

Retail Sales Increased for First Time Since February

Sales at the nation's retailers increased 0.5 percent in May, pushed higher by rising gasoline prices as well as a gain in the beleaguered building materials sector. Our preferred 'core' series which strips out gasoline stations, building materials retailers and auto dealers was flat on the month after two straight declines.

Sales Moved Higher

- Sales moved higher for the first time since February, but are off more than 11 percent over the past year. Performance across sectors was mixed with big moves higher in gasoline stations and building materials, while sporting goods and electronics saw the largest declines. We expect that consumers will continue to prioritize spending towards essential items until the labor market begins to improve.

Gasoline Sales Rose with Price Gains

- Gasoline has moved sharply higher at the pump and by the end of May was up about 90 cents from the beginning of the year. While some of the climb can be attributed to normal seasonality, it is still taking money out of consumers' pockets.
- Auto dealers actually saw a slight increase in sales, but the sector is still off more than 20 percent over the past year. While sales may have bottomed we do not expect a robust rebound.

