

Statistical Brief

Retail Sales Reflect Economic Trends

Retail sales are a strong indicator of national economic performance. The Census Bureau publishes monthly data on sales by retail stores. These data are used in calculating the Gross National Product (GNP), and making numerous public policy and business decisions. This Brief highlights data from recent monthly retail sales reports.

As retail sales go, so goes the Nation.

Retail sales are a very large "slice" of our Nation's economic "pie." In 1990, retail sales exceeded \$1.8 trillion. This amount is equal to—

- Nearly one-half of all disposable personal income.
- About one-third of our GNP.

Retail sales are also a driving force in our Nation's economic growth. Over the last 10 years, retail sales increased in 31 of 40 calendar quarters, coinciding with GNP increases nearly 95 percent of the time.

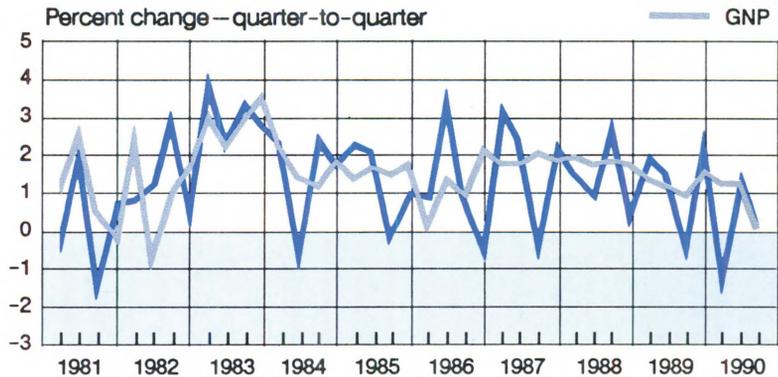
Retail sales often portend changes in national economic conditions; this means information on current retail sales is in great demand and subject to very careful study.



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Economics and Statistics Administration
BUREAU OF THE CENSUS

Retail Sales Influence GNP



Retail trade is a harbinger of economic change.

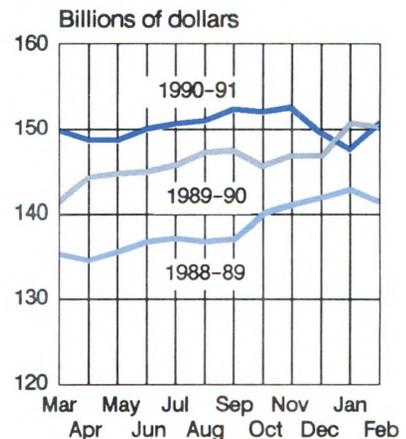
"Advance" retail sales reports provide a first glimpse of economic performance only 9 working days after the close of each month. For example:

- In early March 1991, after 4 months of flat or reduced sales, the advance report for February showed an increase of 1 percent.
- In April 1991, the more complete "preliminary" report confirmed this February upturn.

Advance reports are based on early estimates from a small sample of retail businesses. The preliminary reports, released a month later, reflect information from many more businesses and a higher proportion of "book" figures.

Advance and preliminary reports of monthly retail sales are an official indicator of U.S. economic performance. They are used with

Sales Show Improvement



other available data to forecast the timing and strength of changes in our economy.

How do different retail businesses compare?

Retail sales take place in many different kinds of stores, each with potentially different sales patterns. Broadly speaking, merchandise sold for personal or household consumption is classified as either durable or nondurable goods. Durable goods last

for at least 3 years (appliances, power tools) and nondurable goods have shorter life spans (medicines, fast food).

Reflecting consumer spending preferences, sales by durable goods stores account for only about one-third of all retail sales. In 1990, durable goods sales totaled some \$700 billion, but seasonally adjusted monthly sales showed virtually no change between the January and December levels of that year.

Sales by nondurable goods stores totaled \$1 trillion during 1990, increasing a respectable 6 percent. Most major kinds of nondurable goods stores shared in this growth. For example:

- Apparel, accessory, and general merchandise stores saw annual growth of about 4 percent.
- The value of gasoline service station sales, boosted by rising prices, increased 11 percent.

How do different geographic areas compare?

Patterns of retail sales are not uniform across the United States. They can differ markedly from region to region, and within a region. Patterns reflect changes in consumer confidence, and shifts in population, income, business, and other conditions.

To illustrate, retail sales increased nearly 4 percent nationwide during 1990. However, sales grew over 6 percent in the West Region, and virtually not at all in the Northeast.

In the nine subregional areas, sales ranged from a gain of 8 percent to a modest decline.

Differences in retail growth among major metropolitan areas

were even more striking between 1989 and 1990:

Gains	Percent
Seattle	+ 12.1
Phoenix	+ 10.7
Cincinnati	+ 10.2
Houston	+ 7.0
Declines	Percent
San Diego	-2.2
Atlanta	-1.8
Baltimore	-1.8
Minneapolis-St. Paul	-1.6

This is one in a series of occasional reports from the Census Bureau that provide timely information about our people and economy. Most data presented are early sales estimates from sample surveys of retail businesses. The data have been adjusted for seasonal variations and trading-day differences, but not for price changes; they may be revised to reflect more complete information;

and they are subject to sampling and nonsampling errors. See the reports cited below for a complete description of statistical methods, quality, and limitations.

For Further Information on this Brief:

Contact
Mark Wallace
(301) 763-7040

See

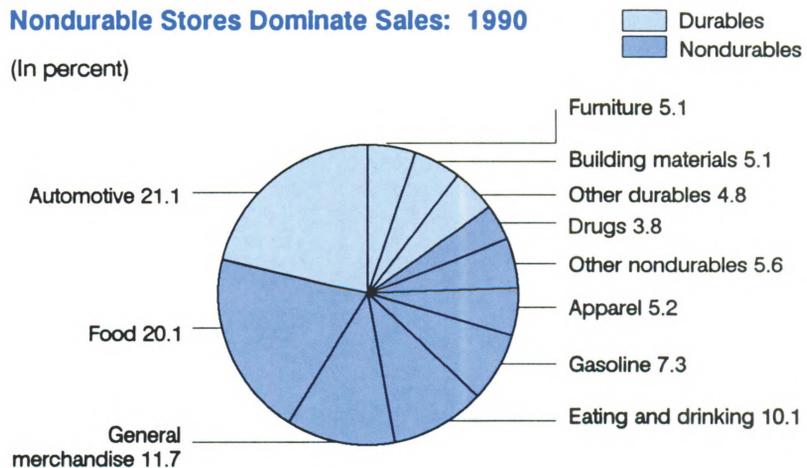
Advance Retail Sales, February 1991; Monthly Retail Trade Sales and Inventories, January 1991; Revised Monthly Retail Sales and Inventories, January 1981 - December 1990.

For further information on other Briefs:

Contact
Robert Bernstein
(301) 763-1584

Nondurable Stores Dominate Sales: 1990

(In percent)



Sales Differ by Area: 1989 vs. 1990

