

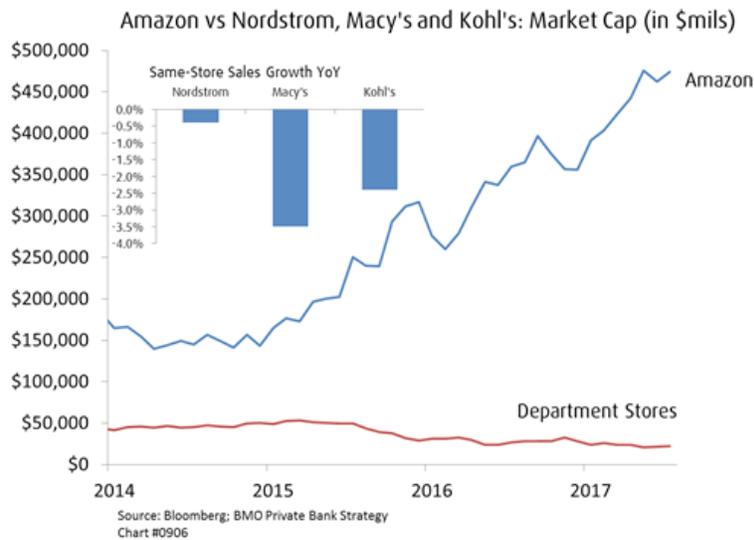
Current Market Update

Wednesday, July 27, 2017

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Americans are back at what they do best, spending. Thanks to a tight labor market, strong confidence and rising paychecks, retail sales growth expanded 0.6% last month, its highest rate this year. Our nation's cash registers posted 4.2% higher sales over the last 12 months; that's ahead of the economy's 3.7% nominal growth rate through June.

Consumers bought automobiles, building materials and thanks in part to Amazon's "Prime Day," shopped on the Internet. What they didn't do was spend money at department stores.



Sales at department stores shrank 1.3% over the last 12 months. Same-store sales at Nordstrom, Macy's and Kohl's were all negative.

There's no doubt that consumer preferences have shifted their buying habits away from department stores, but that doesn't mean they've all flooded to the Internet. Ladies apparel sales, for example, grew by 2.1% last month, and discounters like TJX enjoyed 5% same-store sales growth. Retail is in an upheaval, but department stores are in a troubled world of their own.

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