

US retail sales rise more than expected in July



U.S. retail sales rose by 1.0% in July, surpassing expectations and easing concerns about a sharp economic slowdown, following a 0.2% decline in June. The stronger-than-expected sales, driven by consumers' bargain hunting and trading down to lower-priced substitutes, may temper financial markets' expectations for significant interest rate cuts, signaling steady consumer demand at the start of the third quarter.

Walmart beats estimates, raises outlook as it sees stable consumer health

Walmart exceeded quarterly earnings and revenue expectations and raised its full-year outlook due to strong performance in the first half of the year, driven by steady consumer health and increased visits to its stores and website. However, Walmart remains cautious about the second half of the year, citing potential uncertainties such as the upcoming 2024 election and global unrest, which could influence consumer sentiment.

Dillard's Q2 disappoints as net income plunges



Dillard's reported a disappointing second quarter with a 5% decline in total retail sales and a drop in comparable sales, leading to a contraction in gross margins. Despite efforts to differentiate its merchandise, UBS analysts predict continued margin and profit declines as the company struggles with rising expenses and competition from more appealing retail alternatives.

Lowe's lowers guidance amid Q2 sales, profit declines



Lowe's lowered its full-year guidance after unfavorable weather and a soft housing market led to a 5.5% decline in Q2 net sales and a 10.8% drop in net earnings. Despite these challenges, some analysts believe Lowe's is well-positioned to gain market share in the long term through its Total Home Strategy, which focuses on professional customers, digital enhancements, localization, and product assortment improvements.

Closures

Apartments, hockey rinks and Amazon warehouses: Macy's closures will set off a wave of change at shopping malls

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Macy's plan to close about 150 stores by early 2027 will drive significant changes in U.S. malls, with former Macy's locations likely being repurposed into smaller retail spaces, residential apartments, or entirely new developments such as entertainment centers, medical facilities, or even Amazon warehouses. These closures reflect broader trends in retail, where struggling malls are either being reimagined with diverse tenants or are facing potential decline if unable to adapt to changing consumer preferences.

Big Lots may close up to 315 stores



Big Lots may close up to 315 stores, representing nearly 23% of its total locations, as part of an effort to address ongoing financial challenges and a liquidity crunch. Analysts express concern that such extensive closures would require significant changes to the retailer's business model, highlighting the difficulties faced by Big Lots amid declining sales and increased pressure on its core customer base.

LL Flooring files for bankruptcy with plans to close 94 stores



LL Flooring has filed for bankruptcy and plans to close 94 stores as it pursues a sale of its business, supported by \$130 million in debtor-in-possession financing. The company, which faced declining demand, reduced home improvement spending, and reputational damage from past controversies, found its liquidity unsustainable despite efforts to cut costs and refinance, leading to its Chapter 11 filing as the "best path forward" according to CEO Charles Tyson.

Why pharmacy chains like Walgreens and CVS are shuttering locations



Walgreens plans to close a significant number of its U.S. stores by 2027, as only 75% of its locations are profitable, marking another sign of weakness in the retail pharmacy sector. The company faces challenges from a declining retail business and shrinking pharmacy margins, exacerbated by the ongoing pressure from pharmacy benefit managers (PBMs) and a worsening consumer environment.

Auto

New-Vehicle Sales Incentives Climb Higher in July, According to Kelley Blue Book Estimates

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In July, new-vehicle prices in the U.S. remained mostly stable, with the average transaction price (ATP) at \$48,401, slightly lower than the peak in December 2022. However, incentives have risen significantly, reaching 7.0% of ATP, the highest level in over three years, as increased inventory levels favor buyers, although high loan rates and tight credit conditions continue to challenge affordability.

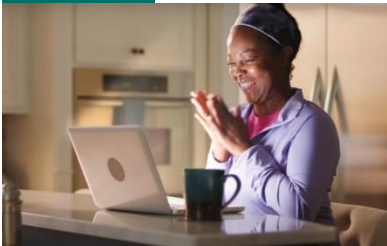
Car insurance rates could surge by 50% in 3 states: See where they're rising nationwide



Auto insurance premiums are expected to rise significantly in 2024, with an estimated national increase of 22% and surges of over 50% in states like California, Missouri, and Minnesota. The increases are driven by factors such as severe weather events, legislative changes, rising repair costs, and the operational expenses insurers face, with the average cost of full-coverage insurance expected to reach \$2,469 by the end of the year.

Ecommerce

Overstock.com, Primark, Aldi, Lululemon Fastest Growing U.S. Retailers



Overstock.com is the fastest-growing retailer in the U.S., with 2023 sales increasing by 135% to \$4.54 billion, largely due to acquiring Bed Bath & Beyond's online operations. The National Retail Federation's annual ranking also highlights other fast-growing retailers, including Primark, Aldi, and Lululemon, with a notable trend among top performers offering a "treasure hunt" shopping experience.

Walmart opens ocean shipping network to marketplace sellers



Walmart has expanded its ocean shipping network, now offering full container load freight service from China to the U.S. to all Walmart Fulfillment Services (WFS) sellers, allowing them to transport goods directly to Walmart's U.S. fulfillment centers. This move is part of Walmart's broader strategy to enhance its marketplace services and support e-commerce sellers, further solidifying its position as a comprehensive service provider beyond traditional retail.

What We're Reading

Looming US East, Gulf Coast port strikes could spark import surge

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The National Retail Federation (NRF) is urging a return to negotiations as contract talks at US East and Gulf Coast ports have stalled, potentially leading to a strike that could severely impact the economy. In response, retailers are rushing to import goods, driving near-record inbound cargo volumes at major US ports as they prepare for potential labor disruptions, with imports projected to surge by 12.1% in 2024 compared to the previous year.

Retail space availability has reached its lowest point in decades



Retail space availability in the U.S. has reached its lowest level in decades, driven by a combination of high demand from retailers, limited new construction due to financing constraints, and zoning restrictions. This scarcity has created intense competition for prime locations, leading to significant rent increases, particularly in fast-growing markets, making it difficult for many retailers to secure desirable spaces.