

### Retail Sales Disappointed in April

Retail sales fell 0.4 percent in April after a downwardly-revised fall in March. The core series, which excludes gasoline stations, building materials and auto dealers declined for the second straight month. Clearly the consumer will not be roaring back in the near-term. Severe weakness remains in the labor market, keeping pressure on income.

#### Sales Dropped Again in April

- Sales dropped for the second straight month, with fairly broad based weakness across categories. Gains were seen in a few sectors but were minor at best. Big drops materialized in electronics and gasoline stations. Electronics, which have been the darling of several holiday seasons in recent years, have fallen off a cliff in the last two months. Electronics & appliances were off 10.4 percent over the past two months.

#### The Consumer Will Continue to Struggle

- Core retail sales were down for the second straight month, but managed to hang-on to a small positive over the past three months. With job losses likely to continue through this year and the unemployment rate rising into 2010, pressures remain on consumers across the country and on retailers as a result. We are not looking for a strong rebound in consumer spending over the next year or more.

