

Ms Hynek,

Steve Braun at the Council of Economic Advisers informed me that the Retail Sales survey is up for evaluation by OMB and that there is a public comment process as part of that evaluation. (I attach the relevant page from the Federal Register). I have the following comments:

In my capacity as senior economist at the Council of Economic Advisors in 2009-10, one of my regular responsibilities was to evaluate the data from the monthly retail trade survey. Along with the employment and GDP reports, the retail sales report was one of the most valuable monthly indicators of the state of the economy and played a substantial role in the assessment of the economic outlook provided to the President and the rest of the government.

As I was the primary staff person responsible for evaluating the information content of the retail trade survey, I undertook several research projects whose goal was to assess how reliable an indicator the retail sales data were. After finding that retail sales growth was correlated with National Weather Service measures of snowstorms; the Conference Board and Michigan Surveys' measures of consumer confidence; Chain Store Sales data collected by the international council of shopping centers; MasterCard's SpendingPulse data; and movements in wealth and income, I concluded that the survey contains an important, reliable, and early signal of economic activity. Any change that threatens to impair the quality of the retail sales data would be a serious blow to economists' ability to assess the current and future path of the economy.

My chief complaint about the survey is that it seems long past the time when there should have been data available at more disaggregated levels. While there may be confidentiality problems in disclosing survey data in some categories for some states at the monthly frequency, surely it would not be difficult to disaggregate the data to a quarterly frequency and/or to some regional levels. This could have proven enormously useful in assessing the consequences, for example, of the housing crisis on the likely path of spending at the aggregate level. It is frustrating to know that the data exist, are in the hands of the Census bureau, and could be highly valuable to assessing the economic situation, and yet are unavailable. I hope that any redesign of the survey will contemplate making some further disaggregations of the data available (as was done for a period of time in the 1980s and 1990s).

- Chris

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