

Retail Sales Disappointed in March

Sales dropped 1.1 percent at the nation's retailers in March, after rising two consecutive months (on a revised basis) to begin the year. Declines during the month were fairly broad based and the core series—ex-gas, building materials and auto dealers—was off 0.9 percent. The largest declines are probably behind us, but consumption will struggle.

Sales Dropped for the First Time in 2009

- Total sales dropped 1.1 percent on the month. After excluding the automotive dealers and gasoline stations sales fell 0.8 percent in March, and are off 3.0 percent over the past year.
- No individual sector has seen the kind of deterioration that automotive dealers have seen. Sales are now down an amazing 23.1 percent over the past year. While recent data have been slightly better, there is still a long road ahead.

Spending Declines May be Smaller From Here

- A pullback in spending after two straight increases is somewhat disappointing but not all that surprising. Consumers are under extreme pressure from a labor market that is still hemorrhaging jobs and the accompanying weakness in income. While the largest declines in spending may be behind us at this point, we expect sales could be volatile though 2009. We certainly would not rule out some further, yet smaller, declines.

