Economic Update

May 15, 2025

Retail Sales Growth Moderates Sharply in April

- **Overall retail sales grew just 0.1% month-on-month in April, down sharply from an upwardly revised 1.7% in March.**
- **Sales increased in just five of 13 categories on the month, led by restaurants and bars and building material and garden supply stores.**
- **Year ago growth was a solid 5.2% in April, unchanged from March.**
- **The outlook is for retail sales to grow modestly for the balance of 2025.**

Overall retail sales grew 0.1% month-on-month in April. This was below PNC's forecast of 0.3% and down sharply from the robust gain of 1.7% in March (previously 1.5%). Sales at just five of the 13 categories increased on the month, led by a 1.2% jump in restaurants and bars, the only services category in the report. Building material and garden supply store receipts increased 0.8%, while sales at furniture stores and electronic and appliance stores climbed 0.3%. Sales at nonstore retailers rose 0.2% and contributed to the overall increase. The biggest sales declines were in sporting goods and hobby stores (-2.5%), miscellaneous store retailers (-2.1%), gasoline stations (-0.5%) and clothing stores (-0.4%). Sales tumbled a modest 0.2% at health and personal care stores and general merchandise stores while sales were flat at grocery stores. Year earlier growth was a strong 5.2% in April, unchanged from March.

Retail sales excluding autos also edged up 0.1% after increasing 0.8% in March. Ex-auto sales are up a strong 4.2% from a year ago, down slightly from 4.4% in March.

Despite plunging consumer confidence – confidence dropped nearly 20 points from January to April – consumers continued to spend in April as they attempt to stay ahead of possible tariff-related price increases. However, the outlook is for retail sales to grow modestly amid weaker job growth, volatile equity markets and plunging confidence. Supports to spending include historically low unemployment, manageable household debt burdens and lower interest rates. PNC expects the Federal Open Market Committee to cut the fed funds rates by 25 basis four times in 2025 beginning in July, lowering the fed funds rate to a range of 3.25%-3.50% by year end.

PNC Economics
Jay Hawkins, Senior Economist
economics@pnc.com

Visit **pnc.com/economicreports** for more information from PNC Economics.

Gus Faucher	Jay Hawkins	Stuart Hoffman	Kurt Rankin	Ershang Liang
Chief Economist	*Senior Economist*	*Senior Economic Advisor*	*Senior Economist*	*Economist*