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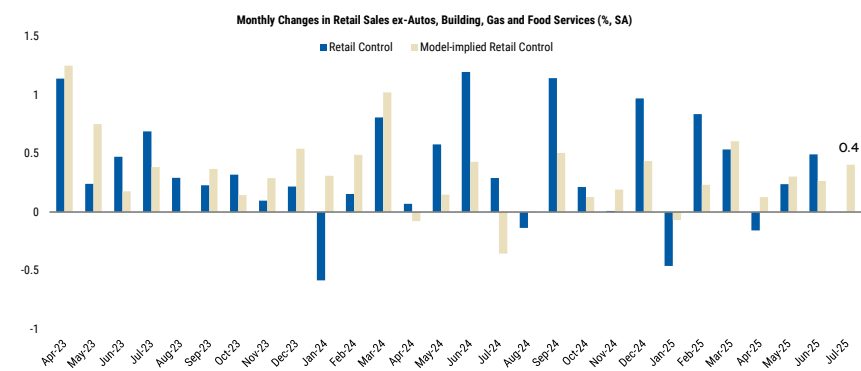
US Economics | North America

US Retail Sales Tracker: Chugging along

We forecast headline sales rose 0.8%, boosted by autos, and retail control sales rose 0.4% m/m. A print in line with our forecasts is consistent with July real consumption +0.2% but we expect declines in the remainder of the quarter.

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Exhibit 1: Monthly changes in retail control sales



Source: Census Bureau, Morgan Stanley Research

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Strong autos drive headline spending

We forecast headline retail sales rose by 0.8% m/m, and retail control (headline ex autos, gas, building and food services) rose by 0.4% in July. Our forecast would be in line with a 0.2% m/m rise in real consumption.

Labor market incomes and credit card transaction data—the major inputs to our forecast—both pointed to a moderate increase in sales in July. We expect a boost to nominal spending due to the [increases in goods prices](#) on the back of tariff effects in July. Non-store retail sales (online spending) are an upside risk to our forecast. Amazon Prime day ran from July 8-11 this year, and the competing Walmart event was from July 8-13 (for in-store and online promotions). On the other hand, [as the labor market has slowed](#) and the downside risks to it have increased, there could be some downside risk to our spending forecast if consumers are more uncertain about their employment prospects.

Within the headline forecast of 0.8% m/m, we expect that auto sales rose 3.4% m/m with strong unit sales, while falling gasoline prices led to a 0.3% decline in gasoline station sales. We expect restaurant sales, which have been volatile this year, grew moderately, +0.3% m/m, after a strong June. Transaction data for building materials was weaker - we expect some reversal of last month's gain, -0.4% m/m.

After a 0.2% m/m rise in real consumption in July, we expect declines in the remainder of the quarter as tariff-related price gains diminish purchasing power. Spending on goods is especially weak. We forecast real consumption close to a stall in 3Q, rising at just a 0.3% annual rate, with goods falling at a 0.3% pace and services slowing to a +0.6% pace.

Exhibit 2: Retail Sales Dashboard

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	
												MS	Consensus
Retail & food services	-0.2	0.8	0.6	0.6	0.8	-0.9	0.0	1.5	-0.1	-0.9	0.6	0.8	0.5
ex autos	-0.2	0.9	0.3	0.0	0.7	-0.3	0.4	0.6	0.0	-0.2	0.5	0.3	0.3
Control-group	-0.1	1.1	0.2	0.0	1.0	-0.5	0.8	0.5	-0.2	0.2	0.5	0.4	0.4
Motor vehicles and parts	-0.4	0.2	2.0	3.4	1.0	-3.3	-1.4	5.3	-0.7	-3.8	1.2	3.4	
Gasoline	-1.3	-1.3	-0.1	0.1	2.0	1.1	-0.7	-2.8	-0.4	-1.3	0.0	-0.3	
Building materials	-0.1	1.0	0.7	-0.4	-1.5	-1.8	-0.2	2.0	0.5	-2.7	0.9	-0.4	
Restaurants	0.4	1.1	0.7	0.3	0.0	0.2	-0.5	2.5	0.8	-0.1	0.6	0.3	

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

[US consumer chartbook 3Q25: What you need to know now \(08 Aug 2025\)](#)

[Fears of data quality erosion: Extracting the signal from the noise \(08 Aug 2025\)](#)

[CPI preview: Tariffs continue to lift inflation \(07 Aug 2025\)](#)

[Are large downward revisions to nonfarm payrolls associated with higher recession probability? \(04 Aug 2025\)](#)

[Impacts of OBBBA on consumer spending and cohorts \(29 July 2025\)](#)

[Effects of tariff-inflation on income cohorts \(28 July 2025\)](#)

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