

Retail Sales Grow 7.5% in June

After falling steeply in March and April, retail sales grew 18% in May, and 7.5% in June, coming close to their pre-pandemic levels. Retail sales are a harbinger of economic recovery, and were growing strongly prior to the recent spike in COVID-19 cases, [according to the Census Bureau](#). The strong initial rebound suggests that once Covid-19 is behind us, we may return quickly to sales levels we had prior to the virus—and suggests a quick rebound for the entire economy.



However, we have written frequently about the need to compare rates of change and absolute levels of economic data points. We are likely to see record increases in rates of change in the coming months, but many of those measures will likely remain below pre-pandemic levels. For instance, GDP may grow above 20% in the third quarter this year, but its absolute level will be below what it was at the end of 2019.

For retail sales though, after the strong growth in May and June, the June level was on par with February’s level. That is an impressive rebound—a “V” shaped recovery we hope the broader economy mimics.

The flare-up of COVID-19 cases and the subsequent partial reclosings of some states’ economies likely means we will not see a continued strong recovery in retail sales in July. Sales may not fall, but they will

struggle to maintain the strong growth rates of the last two months. Slower retail sales also likely means overall economic growth will be tempered. The strong initial rebound in retail sales is encouraging, though.

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