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Current Economic News

Retail Sales and Inflation

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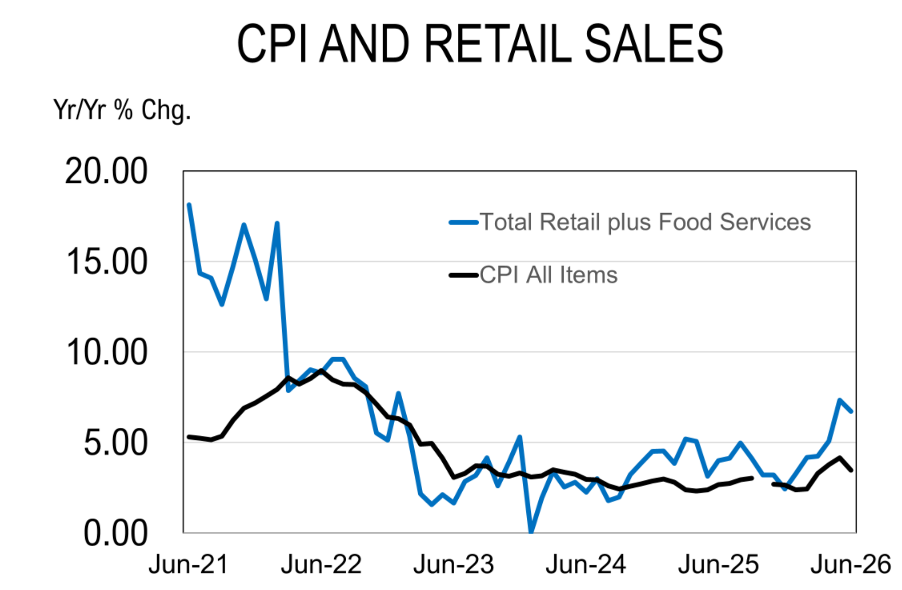
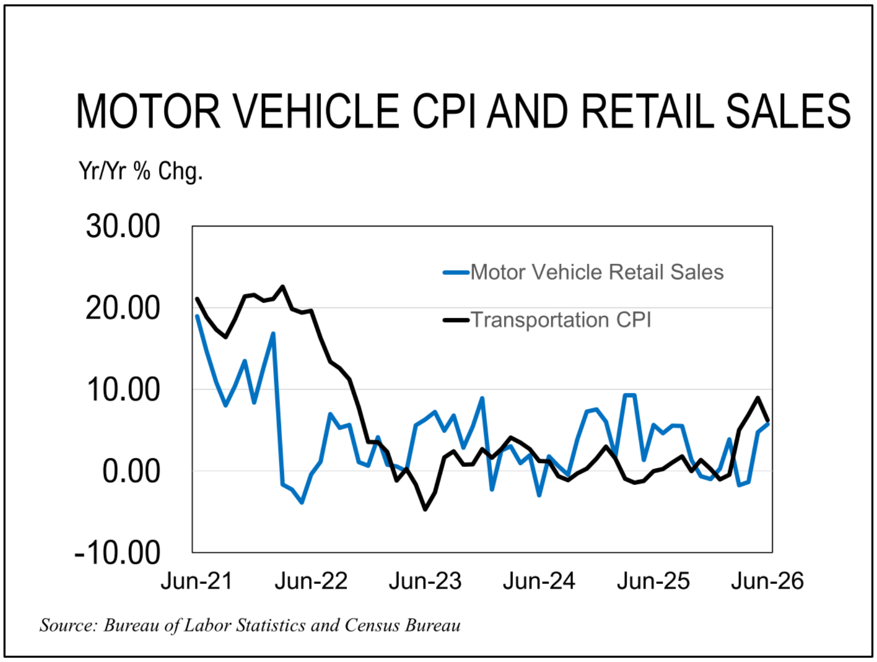
Many factors impact retail sales, among them the price level. It is not unusual for retail sales to move in tandem with prices. But as seen in the chart below, in the immediate aftermath of the COVID-19 pandemic, retail sales grew at a much higher rate than prices. That was due to the large amount of savings by consumers when they hunkered down at home during the pandemic.

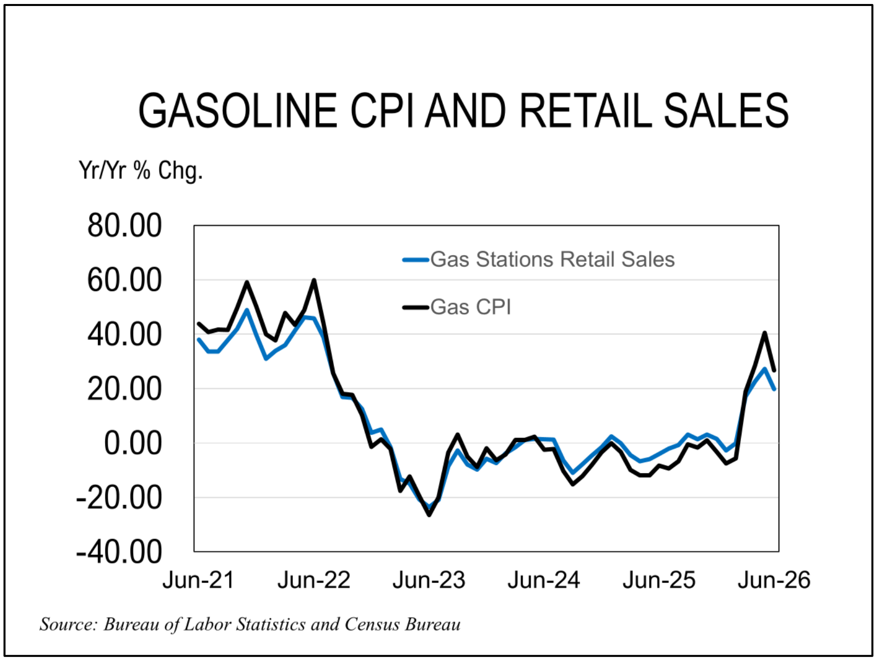


Source: Bureau of Labor Statistics and Census Bureau

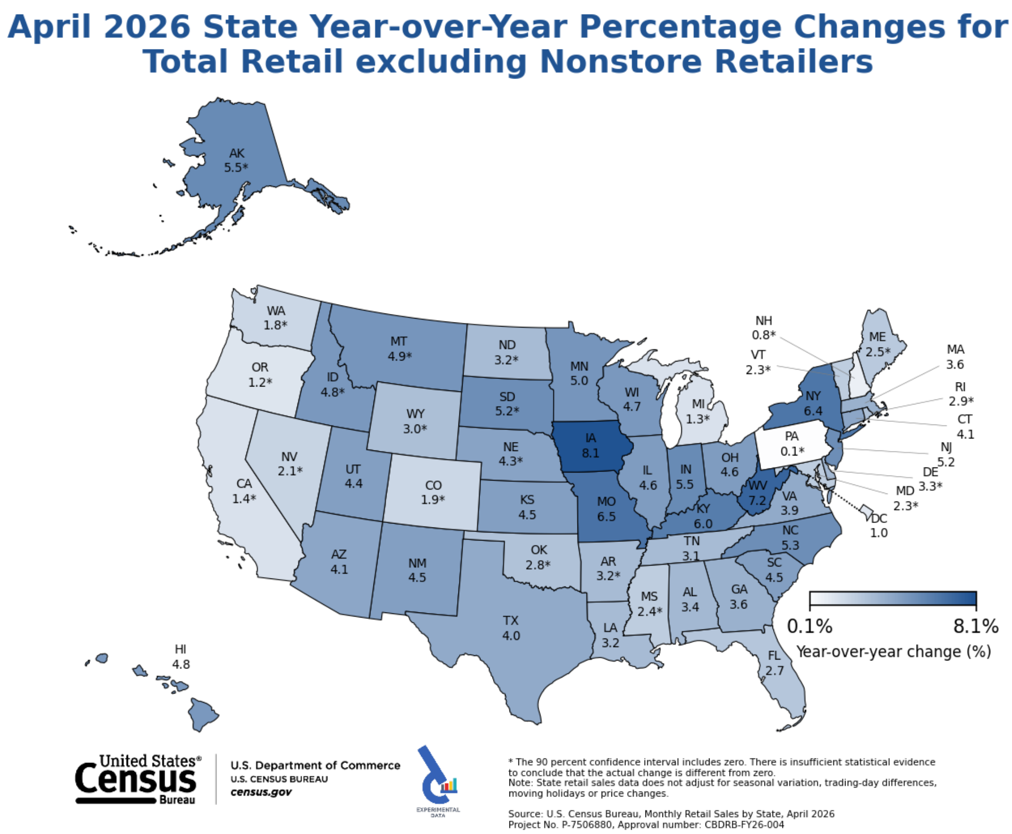
Consumers make decisions about when it is appropriate to make certain purchases. When cars are more expensive, consumers may put off unnecessary car purchases, awaiting a time when cars become more affordable. This behavior impacts retail sales negatively. This means that CPI and amount of retail sales do not follow each other as closely for certain items. However, those who do have to make a purchase will pay far more for the car, meaning that retail sales will still follow inflation to an extent.



That said, other goods need to be purchased even at higher prices. This is commonly referred to as "inelastic demand." No matter the price of gasoline, consumers must purchase it in order to drive to work, to the grocery store, and to all other locations needed. Therefore, inflation and amount spent on gasoline follow each other very closely. The recent decline in gasoline sales due to inflation shows that consumers may be choosing to go on fewer trips that would require extra gasoline purchases, due to the high cost of gasoline. This is especially important because this change happened in June, a time when many Americans plan on road trips that require extra gasoline.



Each state also has its own record of retail sales. The Census Bureau recently reported that total retail sales increased by 6.4% in New York from April 2025 to April 2026, and an enormous 8.1% in Iowa. Meanwhile, Pennsylvania's retail sales grew only by 0.1% over the same time frame.



Looking further into these states, we can see the differences in how consumers choose to spend their money. Unfortunately, the Census Bureau only reports the year over year percentage change, not the actual amount of dollars spent. However, patterns are still clear. Pennsylvania decreased its purchase of motor vehicles, while New York increased it, and Iowa spent 32% more money on gasoline this April than last year. These show that gasoline and cars are important in determining consumers' finances at a point in time. While all three states increased their purchases made in hobby stores (NAICS Code 451) at about the same rate, this was not enough to greatly change their overall statewide retail sales growth.

April 2026 Retail Sales Annual Percentage Change by State			
	Pennsylvania	**Iowa**	**New York**
Motor Vehicle and Parts Dealers: NAICS 441	-2.7	-0.5	10.4
Gasoline Stations: NAICS 447	2.4	32.3	3.7
Sporting Goods, Hobby, Book, and Music Stores: NAICS 451	10.8	7.7	9.5
TOTAL	0.1	8.1	6.4