



# Retail Sales Surged in March Amid Reopenings and Stimulus Checks

Good readings on retail sales and jobless claims suggest the economy is strengthening.

By Tim Smart April 15, 2021

Retail sales surged 9.8% in March, following a dip in February, as coronavirus vaccinations increased and people began spending their \$1,400 stimulus checks.

Compared to a year earlier, when the coronavirus was just starting to hit the U.S., sales are up 27.7%, according to the report from the U.S. Census.

Retail trade sales were up 9.4% from February, while auto and parts sales rose 71.1% year over year and restaurants and bar sales were up 36% from last year.

Separately, the number of Americans filing first time claims for unemployment fell sharply last week to 576,000, a decrease of 193,000 from the previous week's revised level of 769,000.

The weekly level is the lowest since March 14, 2020 when it was 256,000, according to the Labor Department report.

The four-week moving average, meanwhile, fell to 683,000, a decrease of 47,250 from the previous week's revised average of 730,250. This is the lowest level for the average since March 14, 2020 when it was 225,500.

Both reports show the economy continues to strengthen as the country enters the second year of the coronavirus pandemic and communities loosen restrictions on eating out, going to school and travel. First-quarter earnings reports for major companies have been coming in strong this week and Dow Jones futures were up more than 150 points early Thursday.

The Federal Reserve's "beige book" this week found a "moderate" pace of expansion in economic activity, a slight improvement over the "modest" characterization in its prior report. The Fed found stronger consumer spending, an upbeat tourism outlook amid increased vaccinations, and the rollout of stimulus payments.

Separately, a survey by the New York Federal Reserve Bank found that people receiving stimulus checks expected to spend about 25% of their money, with 42% going into savings and 33% being used to pay down debt. Prior surveys by the bank have found a similar pattern of stimulus spending.

The reopening of the economy has led to an uptick in inflation but most economists and Fed Chairman Jerome Powell have said they expect it to be temporary, driven in part by global supply chain disruptions.

"So for a brief time, headline inflation will run hotter," **Bernard Baumohl, chief global economist at The Economic Outlook Group**, wrote Tuesday. "There's nothing shocking or worrisome about it. We simply have an economy that is adjusting to two conflicting forces: (1) bottlenecks in the world supply chain that have slowed the delivery of goods to producers and retailers in the U.S.; and (2) a surge in demand from consumers and even businesses due to the trillions of dollars of fiscal stimulus that was designed to revive economic activity."

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