081426 The Consumer’s Return to Trend

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The Consumer’s Return to Trend July retail spending was weak, having declined -0.6% MoM for headline retail sales, and - 0.4% for the retail control component, which is a direct input into the GDP data. Consequently, our tracking estimate for Q3 real PCE has declined to +2.2% (from +2.5%). This follows a robust 3.1% growth figure for Q2 personal consumption, so trend reversion is to be expected this quarter . We remain optimistic on the Q3 GDP and consumer outlook , forecasting a bounce back in August and September spending figures. Please subscribe to our new research website for access to our content (here). Real Retail Sales vs Real Personal Consumption… Source: Census, BLS, BEA, Haver, SMBC Nikko -0.8 -0.4 0.0 0.4 0.8 1.2 1.6 -2 -1 0 1 2 3 4 2022 2023 2024 2025 2026 Real Retail Sales (% m/m) Real PCE (% m/m, rs)

Source: https://www.smbcgroup.com/americas/getmedia/7956eb87-8834-42de-8f7e-03f7f9877343/081426%20The%20Consumer%e2%80%99s%20Return%20to%20Trend.pdf