

Economic Indicator — October 17, 2024

## Retail Sales Post Broad Advance in September

## Summary

Despite worries about the financial health of the consumer and potential weakening in the labor market, U.S. retailers had a solid month in September. Control group sales rose more than twice the expected amount, pointing to stronger Q3 consumer spending.

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U.S. Retail Sales: September 2024												
	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
<b>Retail Sales (MoM)</b>	-0.3	0.1	0.4	-1.1	0.7	0.5	-0.2	0.2	-0.3	1.2	0.1	<b>0.4</b>
<b>Retail Sales, Ex. Autos (MoM)</b>	0.0	0.0	0.3	-0.8	0.3	0.6	0.1	0.0	0.5	0.5	0.2	<b>0.5</b>
<b>Control Group Sales (MoM)</b>	0.3	0.2	0.6	-0.4	0.0	0.8	-0.3	0.4	0.9	0.4	0.3	<b>0.7</b>
<b>Real Retail Sales (MoM)</b>	0.0	0.5	0.4	-0.8	0.3	0.3	-0.4	0.6	0.1	1.3	0.2	<b>0.6</b>
<b>Retail Sales (YoY)</b>	2.7	4.0	5.5	0.3	2.1	3.6	2.8	2.6	2.0	2.9	2.2	<b>1.7</b>
<b>Retail Sales, Ex. Autos (YoY)</b>	2.6	3.6	4.6	0.9	2.0	3.7	3.2	2.9	3.3	3.2	2.5	<b>2.2</b>
<b>Control Group Sales (YoY)</b>	4.0	4.9	5.6	2.5	2.6	4.6	3.4	3.4	4.0	3.7	3.9	<b>4.0</b>
<b>Real Retail Sales (YoY)</b>	2.2	4.1	4.7	0.2	1.8	3.0	2.4	2.5	2.3	3.2	3.3	<b>3.2</b>

Notes: MoM = Month-over-Month Percent Change  
YoY = Year-over-Year Percent Change

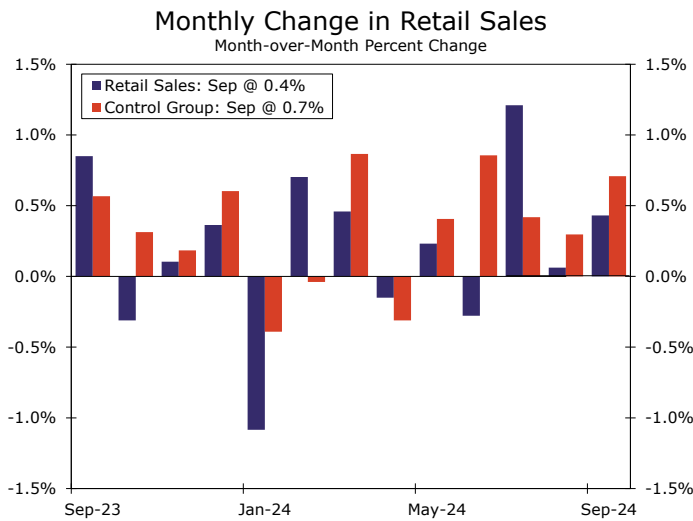
Source: U.S. Department of Commerce, U.S. Department of Labor and Wells Fargo Economics

### Broad-Based Strength in a Better-Than-Expected Report

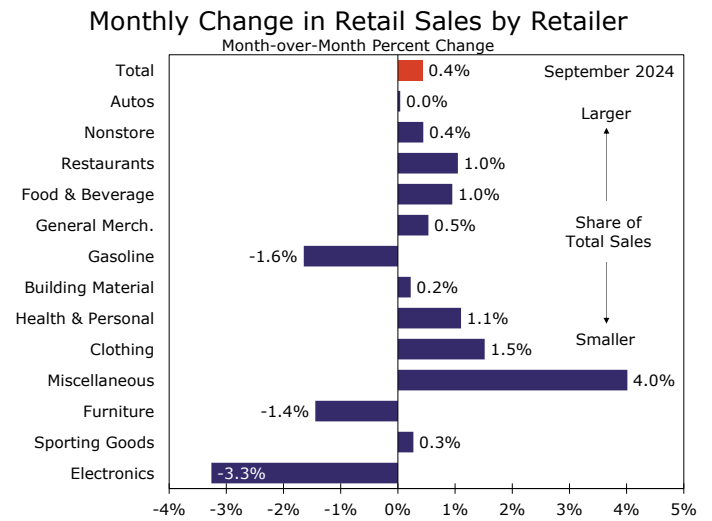
If you were looking for a sign that consumer spending was slipping, today's retail sales report for September was not it. The headline increase of 0.4% for September was just a bit ahead of the 0.3% increase that had been expected, but the real upside was in the core measures of spending. Excluding sales at auto dealers and gas stations, retailers notched a solid 0.7% increase which was more than double the 0.3% gain that had been expected. These gains came despite the fact that August's sales numbers were revised higher. Control group sales, which tends to line up with personal consumption spending in the GDP report, also came in much stronger than expected with 0.7% gain. That is the biggest gain in three months and the third largest monthly gain of 2024.

As the nearby [chart](#) reveals, even though retail sales have been choppy this year, there is an underlying theme that shows the composition of spending tending to favor those categories that feed into the Commerce Department's GDP calculations. Note for example how control group sales have exceeded the monthly growth in overall retail sales in five out of the past seven months.

The upshot is that despite hand-wringing over the state of the labor market, U.S. consumers Just. Keep. Spending.



Source: U.S. Department of Commerce and Wells Fargo Economics



Source: U.S. Department of Commerce and Wells Fargo Economics

### In a West End Town, a Dead-End World

Beyond that, most retailers enjoyed a solid month with 10 out of the 13 major store types reporting increases ([chart](#)). The biggest gainer on a percentage basis was the catch-all category of "miscellaneous", which includes stores not typically known for major splurges such as florists and pet shops.

To the extent that there was any disappointment in today's report it would be that an expected gain in auto sales failed to materialize. Vehicle sales on dealer lots were essentially no different in September than they were in August. Gas stations also saw a mostly price related decline during the period.

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