ECONOMIC UPDATE

REGIONS

May 14, 2026

April Retail Sales: Consumers Holding Up, But For How Long?

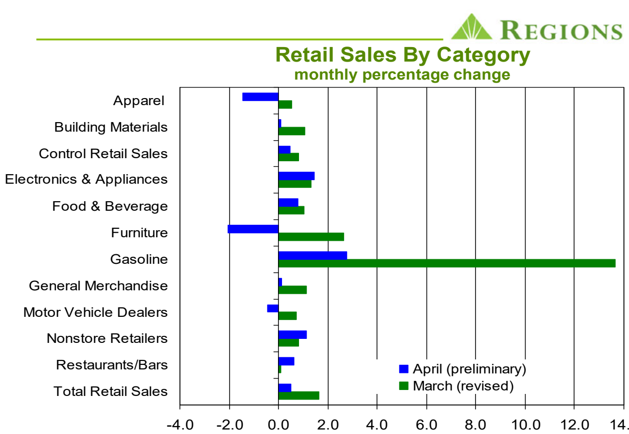
- Retail sales rose by 0.5 percent in April after rising 1.6 percent in March (originally reported up 1.7 percent)
- Retail sales excluding autos rose by 0.7 percent in April after rising 1.9 percent in March (as originally reported)
- Control retail sales (sales excluding motor vehicles, gasoline, restaurants, and building materials) rose by 0.5 percent in April

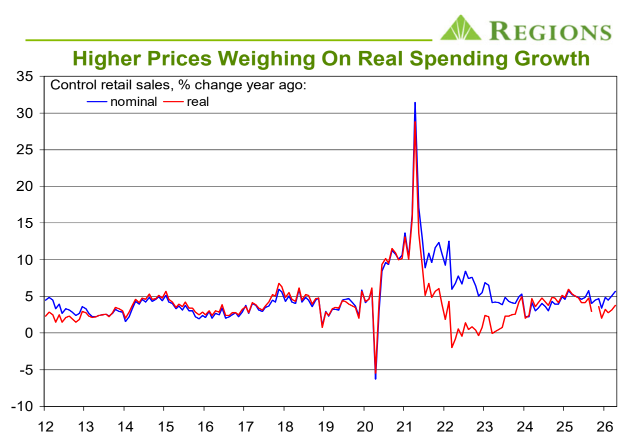
Total retail sales rose by 0.5 percent in April with ex-auto sales up 0.7 percent, each matching the consensus forecast but one-tenth of a point lighter than our forecast anticipated. Control retail sales, a direct input into the GDP data on consumer spending on goods, rose by 0.5 percent in April, one-tenth above what we and the consensus expected. With the initial estimate of gasoline station sales in March being revised lower, there was a modest downward revision to total retail sales, now reported to have risen by 1.6 percent in March rather than by 1.7 percent as first reported. More notably, however, control group sales for both February and March were revised higher, meaningfully so in the case of the former. One implication is that Q1 growth in control group sales is now shown to be quite a bit faster than had previously been reported, which will trigger an upward revision to the initial estimate of consumer spending on goods in the Q1 GDP data. Clearly, higher gasoline prices contributed to the gain in total retail sales in April, though to a much smaller degree than in March, but as the solid gain in control group sales on top of the upward revision to the Q1 data suggests, there has been more to consumer spending than higher gasoline prices. The obvious question at this point, however, is whether, or to what extent, this will remain the case.

We do think it worth noting that the not seasonally adjusted data show total retail sales were down by 0.7 percent in April while unadjusted control group sales were down by 1.8 percent. That unadjusted sales fell in April is not news; the last time not seasonally adjusted total sales rose in April was 2009 and you have to go all the way back to 1998 to find the last time unadjusted control group sales rose in April. What does stand out to us, however, is that the decline in control group sales is larger than the typical April decline, and also larger than the 1.4 percent decline our forecast anticipated. That unadjusted sales fell by more than our forecast anticipated while seasonally adjusted control group sales rose by more than our forecast anticipated means that seasonal adjustment was more supportive than we anticipated. Though it will get little or no attention elsewhere, we think the more meaningful point is that actual spending was not as strong in April as the seasonally adjusted data suggest. There may be some calendar effects in play here. Easter falling so early in April likely meant that most related spending was pulled forward into March, and the increase in not seasonally adjusted control group sales was larger than is typical for the month of March. This could easily account for the slightly larger decline in April than is typical for the month. There is simply no way to tell at this point whether these calendar effects account for the larger than normal April declines in unadjusted sales or whether consumers are feeling a bit more financial stress than suggested by the April headline numbers, though coming months will help sort this out.

In terms of the seasonally adjusted data, sales were up in in nine of the thirteen broad categories for which data are reported. The obvious leader is gasoline station sales, which were up by 2.8 percent in April after a downwardly revised increase of 13.7 percent in March. Recall that retail gasoline prices rose by just under twenty-four percent in March and by an additional 12.3 percent in April. Sales at electronics stores were up by 1.4 percent in Aprill, with sales by nonstore retailers, a category overwhelmingly dominated by online sales, up by 1.1 percent, sales at grocery stores up by 0.7 percent, and restaurant sales, the sole glimpse of services spending offered in the retail sales data, up by 0.6 percent. On the flip side, lower unit sales of new vehicles weighed on motor vehicle dealer revenue, down by 0.5 percent in April, while sales at furniture stores fell by 2.0 percent and apparel store sales fell by 1.5 percent.

It should also be noted that the retail sales data are reported in nominal terms, i.e., the data are not adjusted for price changes. Thus far, the price data show few signs of higher energy prices spilling over into prices for core (non-food, non-energy) consumer goods, but tariff pass-through had been fueling rising core goods prices. As of April, nominal control group sales were up 5.7 percent year-on-year while real, i.e., adjusted for price changes, control group sales were up 3.8 percent. There are signs of intensifying price pressures for inputs and shipping, so we continue to look for faster core goods price inflation in the months ahead. If we're correct on this point, broadening price increases at a time when supports for spending, particularly the cushion from larger income tax refunds, are weakening, the result could be a sharp pullback in consumer spending even though at present consumers appear to be holding up quite well.





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