United States Retail Sales

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United States' May Retail Sales were $362.5 billion, down 1.2 percent from April. The decline was broad based. Motor vehicles, building materials, gasoline, clothing, and general merchandise all fell significantly. Furniture/home furnishings, electronics/appliances, food, health/personal, and sporting goods/hobby were up but just a bit.

Building material purchases dove 9.3 percent following an 8.4 percent jump in April (and an increase in March). Government appliance rebates and the homebuyer credit programs are the source of this sector's volatility. General merchandise sales declined 1.1 percent, the largest decline since December 2008.

May motor vehicle sales were down from April despite auto manufacturers' reports that May was up from April. This may indicate that car dealers are building inventories, almost surely involuntarily.

Half of the total Retail sales dollar volume change was due to the decline in Building materials, which was a short-term response to a change in government incentives. But there may also be a conscious effort on the part of the household to increase savings. Continuing a theme I wrote about yesterday, additional savings, while implying weaker second quarter GDP growth, would pave the way for a more sustained recovery in 2011.