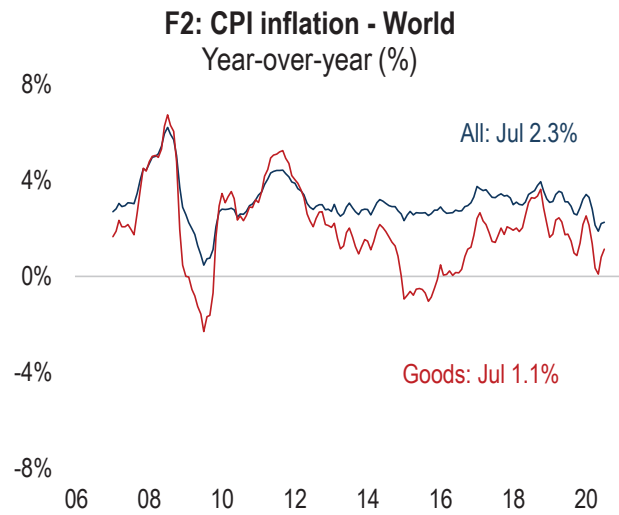
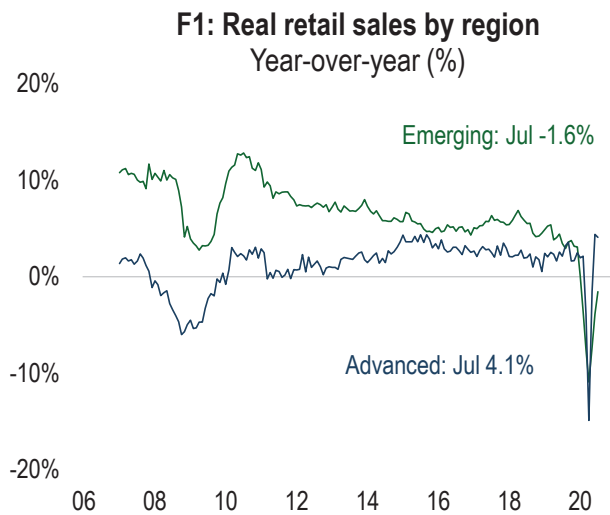


September 2020



Key takeaways

Global retail sales rose 1.3% year-over-year in July, rising for the second consecutive month against its year-ago level (F3). As was the case with global manufacturing, the July figures suggest the recovery has lost momentum, with retail spending rising 0.4% MoM versus 5% in June. The global aggregate remains held back by China, where consumption continues to trail the overall economic recovery given ongoing mobility restrictions. World CPI inflation rose almost 4% annualized in June, reinforcing our expectations of stronger price growth over the next 12M.

Based on high frequency data, we estimate a 94% probability that global retail sales expanded last month. The most likely outcome was a 0.3% gain, which would translate into a 0.8% increase year-over-year. Our September 'nowcast', in turn, points towards a 0.2% increase this month, with a 64% chance of expansion. The much lower probability is consistent with a surge in COVID-19 cases across the Western Hemisphere, weighing on household spending through voluntary social distancing and lower consumer confidence.

Global real retail sales ¹ 2010=100, SA	July		June		7 months	
	2020 (p)	% chg yoy	2020 (r)	% chg yoy	2020	% chg yoy
World (at PPP)	143.5	1.3%	142.9	0.4%	137.3	-2.9%
Advanced	126.0	4.1%	126.6	4.4%	119.3	-1.1%
Emerging	167.9	-1.6%	165.1	-3.9%	161.8	-5.0%
Equilibrium consumption ²	144.2	2.0%	143.7	1.9%	142.9	2.0%
Cyclical deviation (%)	-0.4%	-	-0.5%	-	-3.9%	-

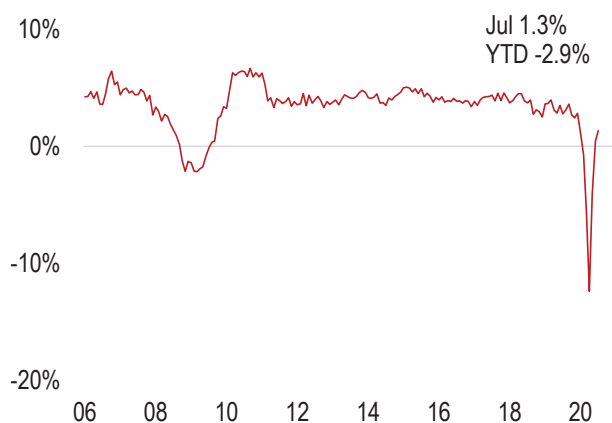
CPI inflation Year-over-year (%)	July	June	May	April	7 months	
	2020	2020	2020	2020	2020	2019
All goods and services	2.3%	2.2%	1.9%	2.1%	2.6%	3.3%
Goods	1.1%	0.8%	0.1%	0.4%	1.2%	2.0%
Core	2.1%	2.0%	2.1%	2.2%	2.2%	2.9%

RETAIL SALES - GLOBAL TRACKER

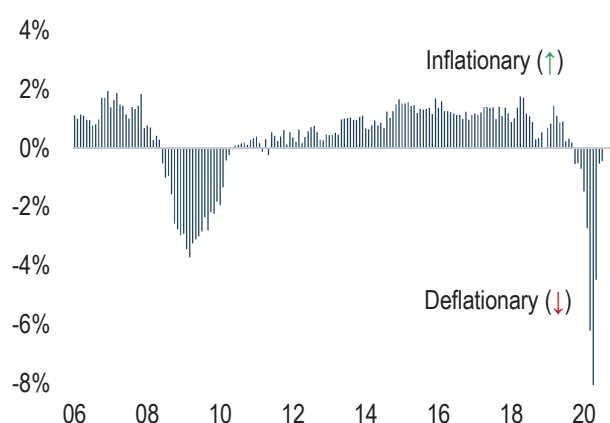
Real retail sales, regional detail 2010=100, SA	July		June		7 months	
	2020 (p)	% chg yoy	2020 (r)	% chg yoy	2020	% chg yoy
North America	142.4	6.3%	142.2	6.5%	133.3	0.5%
Canada	120.6	3.4%	121.4	3.9%	113.9	-1.9%
United States	144.0	6.5%	143.7	6.6%	134.7	0.7%
Latin America³	109.1	-10.3%	103.2	-16.1%	104.9	-12.2%
Brazil	124.4	5.0%	118.3	1.1%	114.1	-2.2%
Mexico	109.1	-12.1%	104.2	-16.6%	109.2	-11.0%
Western Europe	112.4	1.2%	112.7	1.0%	106.8	-3.7%
France	133.8	6.3%	131.9	3.5%	120.1	-5.0%
Germany	123.0	4.1%	123.2	3.9%	120.3	2.2%
Italy	83.9	-12.3%	92.6	-3.5%	84.1	-11.4%
Spain	89.9	-3.5%	88.9	-4.5%	83.9	-9.3%
United Kingdom	122.5	1.1%	119.1	-2.0%	114.1	-6.1%
Eastern Europe	120.3	1.1%	115.6	-3.9%	114.9	-2.6%
Poland	143.9	4.3%	141.4	1.8%	137.9	1.2%
Russia	112.5	-0.9%	106.6	-7.0%	107.0	-5.1%
Asia⁴	177.6	-1.2%	177.6	-1.9%	172.7	-4.4%
China	227.6	-2.7%	226.7	-3.4%	216.9	-7.3%
Indonesia	196.7	-12.1%	197.0	-12.6%	203.7	-10.3%
South Korea	125.6	0.0%	133.6	5.4%	125.7	-0.8%
Japan	97.8	1.4%	102.1	3.1%	97.1	-2.2%
Turkey	163.6	10.6%	149.4	-1.2%	148.9	-0.3%

Real retail sales	July	June	May	April	March	February
Month-over-month, SA (%)	2020 (p)	2020 (r)	2020	2020	2020	2020
World	0.4%	5.1%	9.5%	-7.1%	-4.0%	-1.3%

F3: Global real retail sales
Yearly growth rate (%)



F4: Cyclical deviation
Actual versus equilibrium (%)



RETAIL SALES - GLOBAL TRACKER

CPI inflation, country detail 2010=100, SA	July		June		7 months	
	2020 (p)	% chg yoy	2020 (r)	% chg yoy	2020	% chg yoy
World	135.3	2.3%	134.8	2.2%	134.6	2.6%
Advanced	115.3	0.6%	115.0	0.5%	115.1	0.9%
Emerging	165.5	4.1%	164.9	4.1%	164.1	4.4%
North America						
Canada	117.5	0.3%	117.5	0.7%	117.3	0.8%
Core	116.6	0.6%	116.7	1.0%	116.7	1.3%
Goods	112.2	-0.3%	111.9	-0.1%	111.8	-0.2%
United States	118.6	1.0%	117.9	0.7%	118.1	1.2%
Core	121.0	1.6%	120.2	1.2%	120.4	1.7%
Goods	105.5	-0.8%	104.9	-1.2%	105.2	-0.6%
Latin America						
Brazil	171.3	2.3%	170.9	2.1%	171.1	2.9%
Core	168.3	1.7%	168.3	1.9%	168.5	2.5%
Goods	161.6	4.5%	160.9	4.0%	159.7	3.7%
Mexico	147.1	3.6%	146.2	3.3%	145.1	3.2%
Core	139.8	3.8%	139.2	3.7%	138.3	3.7%
Goods	149.1	5.2%	148.1	4.7%	146.6	4.3%
Europe						
Eurozone	113.0	0.4%	112.8	0.3%	112.9	0.6%
Core	111.6	1.1%	111.1	0.8%	111.0	1.0%
Goods	111.3	0.0%	110.7	-0.5%	111.2	0.1%
United Kingdom	122.1	1.1%	121.4	0.7%	121.5	1.2%
Core	120.6	1.8%	119.8	1.4%	119.7	1.5%
Goods	113.3	0.0%	112.6	-0.6%	112.9	0.1%
Asia						
China	128.5	2.7%	128.0	2.6%	128.5	3.7%
Core	117.5	0.4%	117.7	0.8%	117.7	1.0%
Goods	118.6	1.6%	118.0	1.2%	118.5	2.3%
Japan	105.9	0.4%	105.6	0.1%	105.7	0.3%
Core	102.1	0.3%	102.0	0.3%	102.0	0.2%
Goods	108.6	0.8%	108.3	0.5%	108.4	0.9%
South Korea	115.5	0.3%	115.4	0.0%	115.6	0.5%
Core	117.8	0.7%	117.7	0.6%	117.5	0.6%
Goods	113.3	0.4%	113.2	-0.1%	113.5	0.7%
Turkey	263.8	11.8%	262.1	12.6%	256.3	11.9%
Core	250.2	10.2%	248.7	11.4%	242.6	10.4%
Goods	274.2	11.7%	272.9	13.2%	265.2	11.4%

Notes:

- ¹ Global and regional indices built using fixed consumption weights adjusted for purchasing power parity. Monthly sample represents ~83% of global retail spending.
- ² We define equilibrium consumption as the maximum level of spending on goods the global economy can sustain without incurring inflationary pressures. Transitory income shocks can cause consumption to deviate from this stable growth path, creating a consumption gap. Equilibrium consumption and the consumption gap are Kalman filter estimates of a multivariate state-space model in which global retail volumes are benchmarked against a Phillips curve equation for consumer goods.
- ³ Because consumer prices for Argentina are not available for the full sample period, the retail sales index is deflated with a disaggregated version of the implicit price deflator for total consumer spending.
- ⁴ Retail sales for India are not available at a monthly or quarterly frequency. Because India accounts for ~6% of global consumption in PPP terms (~2% at market exchange rates), we proxy real retail sales with real value added in domestic trade, available on a quarterly basis and disaggregated using standard statistical procedures.

Definitions:

Nominal retail sales deflated with disaggregated retail prices; if retail or goods prices are unavailable, the individual series are deflated using total consumer prices. Most retail series include motor vehicle sales and exclude food services. All series are seasonally and calendar adjusted. Core inflation excludes food and energy prices. Regional price indices are aggregated using fixed base Laspeyres formulas with PPP-adjusted consumption weights. (p): preliminary; (r) revised.

Source:

Numeria Analytics calculations based on publicly available information; current month for regional aggregates is partly estimated.