

A slew of economic reports came out today, all of them terrible. But the next set will be worse.

Inquiring minds are investigating the [Advanced Retail Sales Report](#) for March 2020.

### Ten Highlights

1. Total: -8.7%
2. Motor Vehicles and Parts: -25.6%
3. Furniture: -26.8%
4. *Food and Beverage Stores*: +25.6%
5. Gasoline: -17.2
6. Clothing Stores: -50.5%
7. Sporting Goods Stores: -23.3%
8. *General Merchandise Stores*: +6.4%
9. Department Stores: -19.7%
10. Food and Drinking Places: -26.5%
11. *Nonstore Retailers*: +3.1%

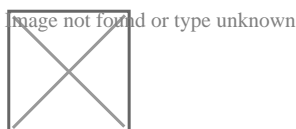
It was a disaster across the board except for food and beverage stores plus nonstore retailers like Amazon.

### Why general merchandise?

The General Merchandise category includes Walmart, Target, and other stores that sold food. They remained open. Department stores like JCPenney are a subset of General Merchandise.

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### Empire State Manufacturing Report

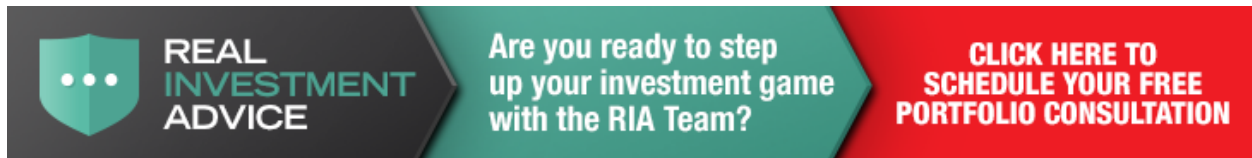


The [Empire State Index](#) plunged to -78.2, a record low.

*The lowest level this indicator had reached prior to April was -34.3 during the Great Recession.* Seven percent reported that conditions improved over the month, while 85 percent reported that conditions had worsened. The new orders index fell fifty-seven points to -66.3, and the shipments index dropped sixty-six points to -68.1, indicating a sharp decline in both orders and shipments. Delivery times were longer and inventories were modestly lower.

Economists expected a reading of +7.0. Wow.

I am not sure when the survey period was, but this report is for April, so at least part of the Covid-19 shutdown had started.



## Housing Market Index

The [HMI index](#) gauging current sales conditions dropped 43 points to 36, the component measuring sales expectations in the next six months fell 39 points to 36 and the gauge charting traffic of prospective buyers also decreased 43 points to 13.

*?This unprecedented drop in builder confidence is due exclusively to the coronavirus outbreak across the nation, as unemployment has skyrocketed and gaps in the supply chain have hampered construction activities,? said NAHB Chairman Dean Mon. ?Meanwhile, there continues to be some confusion over builder eligibility for the Paycheck Protection Program, as some builders have successfully submitted loan applications while others have not been able to. NAHB is working with the White House, Treasury and Congress to get the broadest builder participation possible. Home building remains an essential business throughout most of the nation, and as the pandemic shows signs of easing in the weeks ahead, buyers should return to the marketplace.?*

Homebuilding an essential business?

## Nothing is Working Now: What's Next for America?

On March 23, I wrote [Nothing is Working Now: What's Next for America?](#)

I noted 20 "What's Next?" things.

We will not return to the old way of doing business.

Globalization is not over, but the rush to globalize everything is. This will impact earnings for years to come.

Checks are on the way, but there will be no quick return to buying cars, eating out, or traveling as much.

Many retailers and small businesses will fail. JCPenney fired a big salvo today as noted in [Start of Retail Apocalypse: JCPenney Misses Interest Payment](#)



## Expect More Misery in April and May

As bad as this data looks, things will get much worse, especially retail sales. The report above was for March.

There is no reason to expect a quick spring back when people do return to work, which now looks more like mid-May or early June than the end of April.

The [Covid-19 Recession Will Be Deeper Than the Great Financial Crisis](#).

A v-shaped recovery is not at all in the cards.