

Friday, September 15, 2017

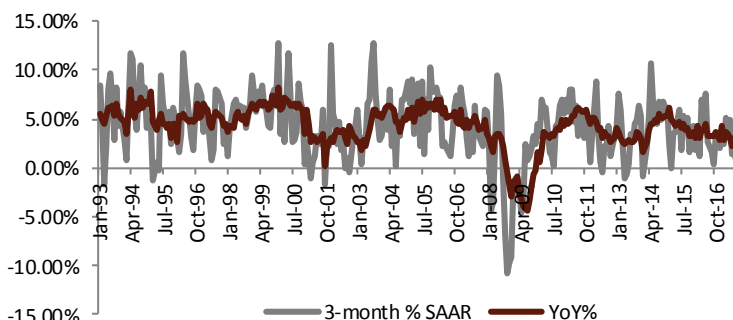
Retail sales decline in August

- In August, retail sales declined 0.2% m/m, the biggest drop in six months and missing consensus estimates (0.1% m/m). Sales of the prior months were also revised lower. July was revised lower by 0.3ppt to 0.3%. Auto sales declined by 1.6% m/m, the biggest decline in seven months. Auto sales which have been weak this year, probably had a negative impact from Harvey.
- Importantly, Control retail sales declined by 0.2%, missing estimates (+0.3%), from an unrevised 0.6% m/m in July, raising concerns over Q3 growth estimates. Control retail sales are up 1.1% at an annual rate, a slowdown from 3.9% from the May to July period.
- Digging into the details, gas stations sales rose by 2.5% m/m, while sales by miscellaneous store retailers jumped by 1.4% m/m. This was offset by decline in Nonstore retail sales, which fell 1.1% in August following a 1.8% burst in July. Prime Day likely pulled forward sales from August to July. Of course, the weather likely depressed sales too. It was a good month for housing as furniture store sales rose 0.4%. Building material stores declined by 0.5% m/m but is expected to rebound higher over the next few months as rebuilding takes place in Hurricane impacted areas. Restaurant receipts climbed 0.3% m/m, up by 2.3% on an annual basis

NY Manufacturing sentiment remains strong

- The NY Empire Manufacturing Index slipped to +24.4 in September from +25.2 in August, well ahead of the consensus estimate. The details look strong; on an ISM adjusted basis, the empire index rose by 3.2pts to 57.3
- The sector has been in expansion territory for eight of the nine months so far this year. New orders surged to +24.9 from +20.6. Employment rose to +10.6, strongest since June. Capital spending intentions rose to +24.4 from +11.6 in August – the average over the current year was 20.5.

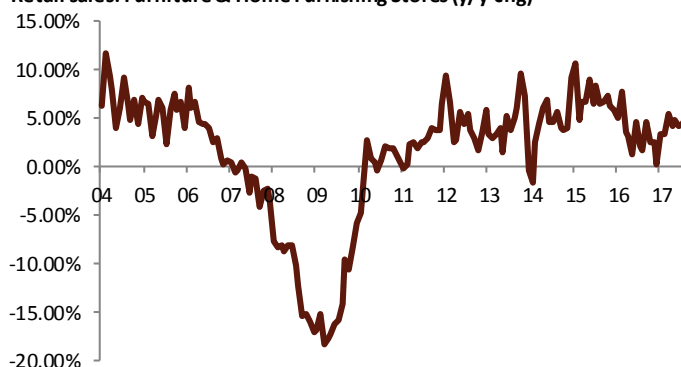
Control retail sales have eased recently



Source: Haver, Renaissance Macro Research

Furniture store sales continue to pick up

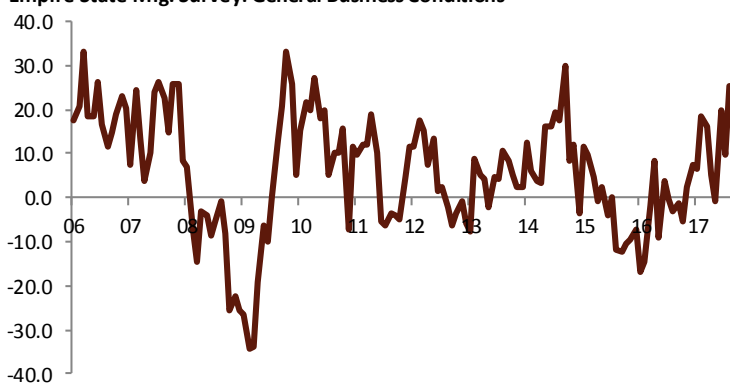
Retail sales: Furniture & Home Furnishing Stores (y/y chg)



Source: Haver, Renaissance Macro Research

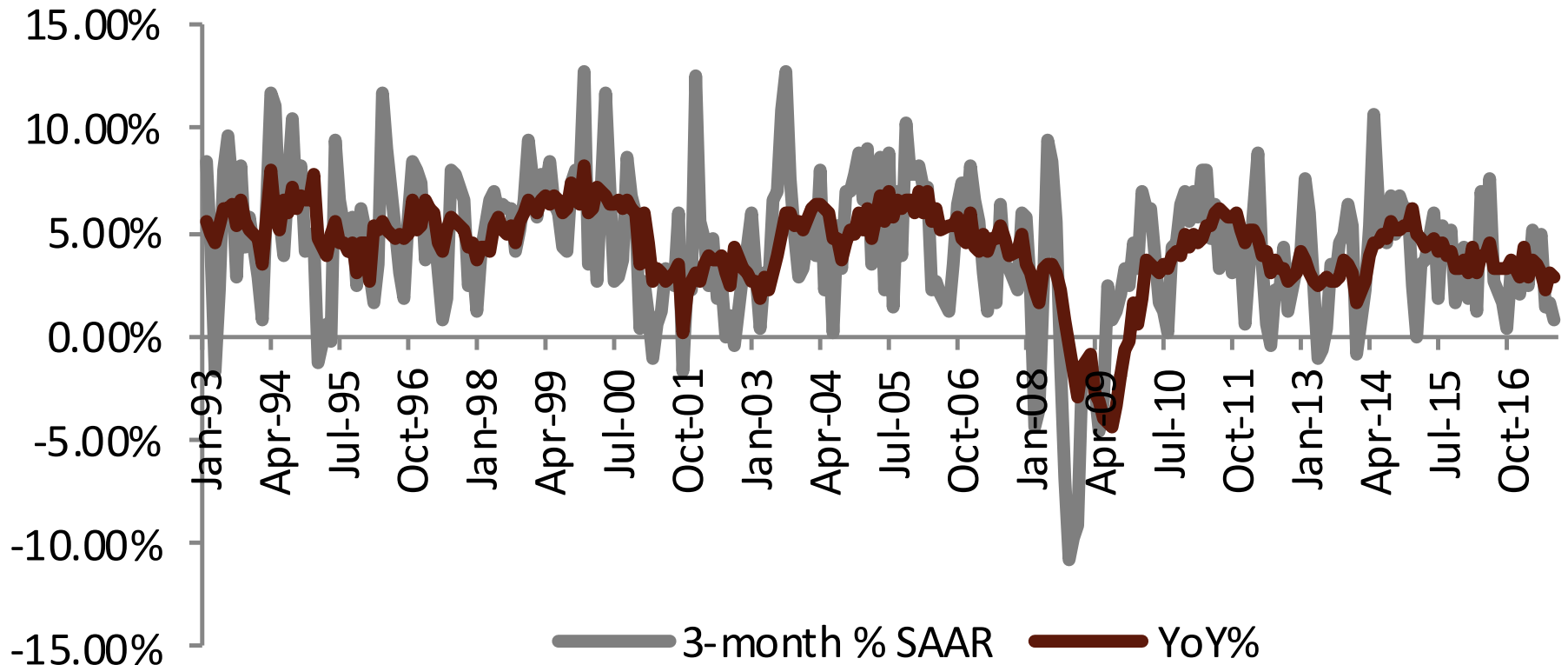
Manufacturing sentiment strong in NY

Empire State Mfg. Survey: General Business Conditions



Source: Haver, Renaissance Macro Research

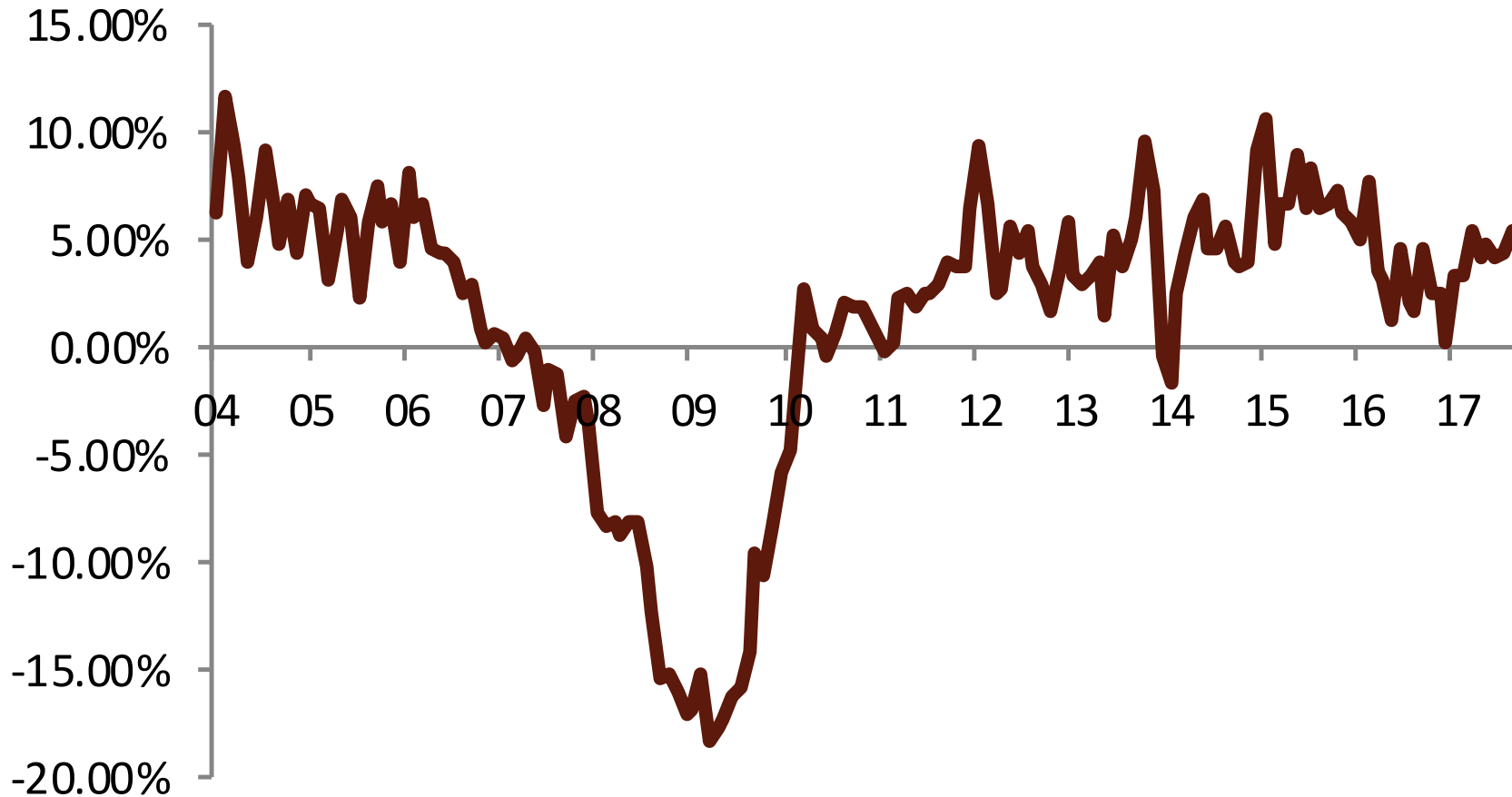
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Furniture store sales continue to pick up

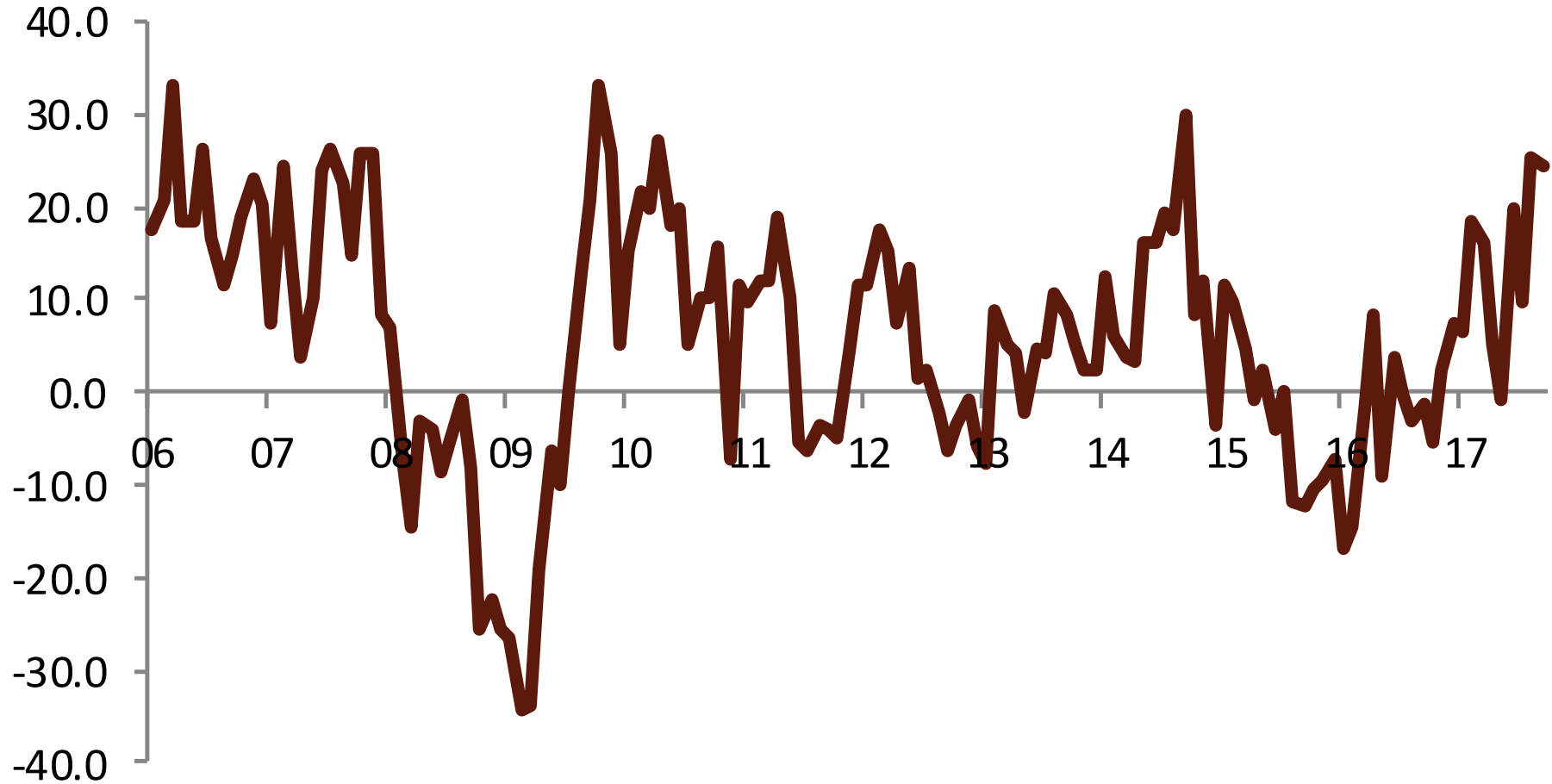
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