

US Retail Sales Continued to Improve in July

U.S. retail and food services sales continued to recover in July, increasing to \$536 billion from about \$529 billion in June. Sales were also up 2.7% over July 2019's figure of nearly \$522 billion, according to advance estimates released today by the U.S. Census Bureau.

Although sales improved, the number was muted compared to the month-over-month increases in both May and June of 18.2% and a revised 8.4%, respectively. Sales were at their lowest point in April, the first full month following the closure of businesses to limit the spread of Covid-19.

The latest monthly figure is up year over year, demonstrating that at least on a macro level, retail and food service sales are normalizing.

Worries remain, however, as cases of Covid-19 continue to rise in certain regions of the country, particularly the Southeastern U.S., according to data provided by the Center for Systems Science and Engineering at Johns Hopkins University.

Retail analysts at the major U.S. rating agencies Moody's, Fitch and S&P not only voiced concerns to Adweek about the lingering effect of the pandemic, but also about the lack of a stimulus that provides a boost to weekly unemployment benefits.

A stalemate between the Senate, the House of Representatives and the White House over a package that would provide much-needed relief to both businesses and consumers lingers on.

Rating analysts said that the \$600 weekly unemployment checks—which ended in July—have played an outsized role in supporting consumer spending. A clearer picture should emerge in September when August's numbers are released.

Meanwhile, the sale of autos declined slightly month over month by roughly \$1 billion to nearly \$101 billion, but were up by around 6% compared to last year's figure of about \$95 billion. The purchase of home furnishings, one of the more steady categories, was roughly flat both versus the prior month and year over year.

The sale of electronics and appliances, however, got a boost versus June, up almost 23% to about \$7.9 billion from approximately \$6.4 billion.

Though the sale of building materials was down versus the prior month, it continues to be a bright spot with sales up year over year, which is arguably the more important figure, by approximately 14.8% to about \$36 billion from close to \$32 billion.

Apparel, one of the hardest hit segments, continued to improve to roughly \$18 billion from around \$17 billion for the prior month, but continues to be down 21% year over year. That's still a marked improvement over May, for example, when clothing and accessory sales were in the neighborhood of \$8 billion.

The restaurant or food service sector, also ravaged by the pandemic, saw a month-over-month increase of 5% in July to roughly \$52 billion from almost \$50 billion, but year over year, the segment is still showing the strain of the pandemic, down about 18.9%.

Rounding out the key sectors and to end on a positive note, food and beverage sales were up in July by a little over 11% to almost \$72 billion from nearly \$65 billion last year.

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