

Economic Analysis

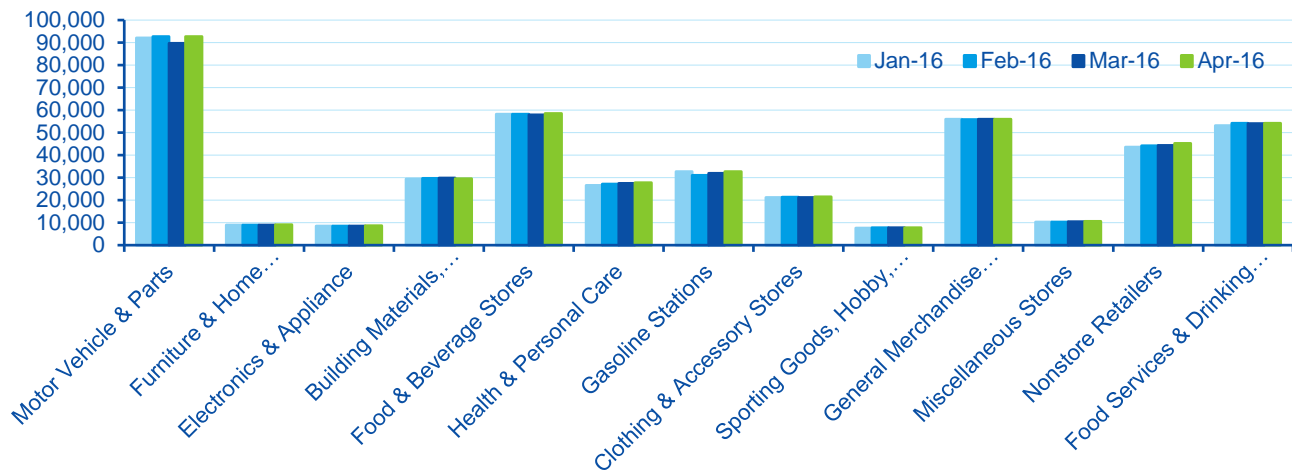
Retail sales increase across the board in April

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- Retail sales increased 1.4% MoM, while core (ex-auto, ex-gas) sales rose 0.6% MoM
- Almost all categories of retail outlets posted gains, led by a 3.5% MoM gain in autos
- Improved consumer sentiment and solid job gains will support retail sales going forward

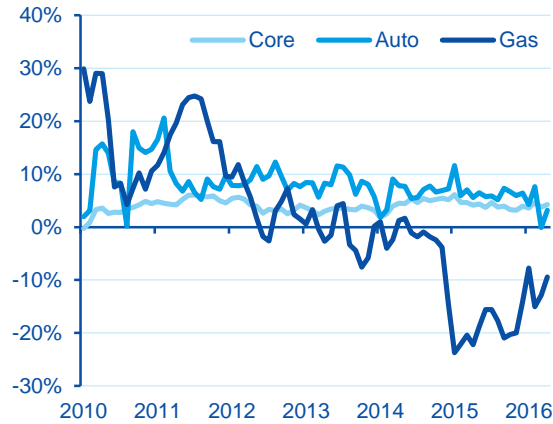
The April retail sales report hints at a recovering consumer demand in the second quarter after a disappointing start to the year. Total retail sales for the month increased 1.4%, following a decline of 0.3% MoM in March. The gain was stronger than the 0.9% MoM consensus estimate. While sales increased across the board (Chart 1), the headline figure was particularly buoyed by a 3.5% MoM increase in automobile and other motor vehicle dealer sales, offsetting the 3.4% MoM decline in this category in March, as well as by a 2.2% increase in gas station sales, a result of higher gas prices. Nonstore retailers also had a strong month, with sales up 2.1% MoM. The only two categories that posted monthly declines were building materials, garden equipment and supplies dealers (-1.0%) – although they still stand strong at 8.2% YoY – and department stores (-0.3%), whose continuing weakness likely reflects the trend of consumers moving away from these outlets to online retailers. On a YoY basis, retail sales and food services were up 3.0%, compared to 1.7% in March. Core sales fared even better, up 4.3% compared to 3.8% in March (Chart 2). The ongoing gains in consumer sentiment (Chart 3), likely a result of the favorable labor market trends (employment and wage growth), should be reflected in further retail sales improvements in the months to come.

Chart 1
Retail sales by main categories
\$ Millions SA



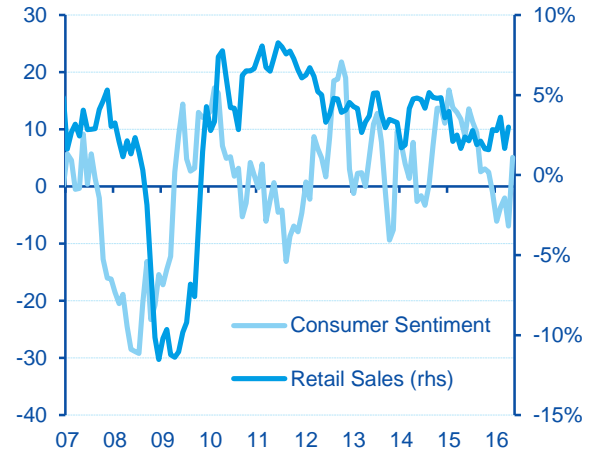
Source: US Census Bureau & BBVA Research

Chart 2
Core, auto and gas sales
 YoY % change



Source: US Census Bureau & BBVA Research

Chart 3
Retail sales and consumer sentiment
 YoY point difference and YoY % change



Source: US Census Bureau & BBVA Research

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