

Consumer Spending Slammed in April

March retail sales had shown the biggest single month decline on record, but April sales were exceedingly worse. In fact, the numbers were so bad that some experts are questioning the validity of the data. Headline retail sales plunged -16.4% last month, well below the -12.0% median forecast. As Bloomberg points out, the -23% two-month collapse was almost double the -13% drop in sales experienced during the *entire* Great Recession. The April decline was broad-based with online sales (+8.4%) being the only positive contributor. Some of the more shocking sales weakness was found in clothing (-78.8%), electronics (-60.6%) and furniture (-58.7%). One relative bright spot may have been auto sales, which fell by just -12.4% as dealers offered heavy incentives, virtual showings and vehicle delivery.

Although Congress has responded to the crisis with massive financial support to unemployed Americans, most of those dollars are being used to keep the lights on and food on the table; discretionary spending is a low priority. *Who really needs a new shirt right now?* Unfortunately, in order for the economy to snap back in the third quarter as many economists are forecasting, consumers need to open up their wallets. But that won't happen until businesses resume operation and jobs start coming back ...and the jobs won't return until the consumer demand is there. The good news, for better or for worse, is that economies are already reopening around the nation. This suggests, as ugly as today's report was, it may represent the bottom. Although the April data is reminiscent of a depression, the numbers will almost certainly show improvement in the second half of the year.

Market Indications as of 11:55 A.M. Central Time

DOW	Down 96 to 23,529 (HIGH: 29,551)
NASDAQ	Down 7 to 8,936 (HIGH: 9,817)
S&P 500	Down 3 to 2,850 (HIGH: 3,386)
1-Yr T-bill	current yield 0.14%; opening yield 0.15%
2-Yr T-note	current yield 0.15%; opening yield 0.15%
5-Yr T-note	current yield 0.31%; opening yield 0.31%
10-Yr T-note	current yield 0.64%; opening yield 0.62%
30-Yr T-bond	current yield 1.31%; opening yield 1.29%

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