

## Retail Sales Flat in April After Very Strong March

- Retail sales were flat in April from March, and were up 3.0% from a year earlier. Retail sales growth was strong in March.
- Details were mixed.
- Consumer fundamentals are generally positive, led by the very strong labor market.
- Consumer spending growth will slow in 2024 but remain positive.

Retail sales were flat in April from March, according to the advance estimate from the Census Bureau. Retail sales increased 0.6% in March from February, revised down from the initially reported 0.7% gain. On a year-ago basis retail sales were up 3.0% in April.

Sales increased 0.2% excluding autos, and were down 0.1% excluding autos and gasoline. Core retail sales—sales excluding auto and parts, gasoline, food service, and building materials, and which go into nominal consumer spending in GDP—fell 0.3% in April, but that followed a 1.0% increase in March, and control sales were up 3.6% in April from a year earlier.

High inflation, particularly high gasoline prices, dampened consumer confidence in April, but households are still spending. The April retail sales numbers were soft, but that followed a very strong March, and sales were up solidly on a year-ago basis in April. The fundamentals for consumers are generally positive: good job and wage gains, rising household wealth thanks to higher home values and stock prices, and low consumer debt burdens relative to incomes. Inflation has slowed from a couple of years ago, although progress has stalled in 2024, and wages are now increasing faster than prices. Negatives include high interest rates, the spending down of stimulus funds accumulated during the pandemic, and the need to increase savings. PNC expects moderate growth in consumer spending in 2024, which will support overall economic growth, while also allowing households to increase their saving.

Results were mixed across segments in April. Sales of autos and parts fell 0.8%, while gasoline sales jumped 3.1% as gas prices rose. Clothing and accessory sales rose 1.6%, electronic and appliance sales rose 1.5%, food and beverage sales were up 0.8% for the month, and building material sales rose 0.5%. But general merchandise sales fell 0.3%, nonstore (predominantly online) sales fell 1.2%, sales at specialty stores fell 0.9%, and sales of furniture and home furnishings fell 0.5%. Restaurant and bar sales rose 0.2% in April, and were up a very strong 5.5% from one year earlier, as consumers feel comfortable spending on discretionary goods and services.

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