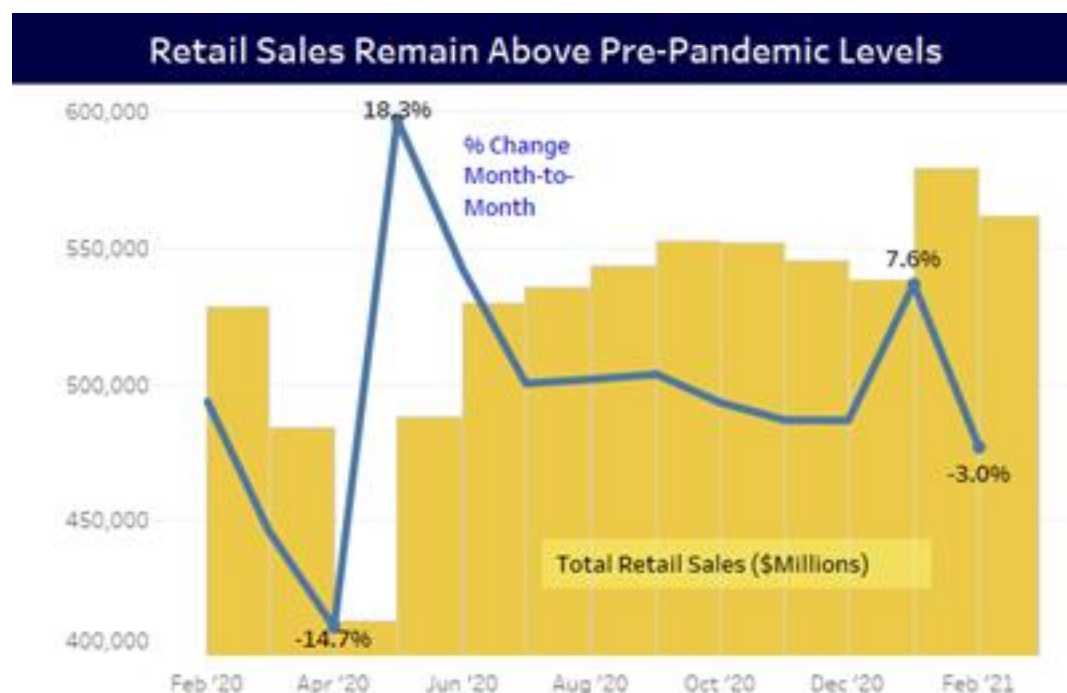


February Retail Sales Fell Following January Surge

The recent \$600 and the in-process \$1,400 per person checks as part of federal pandemic relief are causing economic data to bounce all over the place. Retail sales are a prime example. The Census Department released [February's figures](#) this week. They showed retail sales fell 3%. However, that comes after a 7.6% surge in January.

Big picture: Even with the downturn in February, retail sales are more than 6% above their level in February 2020 (pre-pandemic). They have been above that level every month since June.



What's happening: Month-to-month swings like the last few months are unusual. Clearly the payments are impacting behavior in a big way. Consumers spent liberally in January, as the \$600 checks were hitting their bank accounts, even while savings spiked at the same time. Spending fell off in February as the checks stopped. As \$1,400 checks are hitting accounts now, expect March retail sales to surge again, above even the record-high January level.

All categories of retail sales increased sharply in January and all of them fell in February. The lone exception was gas stations (food and beverage stores were flat). Spending at gas stations increased 3.6% in February. That is in part because of increased gas prices, but also (hopefully) reflects that people are driving more, because they are leaving the house more for work, shopping, and other economic activities.

Bottom line: The monthly swings will stop once the government support wanes as the pandemic slows. But even with the withdrawal of support, the economy is in position to continue thriving

as industries long-shuttered or operating at curtailed capacity open and consumers spend pent up savings on services they have not been able to spend on for over a year now.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce