



With the release of the latest retail sales report from the U.S. Census Bureau this week, we have our first look at **May** overall retail sales and **April** shoe store sales.

Starting from a broader perspective, growth in overall retail demand grew a year-over-year 2.5% last month, comparable to the average expansion witnessed over the previous twelve months. The US Census Bureau is reporting last month's gain in overall retail sales & food services was driven primarily by sales at non-store retailers (up 12.2%), health and personal care stores (up 8.3%), and food services and drinking places (+6.5%). Gasoline station sales continue to sputter (off -9.5%) as did department stores (-5.8%), partially offsetting overall growth gained from most other retail sectors.

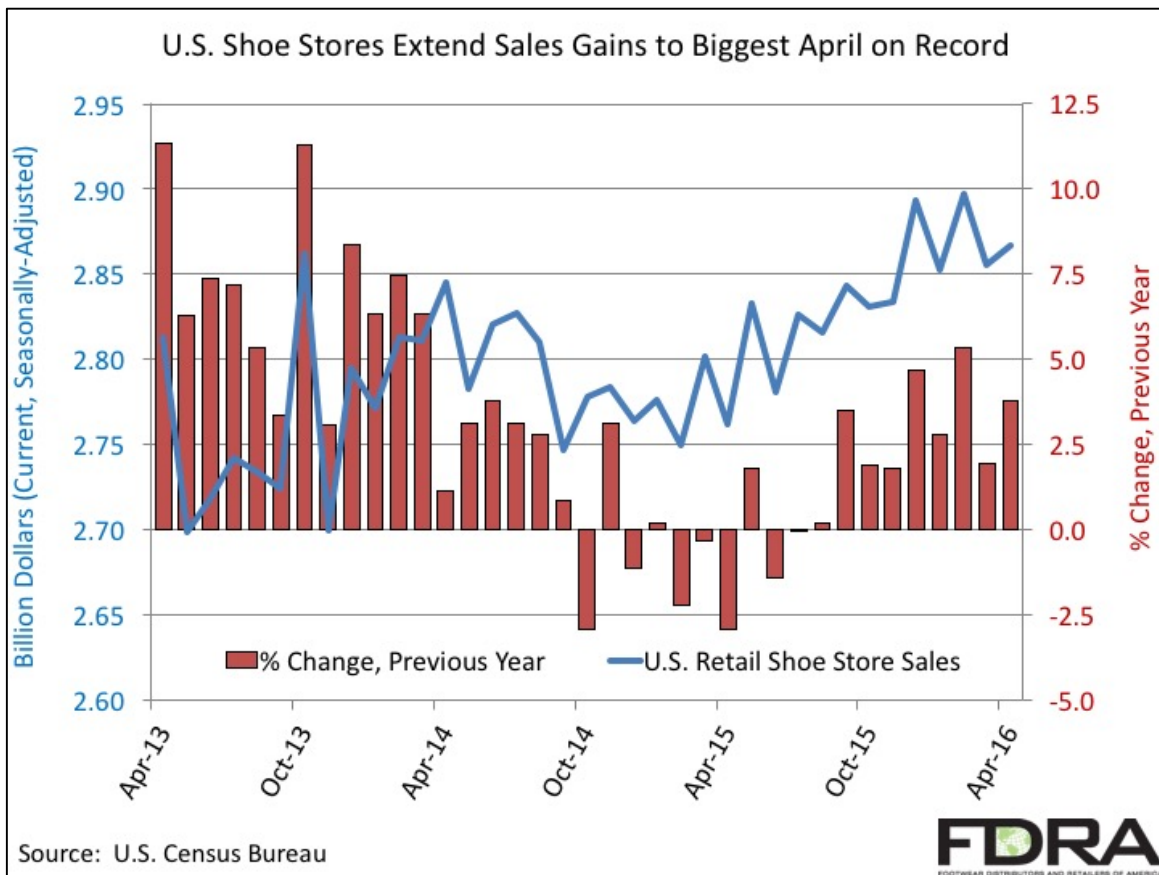
Meanwhile sales at US shoe stores continued to expand in April (up 3.8%) for the ninth straight improvement, capping the longest streak of gains in more than a year and a half. At a seasonally-adjusted \$2.867 billion, this latest reading stands as the biggest seasonally-adjusted April reading on record (chart 1). Chart 2 shows this gain in shoe store sales outperformed the expansion in the broader retail market again in April, the seventh time in the last eight months this has occurred.

After four straight years of gradually decelerating annual sales growth, this latest reading reinforces our earlier view that the retail shoe store sector may see moderately faster sales growth in 2016 (chart 4). In fact, of the ten times in the last 22 years that January-April sales grew at least as fast as this year's 3.5% advance, full-year sales grew at least 1.5% *all ten years*, with annual sales growth actually averaging closer to 4% over these years.

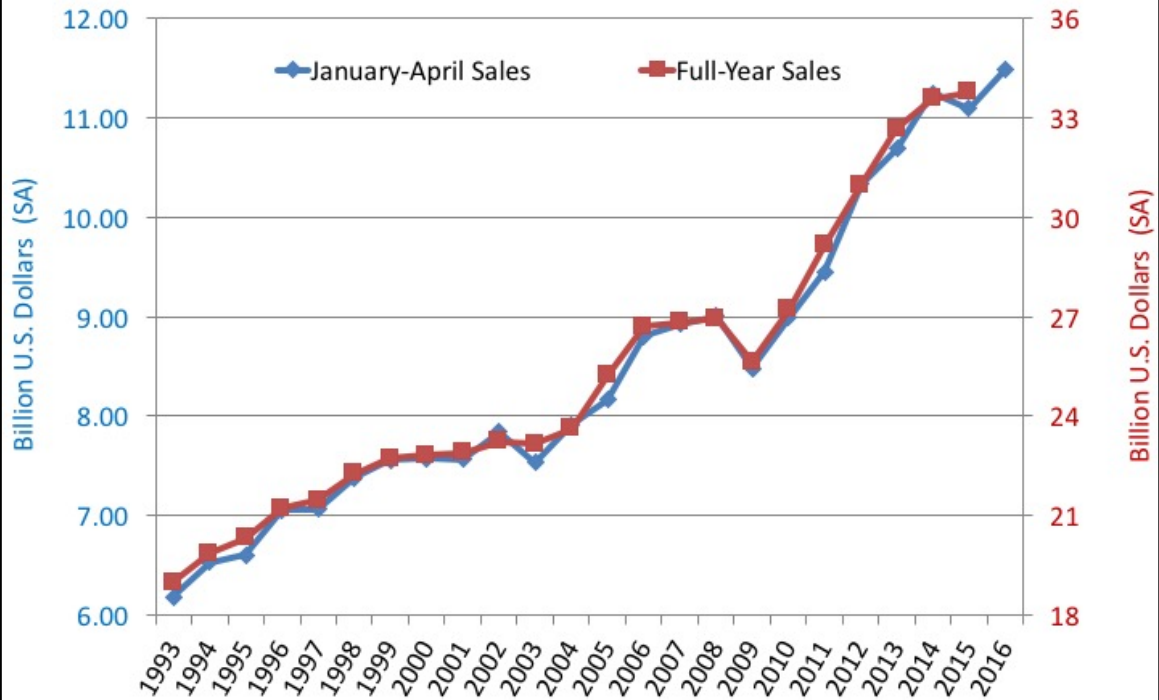
Chart 5 compares shoe store sales to consumer spending on footwear, a broader measure that encompasses big-box retailers. This chart shows shoe store sales and this broader measure of footwear spending both grew at comparable rates in April, faster than average rates of growth for both measures witnessed over recent years.

Charts 6 and 7 focus on consumer spending on footwear, showing demand accelerated to grow a year-over-year 3.9% in April, the fastest in nearly two and a half years. At a seasonally-adjusted annualized rate of \$75.6 billion, consumer spending on footwear climbed to a record in this latest month.

There are seven charts below. The first chart shows monthly US shoe store sales and the year-over-year rates of expansion or contraction. The second shows a comparison of trends in overall retail sales with trends in shoe store sales, a component. The third shows annual shoe store sales over the last 23 years plotted against year-to-date sales over this period. The fourth shows the year-over-year % change of the data in chart 3. The fifth shows a comparison of US shoe store sales with US consumer spending on footwear, a broader measure. The sixth and seventh charts show US consumer spending on footwear plotted against its year-over-year % change on the right axis.



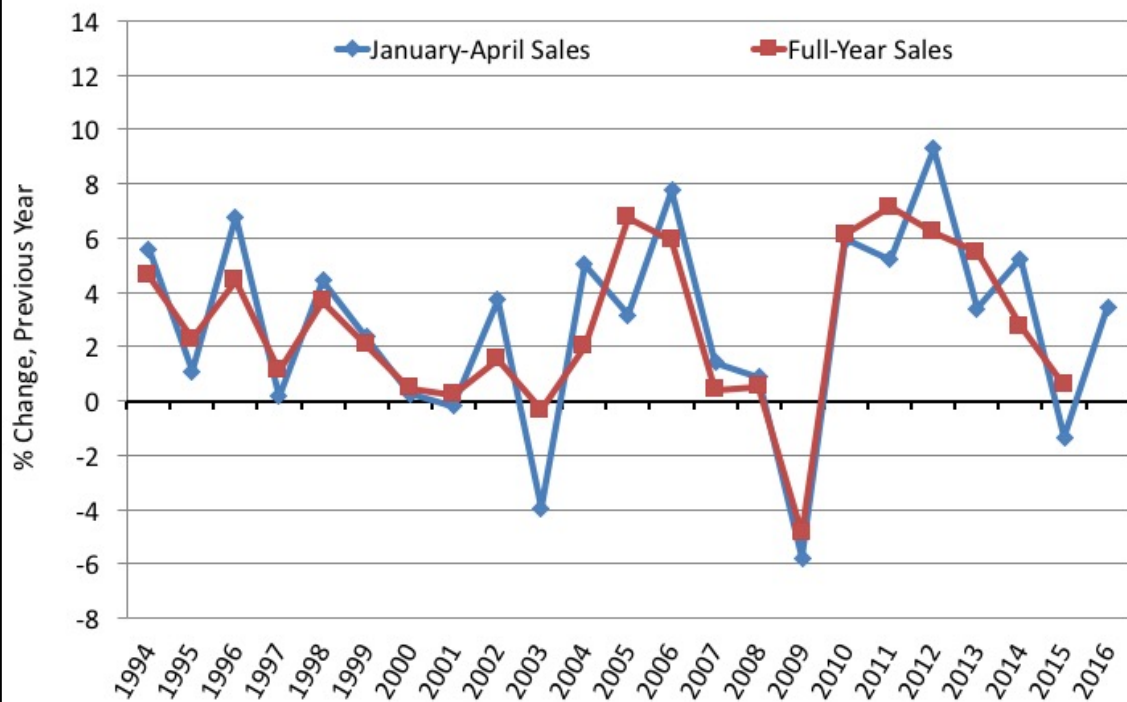
Year-to-Date Shoe Store Sales Point to another Record Year in 2016



Source: U.S. Census Bureau

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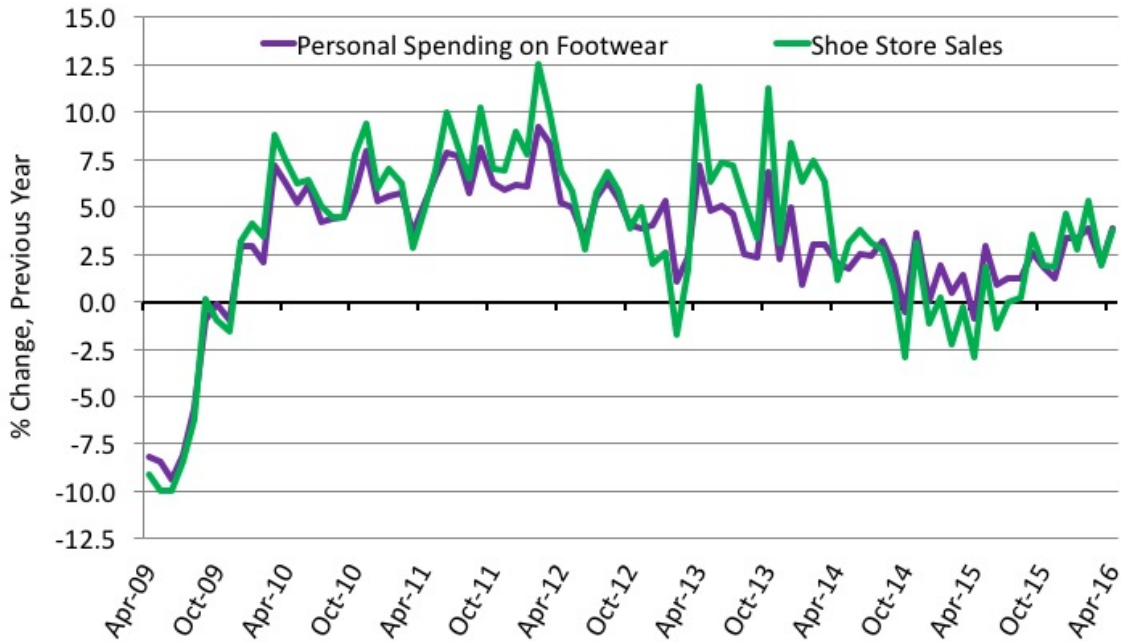
Year-to-Date Shoe Store Sales Gain Foreshadows Faster Growth in 2016



Source: U.S. Census Bureau

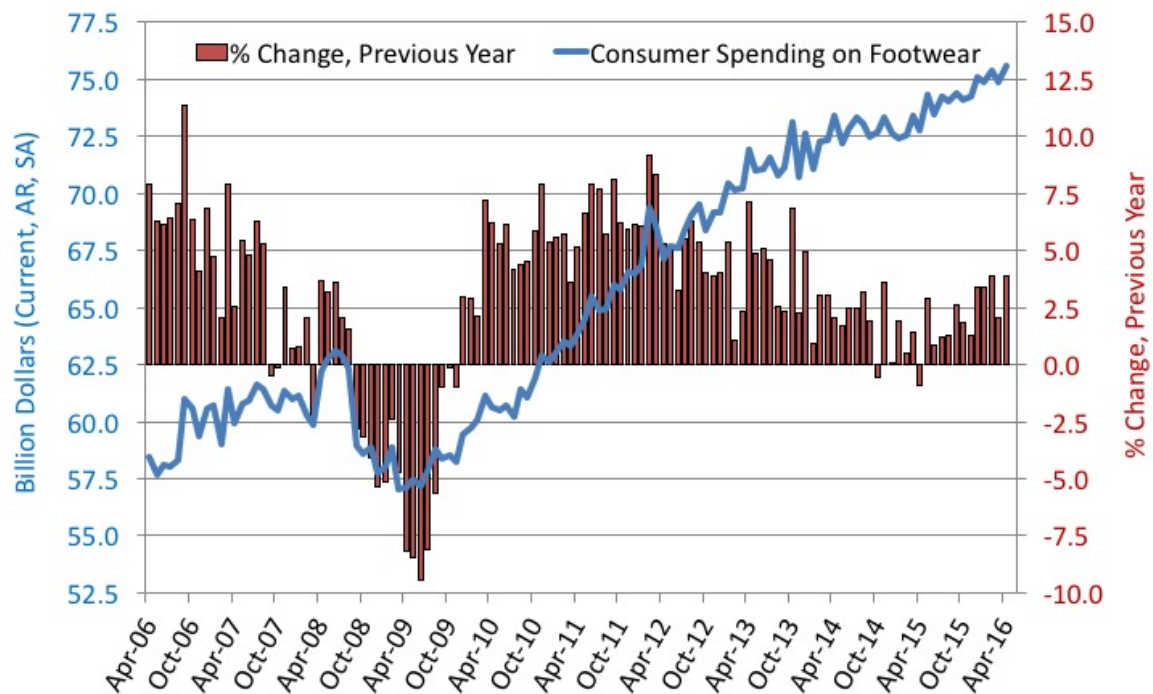
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U.S. Personal Spending on Footwear vs. Shoe Store Sales



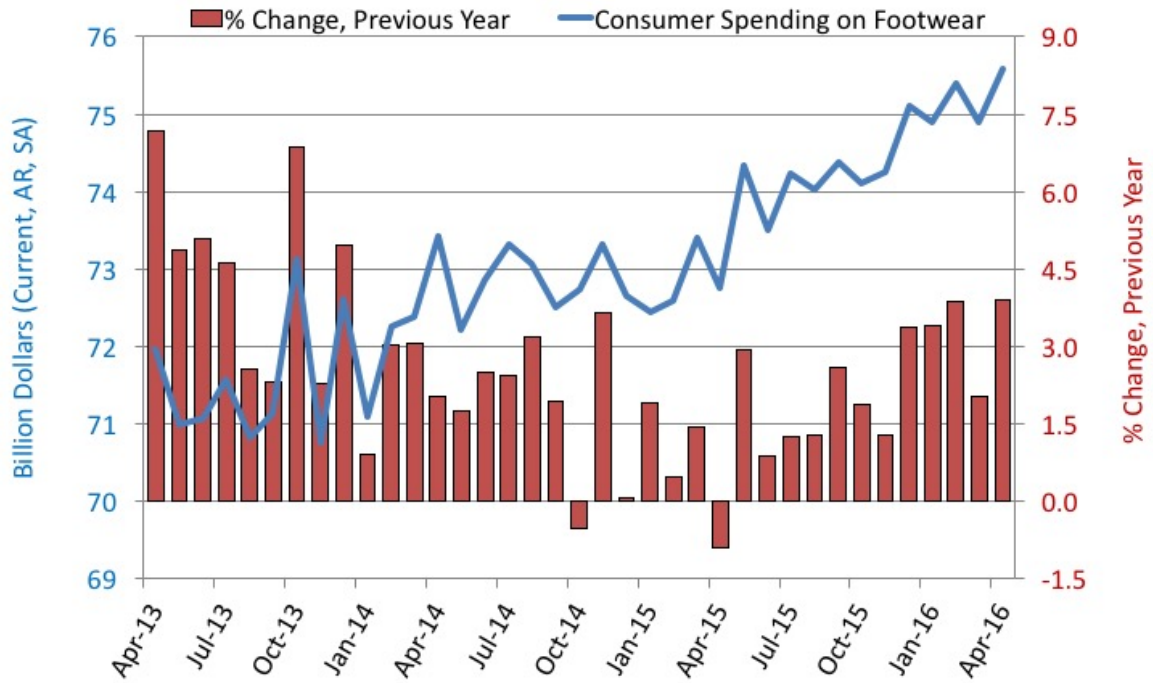
Sources: Bureau of Economic Analysis and U.S. Census Bureau. Both series in current, seasonally-adjusted dollars. Shoe store sales are comprised of shoe-store specific data including footwear independent retailers, large footwear retail chains and some footwear internet sales. Consumer spending on footwear is comprised of both shoe store sales and big-box retailers.

U.S. Consumer Spending on Footwear Expands again, Closer to Trend, in March *A Broad Look at the Last Ten Years*



Source: Bureau of Economic Analysis

U.S. Consumer Spending on Footwear Expands again, Closer to Trend, in March A Closer Look at the Last Three Years



Source: Bureau of Economic Analysis

