

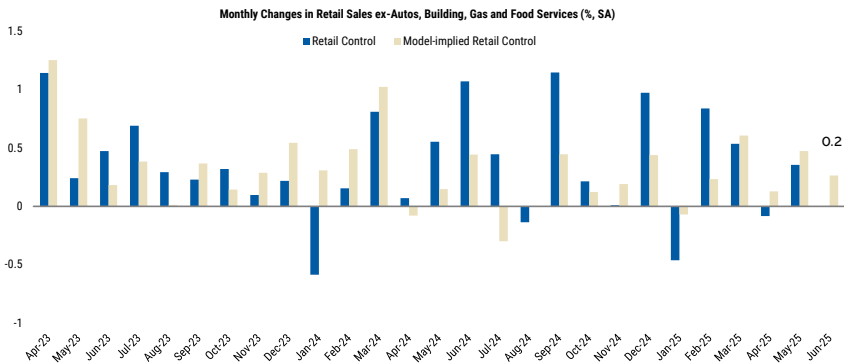
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US Economics | North America

US Retail Sales Tracker: Tepid June

We forecast headline and retail control sales rose 0.2% m/m. Our forecasts are consistent with real consumption up 1.6% (q/q saar) in 2Q.

Exhibit 1: Monthly changes in retail control sales



Source: Census Bureau, Morgan Stanley Research

MORGAN STANLEY & CO. LLC

Michael T Gapen

Chief US Economist

Michael.Gapen@morganstanley.com

+1 212 761-0571

Sam D Coffin

Economist

Sam.Coffin@morganstanley.com

+1 212 761-4630

Arunima Sinha

Global Economist

Arunima.Sinha@morganstanley.com

+1 212 761-4125

Heather Berger

Economist

Heather.Berger@morganstanley.com

+1 212 761-2296

Diego Anzoategui

Economist

Diego.Anzoategui@morganstanley.com

+1 212 761-8573

Lenoy Dujon

US/Canada Economist

Lenoy.Dujon@morganstanley.com

+1 212 761-2779



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A tepid June

We forecast headline retail sales rose by 0.2% m/m, and retail control (headline ex autos, gas, building and food services) also rose by 0.2% in June. Our forecast would be in line with 0.2% m/m growth in real consumption. The consumption estimate includes temporary boosts from electricity usage (June was hot) and a rebound in gasoline consumption whereas the retail sales components of consumption are not strong contributors. 2Q real consumption would rise at a 1.6% q/q annual rate (for our views on recent trends in services spending, see [Soft Q1 services consumption exaggerates weakness in the US consumer \(03 July 2025\)](#)).

Our 0.2% m/m forecast for control sales is a slowdown from May. Growth in labor income slowed; while [payrolls](#) were solid in June, average weekly hours and earnings ticked down. The other major inputs (credit and debit card transactions data, past retail sales) were more positive.

Among the components of retail control, we expect slowdowns from May in non-store retailers and general merchandise stores, which comprise about half of the retail control group.

For total retail spending, unit sales of light motor vehicles have already been reported as falling, but much less than in May. We expect a small uptick in gasoline prices, which should be positive for nominal retail sales at gasoline stations. In restaurants, we don't expect a repeat of May weakness, which reversed the strong March and April. We expect restaurant sales up 0.5% m/m in June. Building material sales were also weak in May and we expect a rebound; transaction data for building materials were stronger in June.

Exhibit 2: Retail Sales Dashboard

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	
												MS	Consensus
Retail & food services	1.2	-0.2	0.8	0.6	0.6	0.8	-0.9	0.0	1.5	-0.1	-0.9	0.2	0.1
ex autos	0.5	-0.2	0.9	0.3	0.0	0.7	-0.3	0.4	0.6	0.0	-0.3	0.3	0.4
Control-group	0.4	-0.1	1.1	0.2	0.0	1.0	-0.5	0.8	0.5	-0.1	0.4	0.2	0.4
Motor vehicles and parts	4.2	-0.4	0.2	2.0	3.4	1.0	-3.3	-1.4	5.3	-0.6	-3.5	-0.7	
Gasoline	0.9	-1.3	-1.3	-0.1	0.1	2.0	1.1	-0.7	-2.8	-0.7	-2.0	0.6	
Building materials	1.1	-0.1	1.0	0.7	-0.4	-1.5	-1.8	-0.2	2.0	0.3	-2.7	0.9	
Restaurants	0.4	0.4	1.1	0.7	0.3	0.0	0.2	-0.5	2.5	0.8	-0.9	0.5	

Source: Census Bureau, Morgan Stanley Research forecasts

"Control" Retail Sales & GDP Tracking

Control-group retail sales, which is retail sales excluding food services, autos, gas, and building materials, includes all of the retail sales components that feed through into the spending estimates for goods consumption in GDP. Also, food services affects our services consumption tracking. Revisions to retail sales data also feed through into our current-quarter tracking of consumption.

Other US Economics Research

[CPI Preview: Firmer with a mild tariff push \(10 Jul 2025\)](#)

[June FOMC minutes; Still projecting cuts, but still a lot of concern about inflation persistence \(09 Jul 2025\)](#)

[Soft Q1 services consumption exaggerates weakness in the US consumer \(03 Jul 2025\)](#)

[Slower private payrolls but a tighter labor market \(03 Jul 2025\)](#)

[Immigration tracker: Accounting for the end of CHNV and TPS Status \(12 June 2025\)](#)

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