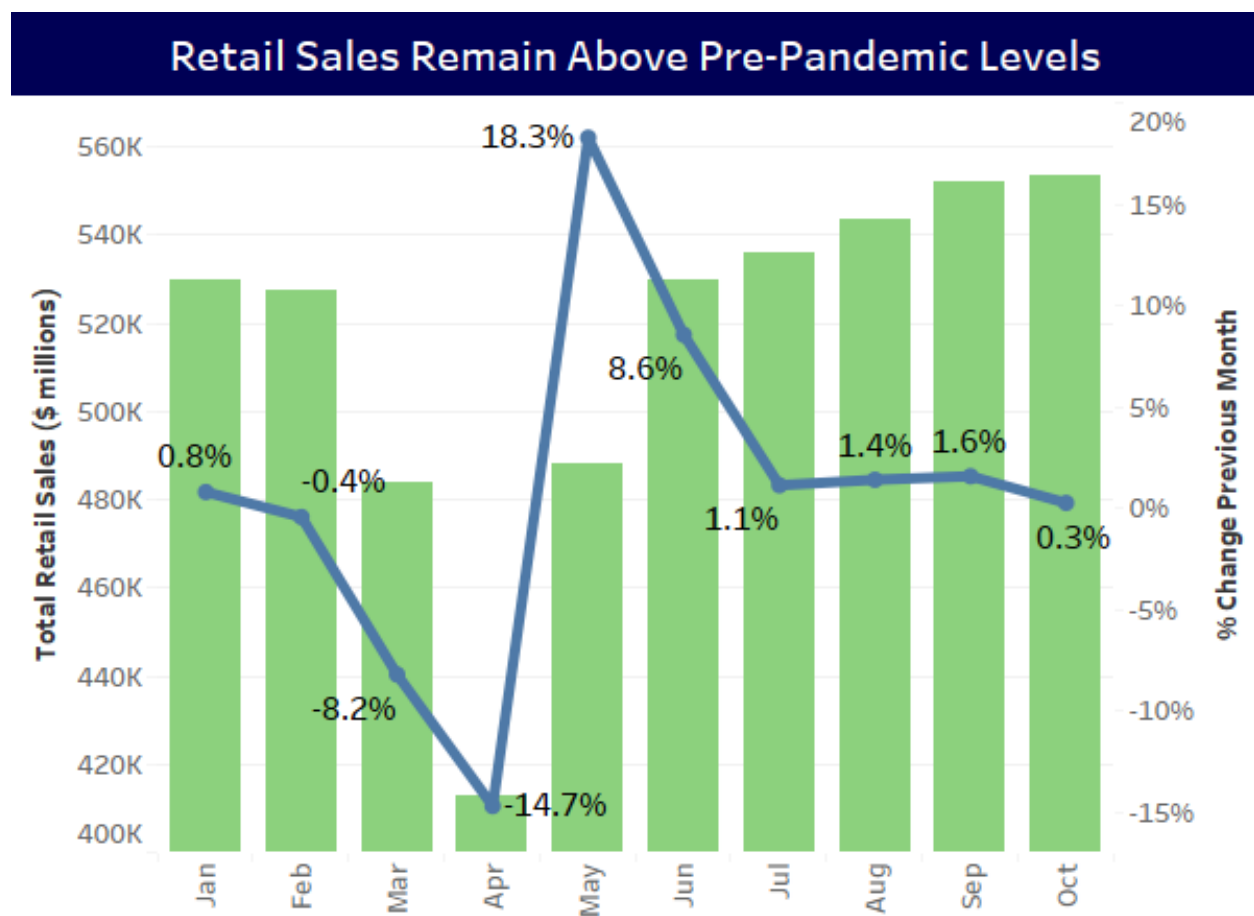


Retail Sales Growth Less Than Expected for October

The virus resurgence is starting to show up in the economic data. Earlier this week we saw preliminary consumer sentiment for November tick down. On Tuesday the [Census Department released retail sales](#) data for October. Although it showed a sixth straight month of growth, the increase was less than expected and the lowest since the depth of the Great Pause.

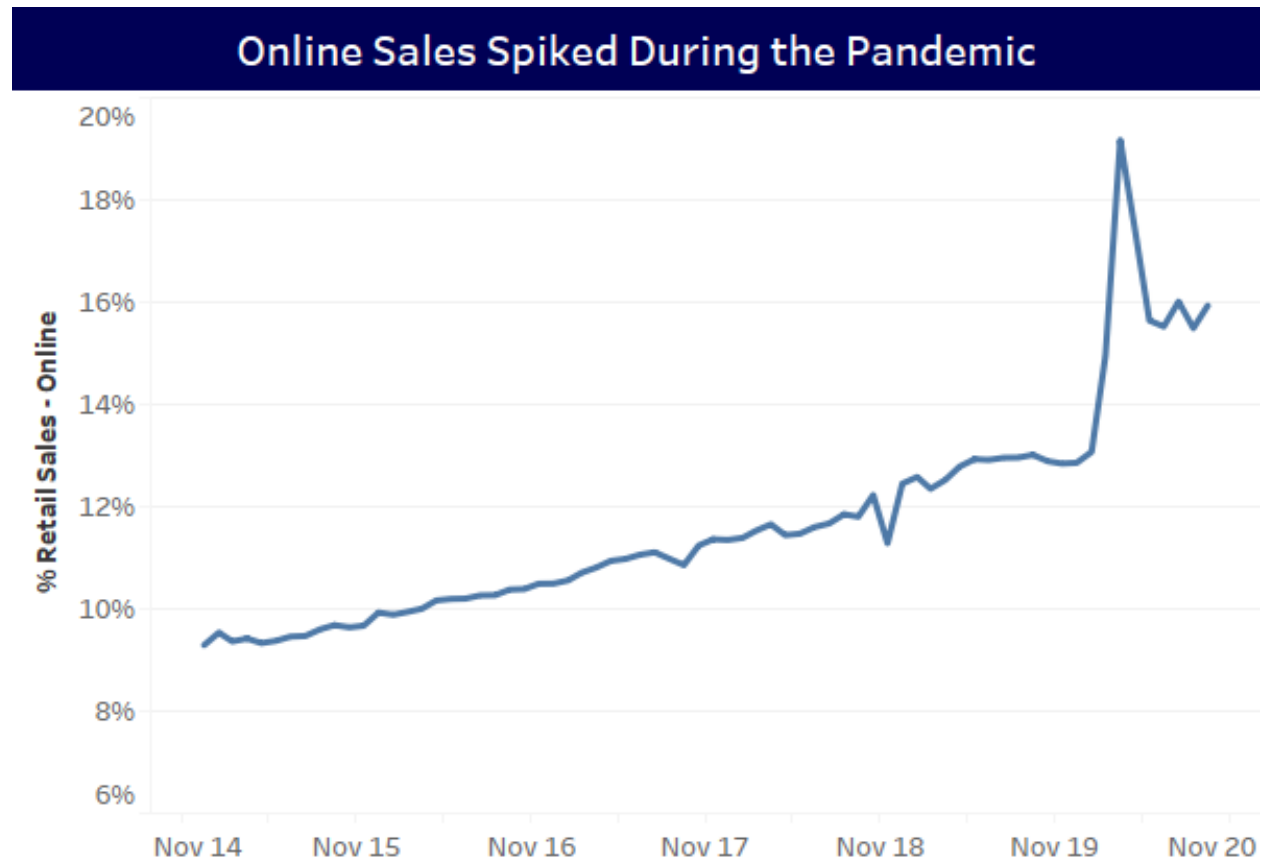
What happened: Retail sales grew only at 0.3% in October. Analysts were expecting about double that amount. They grew 1.6% in September. The good news is that retail sales are still above their pre-pandemic level. And because they still grew from the previous month, they set another record level. Given the virus remains with us, it is still positive news that retail sales continue to grow, even if they were softer than hoped for.



Sales fell for furniture and home stores, food and beverage stores, health and personal care stores, clothing and accessory stores, sporting goods, hobby, music and bookstores, general merchandise stores, miscellaneous stores, and food and drinking places.

Sales increased for motor vehicle and parts, electronics and appliance stores, building material and garden stores, and gas stations.

The biggest increase was in online sales. They grew by more than \$260 billion from September to October. This accounted for most of the growth over the month in total retail sales. Online sales had been declining as a share of total retail sales in recent months after they spiked in April and May. The growth in October drove that share back up to near 16%. It peaked at over 19% in April.



What's next: The continued surge of the virus could cause retail sales to retrench further in November. It's old hat at this point but remains true: As long as the virus remains at pandemic levels, economic data will bounce around as virus levels rise and fall. Despite that pressure, expectations for a strong holiday sales season remain favorable. Incomes and savings remain strong so consumers have money to spend as we near the end of the year.

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