

US: Recovering retail sales underline positive consumer story

Retail sales rebounded in March, thanks to tax refunds. Fundamentals remain good, supporting our healthy prognosis for the sector



0.6%MoM

Better than expected

US Retail sales growth in March

Up from -0.1% in February, beats the 0.4% consensus

The March reading for US retail sales has come in slightly better than expected, rebounding 0.6%MoM versus the consensus 0.4% forecast. Sales in February (-0.1%) were held back by delays to the distribution of tax refunds. However, they have since been disbursed and clearly supported spending in today's report, especially for big-ticket items such as autos (+2%MoM) and furniture (+0.7%).

There was a bit of softness in apparel, building materials and sporting goods, but these

components have been pretty choppy in recent months, swinging from positive to negative and back. Health and personal care rebounded +1.4%MoMN after four consecutive monthly falls previously. Excluding some of the more volatile items, the “control” group, which better matches consumer spending within GDP, rose 0.4%MoM. This was in line with expectations.

Overall, consumer spending has been disappointing in 1Q18, which is partially weather-related, but today’s report suggests the slowdown was transitory. We remain upbeat for the coming months. Consumer confidence is high, supported by strong employment gains, rising wages and tax cuts. As such we look for a more positive contribution from consumer spending to overall GDP growth in 2Q18.

Author

James Knightley

Chief International Economist, US

james.knightley@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.