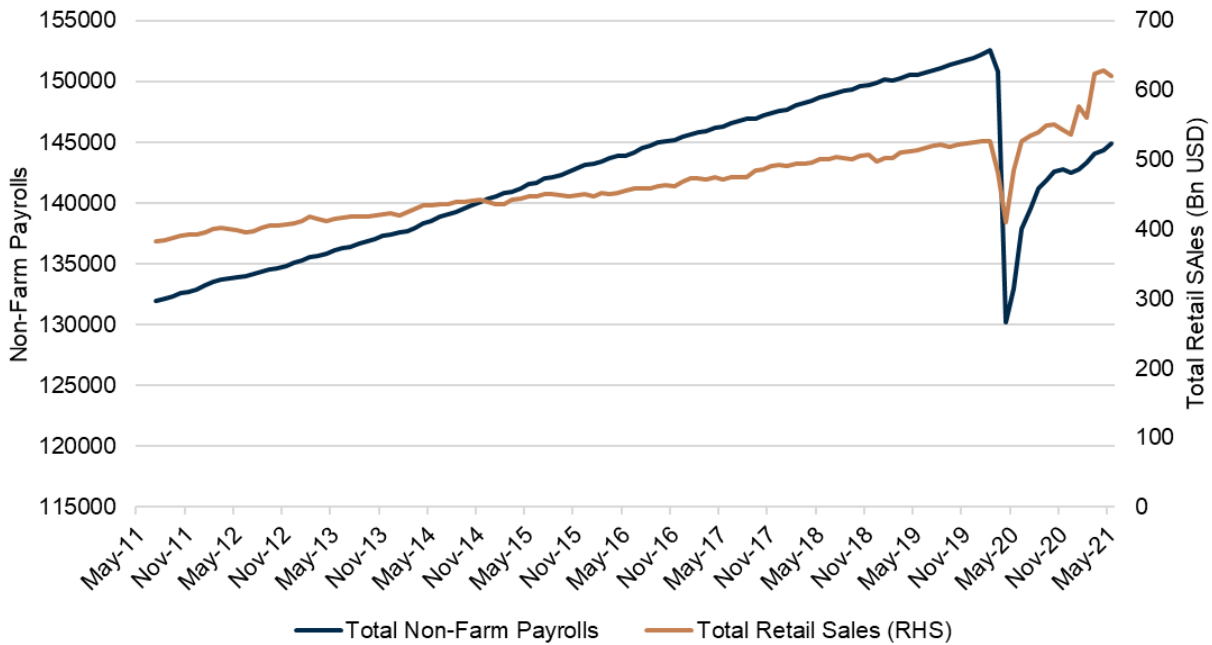




Figure 1: US Nonfarm payrolls verse retail sales



Source: Bloomberg

As at the end of May this year, the number of workers employed in the US was 5% fewer than February 2020. The monthly level of retail sales in the country was 18% higher over the same period.

Over the last 18 months, spread over three tranches, the US Gov implemented in excess of 4 trillion USD of relief in the form of business loans, unemployed benefits, and most importantly stimulus checks to counter-act the pandemic's effects.

At first glance, without the apparent absolute job numbers to support retail sales, as well as no new stimulus checks on the way – it may be fair to have concern that retail sales should rightfully fall from here. However, some of the demand borne from fiscal support helps spur on further demand, and even more simply with the more money being supplied into the economy, the level of sales can be justifiably higher. This all shows a good case for retail sales to stay elevated, and even move higher as the economy gets back to work.