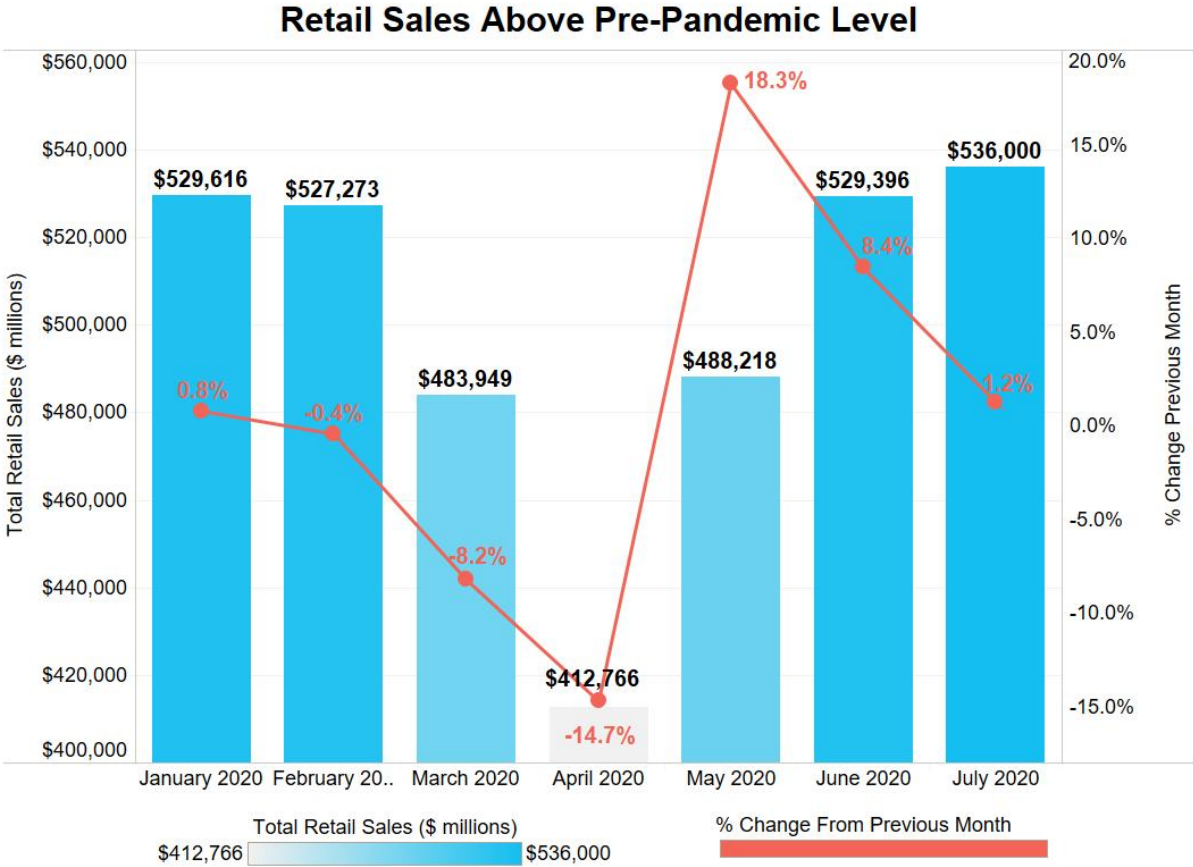


Retail Sales First to Illustrate a “V” Shaped Recovery

Retail sales are now higher than they were before the pandemic — in fact, they set an all-time high in July — creating our first “V-shaped” recovery in the economic data.

The [Census Bureau reports](#) retail sales grew 1.2% in July, which comes after an 8.4% bounce in June and an 18.3% increase in May.



How did this happen? Those three months of strong growth propelled retail sales to their new high. The quick turnaround is impressive because retail sales had fallen more than 22% from their previous high in January to their recent low in April. Retail sales are now more than 1% higher than the January level.

The fast rebound in retail sales is good news, but it is important to keep in mind that the U.S. economy is mostly made up of spending on services now. Retail sales represents spending on goods. Spending on services is lagging spending on goods, so total consumption is not recovering as quickly as retail.

What's next: The resilience of consumer spending on goods is encouraging for a strong recovery for the entire economy, but the recent uptick in virus cases and the expiration of extra unemployment benefits could temper spending some in the coming months.

-Curtis Dubay, Senior Economist, U.S. Chamber of Commerce

