rebound in Retail Sales excluding Motor Vehicles

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### HIGHLIGHTS

- ▶ Retail sales were up 0.6% in June after dropping 1.7% in May, increasing 0.9% in April and surging 11.3% in March.
- ▶ Motor vehicle sales pulled back 2.0% in June after dropping 4.6% in May. The value of service station sales rose 2.5%. Excluding motor vehicles and gas, sales grew 1.1% in June following a 1.0% decrease in May.
- ▶ Besides gas, the main increases stemmed from department stores (+5.9%), the “miscellaneous” category (3.4%), electronics stores (+3.3%) and clothing stores (+2.6%).
- ▶ Sales were down in furniture stores (-3.6%), leisure goods stores (-1.7%) and renovation centres (-1.6%).

### COMMENTS

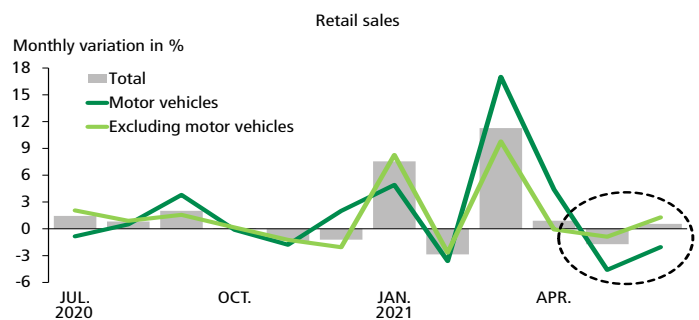
While close to our own forecasts, retail sales were stronger than what was predicted by the consensus. Many of the retail categories that saw a significant retreat after the jump caused by the US\$1,400 per person in federal assistance in March recovered and were back on track for growth in June. Growth remains strong for the categories benefiting from the easing of public health measures, such as food services (+2.3% in June). Sales in this sector have now surpassed their pre-pandemic peak by 6.4%. A less-positive factor is the new downturn in the automobile sector, which halved the monthly growth of total retail sales in June. This sector is still plagued by a shortage of electronic parts that is restricting vehicle supply.

### IMPLICATIONS

After May’s pullback, the increase in sales excluding motor vehicles is good news, consolidating growth forecasts for the second quarter. The outlook for the third quarter is still good, boosted by the tax break for families that will have a positive impact on U.S. households’ disposable income as of July and accumulated savings that remain significant.

### GRAPH 1

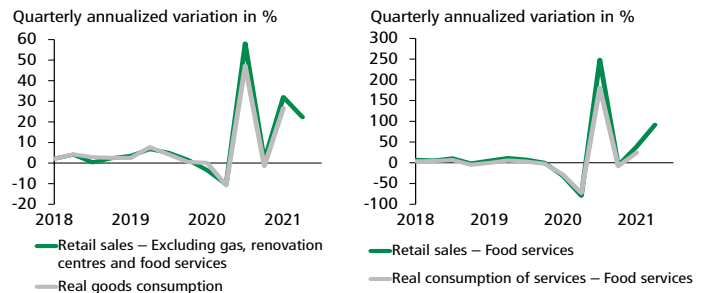
The automobile sector has been dragging retail sales down for two months



Sources: U.S. Census Bureau and Desjardins, Economic Studies

### GRAPH 2

Retail sales suggest strong consumer growth in the second quarter



Sources: U.S. Census Bureau, Bureau of Economic Analysis and Desjardins, Economic Studies