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Retail sales close Q3 with resilience despite moderation from 2025, though current risks threaten to deepen deceleration

The three-month moving average of nominal retail sales increased at an annualized rate of 4.84% q/q during the quarter ending in September. This shows a slight slowdown compared to the 5.27% q/q rise recorded during the same period in 2025. Nevertheless, consumer spending remains resilient, backed by robust economic growth and a steady labor market. Adjusted for a third-quarter annualized consumer inflation of 1.73%, real retail sales expanded around 3.0%. This change aligns closely with the 3.6% increase in real consumer spending forecasted by the Atlanta Federal Reserve's GDPNow model. Still, significant risks could produce continued deceleration in household expenses, most notably the high inflation levels recently seen in the U.S. economy. Specifically, escalating energy costs influenced by the Middle East war are altering consumer behavior and making inferences to overall real consumer spending growth more difficult. This is evident from the 6.6% q/q spike in gasoline station spending during the third quarter, as shown in Figure 1. This burden limits the ability of households to spend on other categories that could stimulate different sectors of the U.S. economy and boost overall expansion potential.

Figure 1. U.S. retail sales in billion USD

Sales Category	Billions of USD		Monthly change		3Q26 vs. 3Q25	3Q26 vs. 2Q26 (annualized)
	Aug-26	Sep-26	Aug-26	Sep-26		
Food and beverages	85	85	0.20%	0.39%	0.6%	0.1%
Food Services	92	93	1.36%	1.11%	6.0%	11.0%
Gasoline Stations	64	68	3.97%	6.37%	22.2%	6.6%
Motor Vehicles and Parts Dealers	140	140	0.68%	0.22%	2.2%	2.8%
Other Sales	359	359	1.30%	-0.01%	5.2%	4.4%
Total Retail and Food Services	739	745	1.29%	0.77%	5.5%	4.8%

Source: HR Ratings with data from the U.S. Census Bureau, retrieved from FRED, Federal Reserve Bank of St. Louis.

The deceleration relative to 2025 is pervasive across the primary categories. Sales, excluding food services, increased by 4.0% quarter-over-quarter, a down from the 5.8% quarter-over-quarter recorded the previous year. In addition, total sales excluding food, gasoline, and motor vehicles and parts—one of the most stable metrics because it removes volatile components—expanded 4.96% q/q, compared to 5.93% q/q observed during the quarter ending in September 2025. As previously mentioned, although growth rates remain solid, the softer performance is general.



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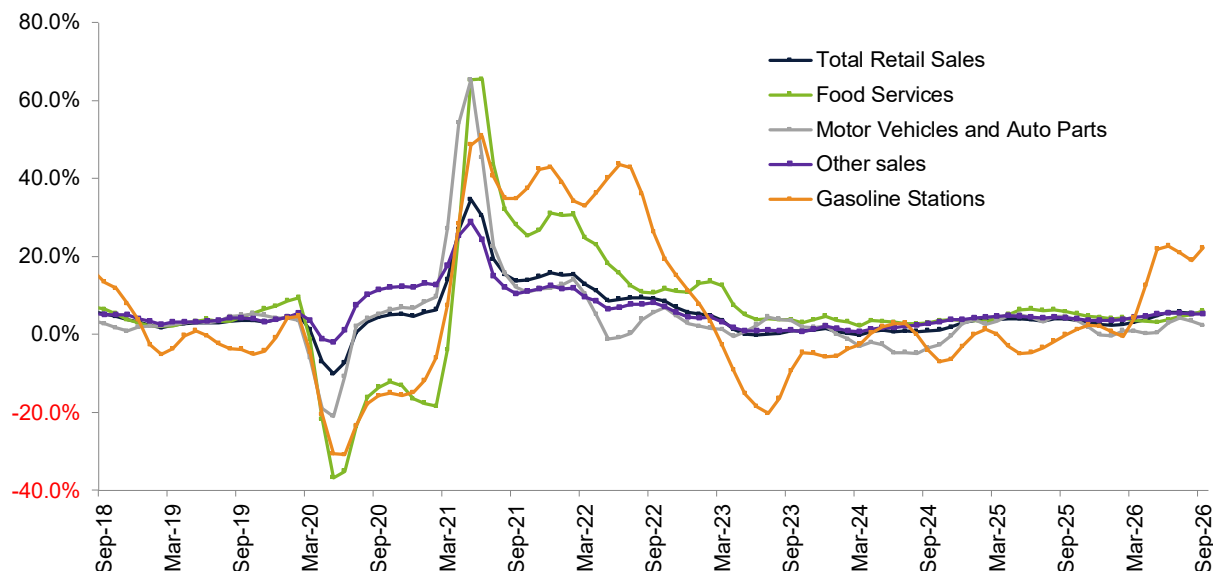


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Conversely, the 6.6% quarter-over-quarter rise in gasoline station expenditures in the third quarter appears modest relative to the preceding quarter's 71.0% increase, attributed to an 8.9% quarterly decline in the international price of crude oil based on the WTI benchmark, which subsequently lowered gasoline prices per gallon. However, if the closure of the Strait of Hormuz and global energy chain disruptions drag on, the share of wallet spent on fuel will likely keep rising.

As seen in Figure 2, the three-month moving average for September 2026 compared to September 2025 shows a steeper upward trajectory in gasoline station sales (22.2% y/y) compared to total retail sales (5.5% y/y), also linked to the aforementioned price hike. In September, the jump in gasoline prices reached 9.1% m/m, the highest in six months, due to persistent tensions between the United States and Iran.

Figure 2. Annual CPI Evolution (3MMA)



Source: HR Ratings with data from the United States Census Bureau and retrieved from FRED, Federal Reserve Bank of St. Louis.
Based on nominal seasonally adjusted data.

On a monthly basis (m/m), retail sales advanced 0.8%, down from the 1.3% m/m recorded the previous month. The most notable highlight was the stagnation (-0.01% m/m) in the category that excludes food, gasoline, and motor vehicles and parts, following a 1.3% m/m increase in August. This demonstrates a cooling in non-volatile spending, reflecting underlying weakness particularly in September. Conversely, spending at gasoline stations jumped 6.34%, the largest spike in seven months.

Overall, household spending in the U.S. economy still showed resilience at the close of the third quarter, despite slowing down compared to last year. If the situation in the Middle East continues, HR Ratings projects that a greater proportion of consumer spending will remain in being allocated to fuel, which may influence other economic sectors. Furthermore, in August, the monthly personal savings rate (4.09% m/m) hit its lowest level since November 2022 (3.98% m/m), indicating that income growth might not be enough to sustain purchasing behaviors. If the combination of lower savings and higher spending on gasoline continues, one of the main drivers of the economy could be affected, meaning that a larger share of growth would be tied to investments in data centers and artificial intelligence.

Regarding monetary policy, we expect the Fed to remain focused on persistent high inflation. The ongoing resilience in spending and the labor market allows the central bank to prioritize its price stability mandate. Consequently, Chairman Kevin Warsh has stressed the need for a tighter stance, leading to a Federal Funds Rate hike in September's decision for the first time since 2023.



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