

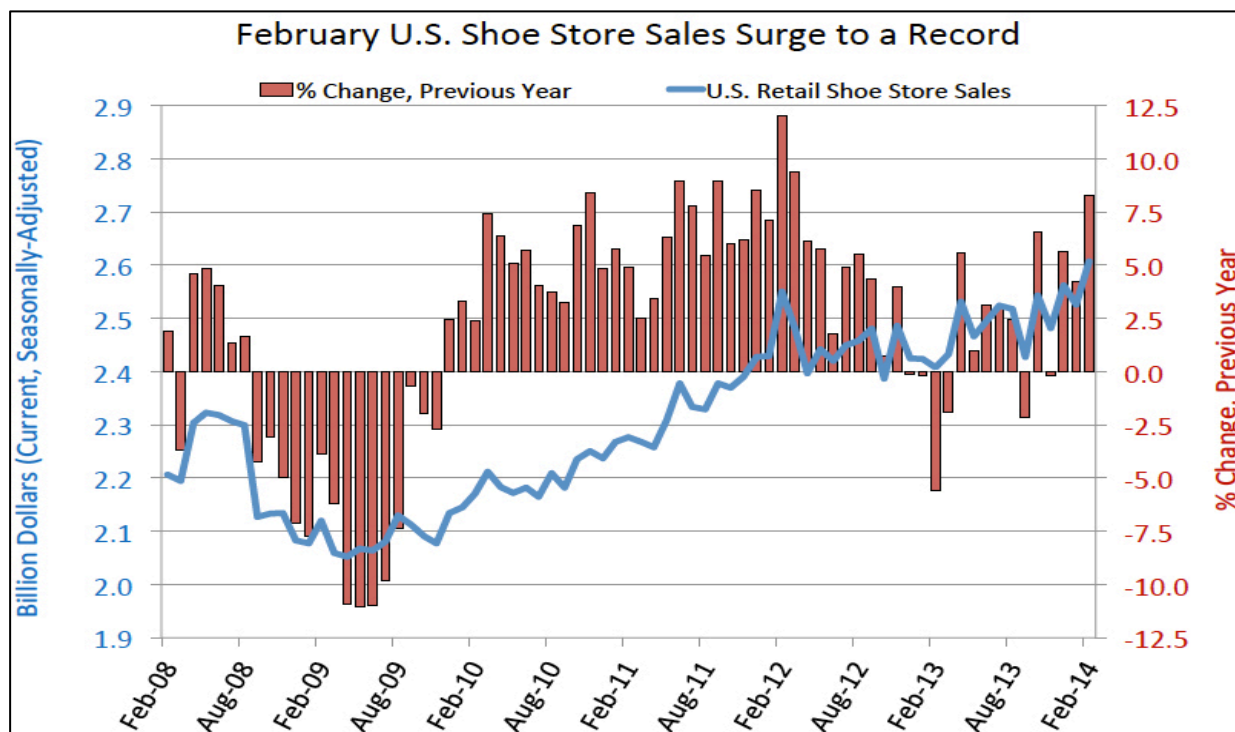


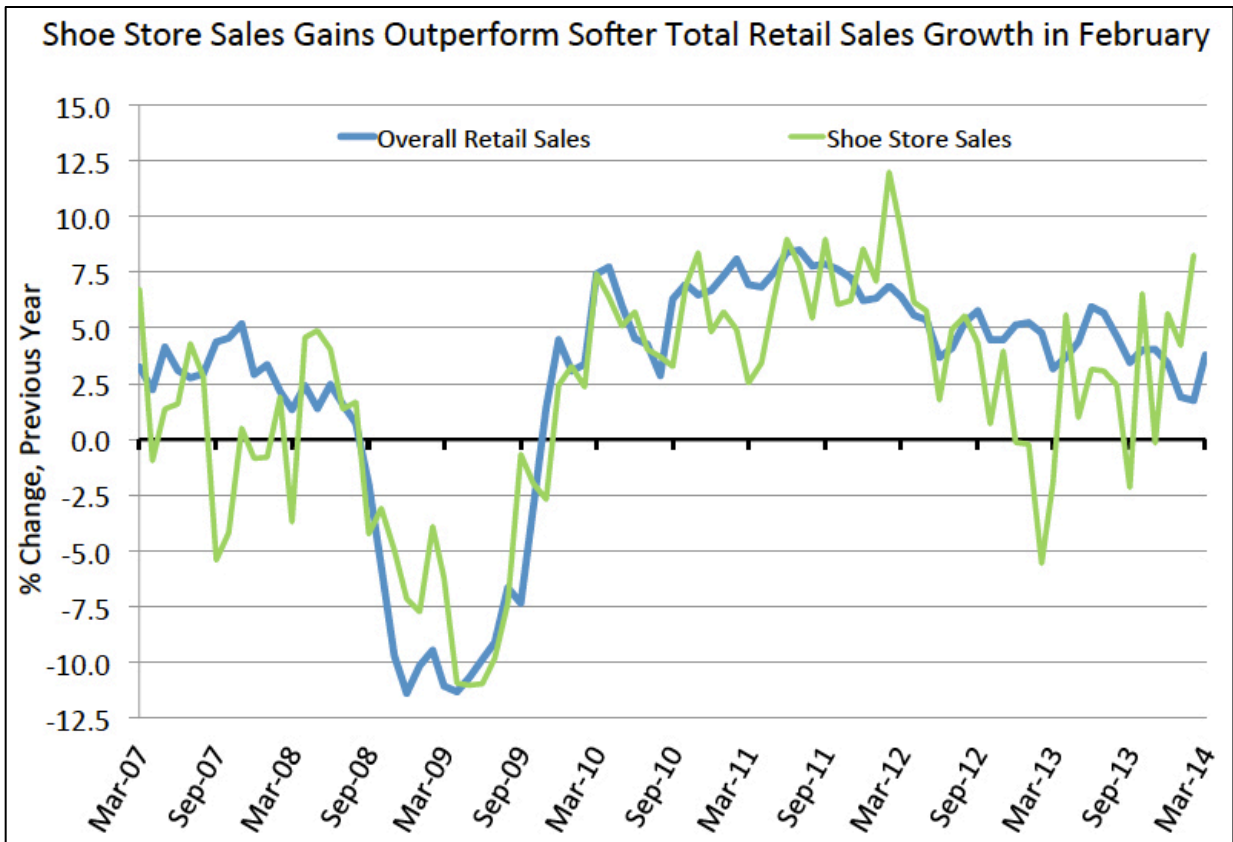
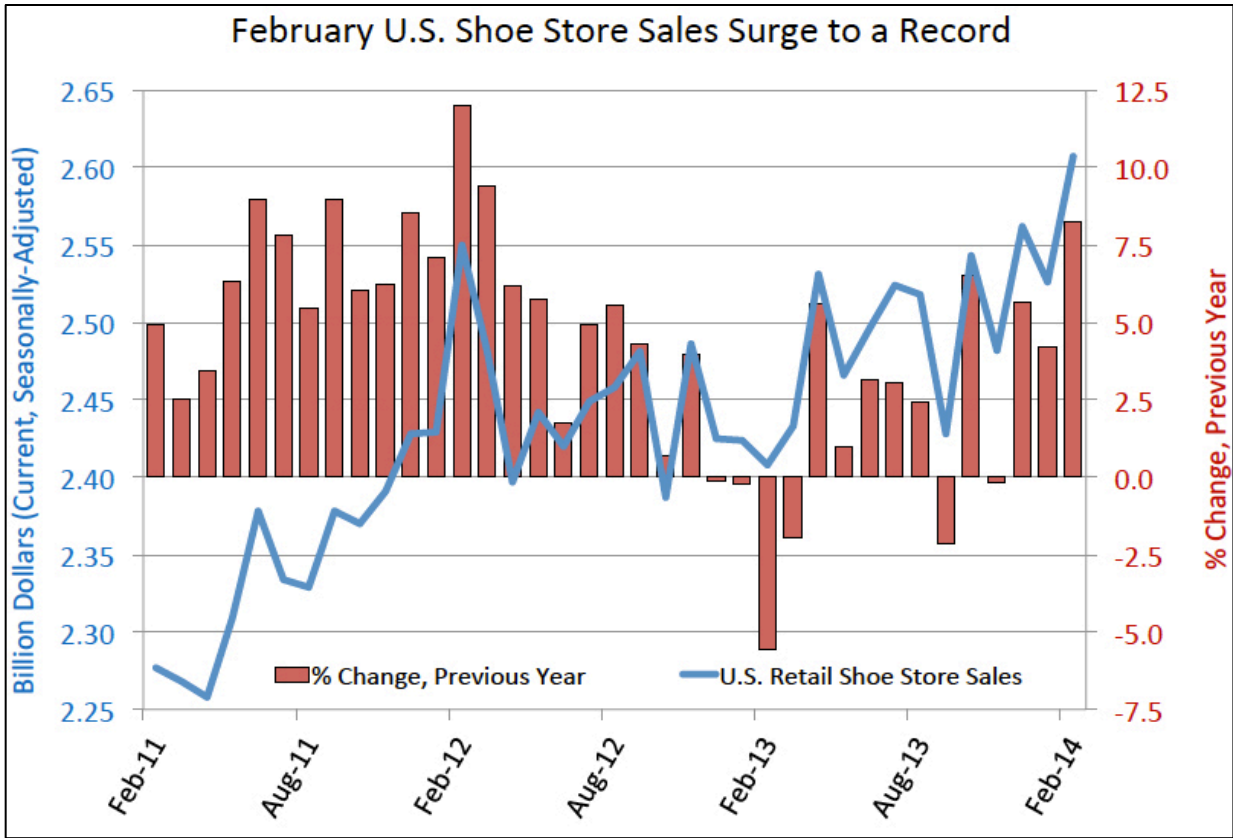
With release of the latest retail sales data from the U.S. Census Bureau, we have our first look at **February shoe store sales and March overall retail sales.**

To begin from a broader perspective, overall seasonally-adjusted retail sales in March surprised to the upside as an overdue end to winter returned shoppers to stores in droves last month. **The US Census Bureau is reporting total seasonally-adjusted retail sales stretched to an unprecedented \$433.9 billion in March, up 1.1% from the previous month and 3.8% from a year earlier.** After an unusually cold winter chilled sales earlier this year, a return to more seasonal weather across much of the country last month prompted shoppers to make up for lost time. Both increases are better than expected, owing heavily to record auto sales, up 9.5% from a year earlier. In fact, March marks the 25th straight month that year-over-year growth in motor vehicle sales outpaced gains in overall retail demand.

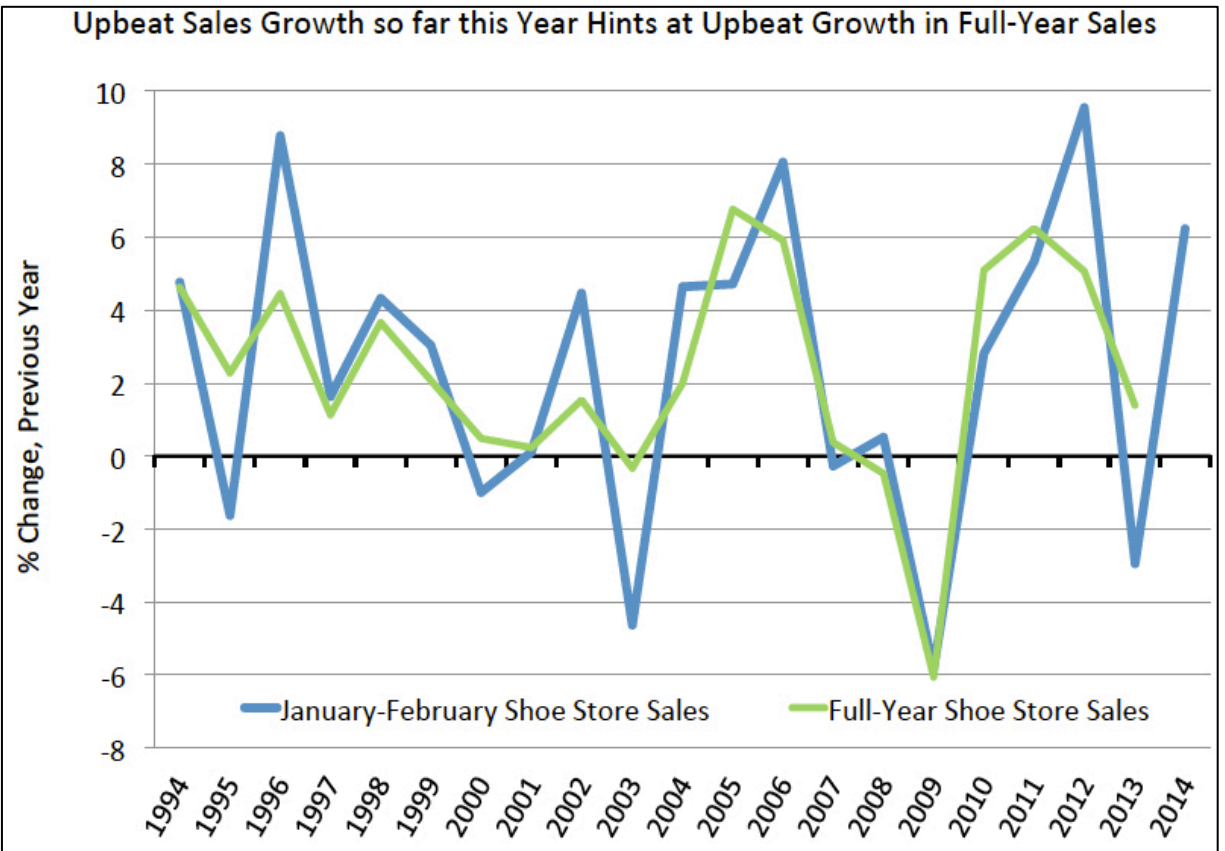
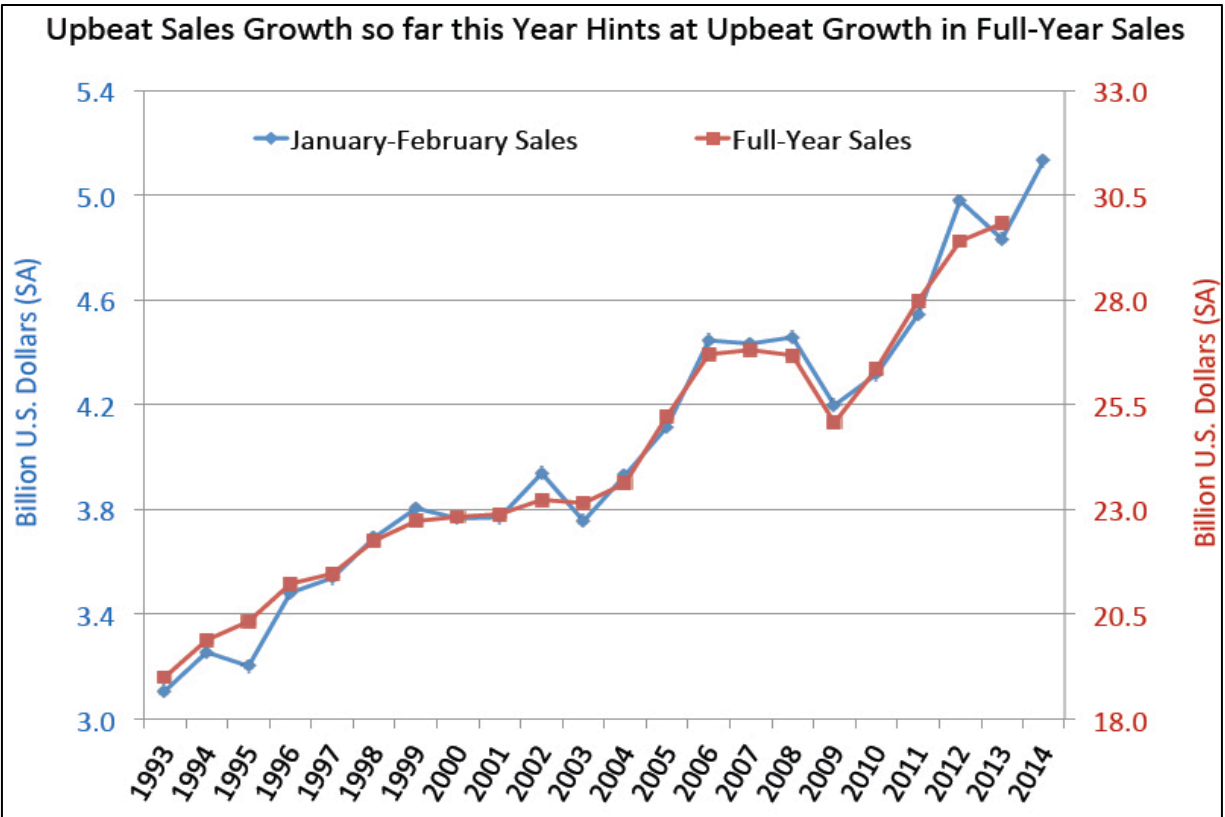
Closer to home, **US shoe store sales surged a seasonally-adjusted 8.3% year-over-year in February, the biggest increase in nearly two years.** Sales stretched to a seasonally-adjusted \$2.61 billion for the month, a record (see charts 1 & 2). What's more, chart three shows shoe store sales grew at a faster rate than the broader retail market again in February...the fourth time in the last five months that this has happened.

Charts four and five show how this February reading may portend another year of growth — to another annual record — for U.S. shoe store sales. While it is risky and a bit tenuous to extrapolate full-year trends with only two months of data, the relationship is certainly there: Over the last two decades, January-February cumulative sales grew fourteen times. And of those fourteen times, full-year sales grew thirteen of those years. What's more, of the three times in the last two decades that January-February sales grew at least as fast as this year's 6.2% advance, full-year sales grew all three times, up an average 5.1%. If this pattern repeats itself again in 2014, this retail sub-sector will enjoy its fifth straight year of expansion to a record, approaching a \$31 billion year.





Source: U.S. Commerce Dept.  
Both series in current, seasonally-adjusted dollars.



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