

Economy

Retail inventories: Too little or too much?

02 May 2025

Key takeaways

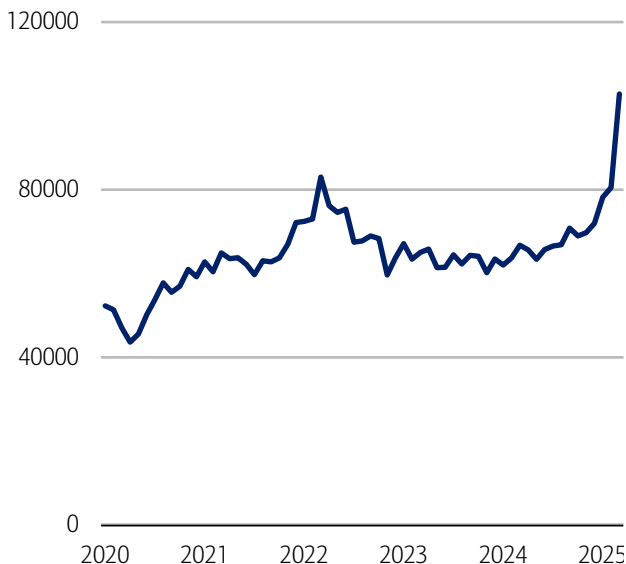
- There was a surge in imports of consumer goods into the US in March, according to Census Bureau data. Does this mean retailers' inventories are set to swell?
- In our view, no. The ratio of retailers' inventories to their monthly sales was not especially high in recent data to begin with. And at the same time, consumers also appear to have been buying ahead, with Bank of America internal data showing strength in consumer durables spending in March and April.
- Moreover, Bank of America internal data on retailers' payments to transportation and shipping companies does not suggest a big ramp up in inventories. And it appears container shipments into Los Angeles are likely down in May. So we think it is possible retail inventories may actually look 'lean' in coming months.

Does a rise in consumer goods imports mean well-stocked warehouses?

March saw a big increase in imports of “consumer goods” into the US, according to data from the Census Bureau (Exhibit 1). One obvious reason for this leap was in response to announcements around tariffs. In particular, consumer businesses may have been hoping to import products ahead of the imposition of import duties.

Exhibit 1: There was a very large increase in consumer goods imports in March

Imports of consumer goods into the US (\$m, seasonally-adjusted (SA))

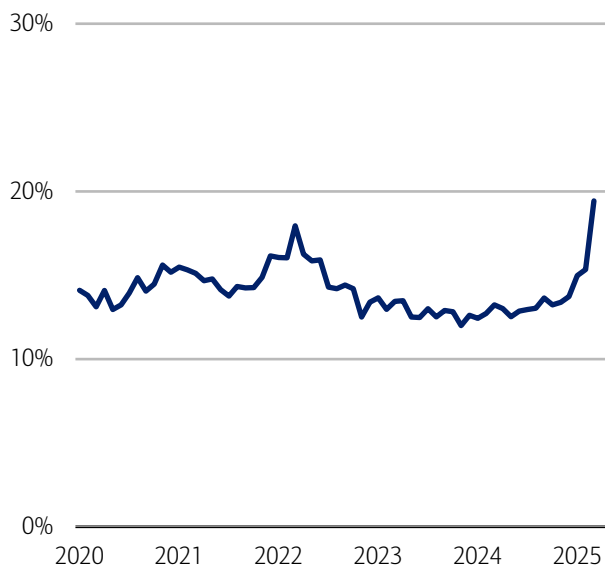


Source: Haver Analytics

BANK OF AMERICA INSTITUTE

Exhibit 2: The share of consumer goods imports to retail sales rose in March, but remains below 20%

Imports of consumer goods into the US as a percentage of retail sales (ex-restaurants, motor vehicles, auto parts and gasoline) (%)



Source: Haver Analytics

BANK OF AMERICA INSTITUTE

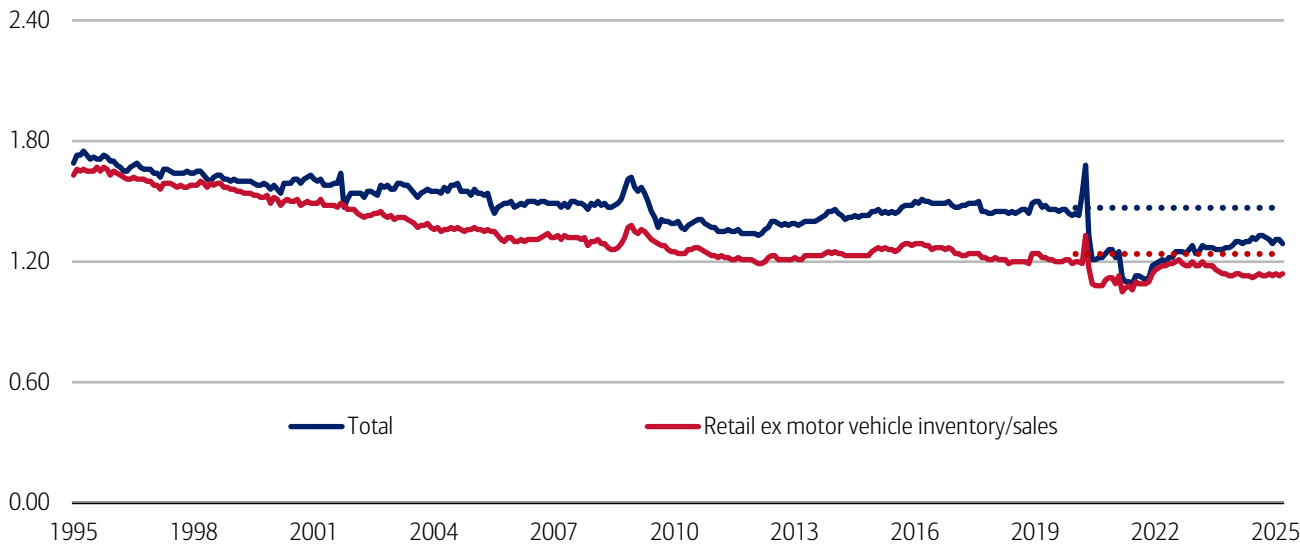
Does this increase in imports mean retailers are likely to have plentiful supplies of inventory to meet consumer demand over the coming months?

We would be a little skeptical. For one, consumer goods imports usually account for around 15% or so of monthly retail sales (Exhibit 2). And, while the rise in this share is significant, it remains modest overall – below 20%. So, imports alone won't meet consumer demand in coming months.

Moreover, when we look at the level of retailers' inventories relative to their monthly sales, it was lower in March 2025 than it was on average during 2015-2019, according to data from the Census Bureau (Exhibit 3). Even if the surge in imports takes a while to find its way into retail inventories, the increase might not do much more than take the retail inventory/sales ratio back to around pre-Covid averages.

Exhibit 3: Relative to the period 2015-2019, retail inventories looked fairly lean heading into the uncertainty caused by tariffs

Retail inventory to sales ratio (monthly, seasonally-adjusted (SA)). Dotted lines are 2015-2019 averages.



Source: Haver Analytics

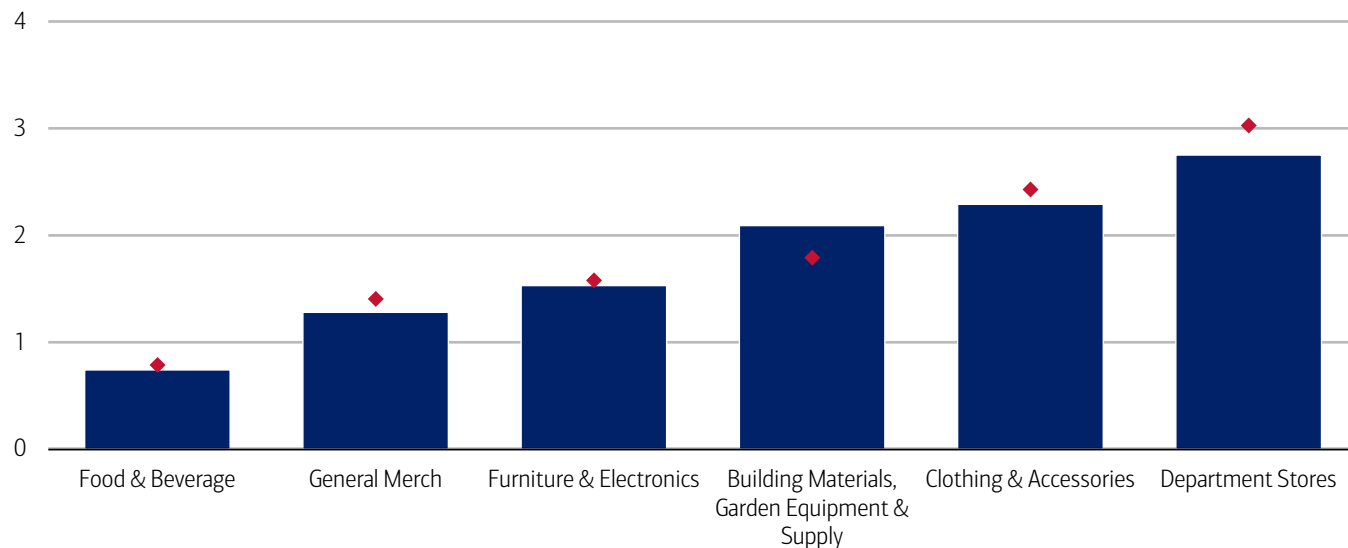
BANK OF AMERICA INSTITUTE

Many retailers work with relatively thin inventories

Does any of this matter? Well, the amount of inventory retailers hold relative to their sales will be a determinant of how well they can weather any demand or supply disruptions. In fact, Exhibit 4 shows that as of March 2025, many retailers only have one- or two-months' worth of sales in inventory. This means unforeseen demand or supply disruptions can quickly impact what goods retailers can supply and/or the price they will charge.

Exhibit 4: Many categories of retailer have only two months or less of inventories

Retail inventory to sales ratio for selected retail stores in March 2025 (red diamond=average for 2015-2019 period)



Source: Haver Analytics

BANK OF AMERICA INSTITUTE

Supplies may tighten in the coming months

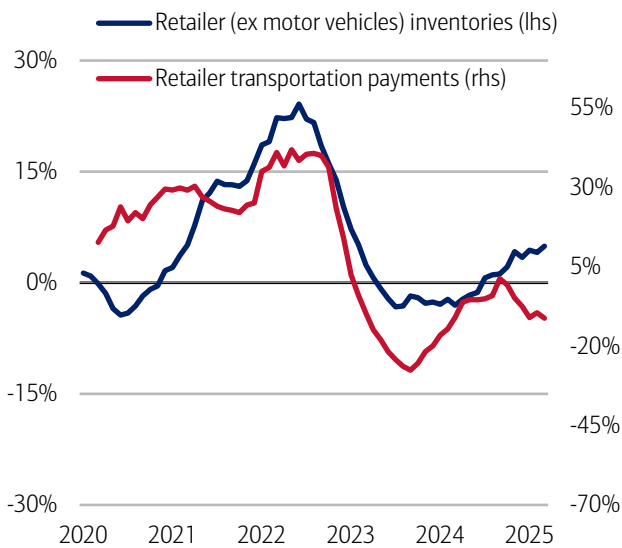
In the current economic environment, this relatively lean supply is important because, as discussed in the [April Consumer Checkpoint](#) and our [April consumer spending update](#), the tariff announcements not only appear to have encouraged retailers and wholesalers to “buy ahead” but also some consumers, too – particularly consumer durables (which we proxy as spending on electronics, furnishings, building materials and auto parts) and vehicles.

Therefore, despite the rise in consumer goods imports, retailers could actually find themselves rather light on inventories in the coming months, particularly if the surge in imports is only temporary. To gauge this, we look at Bank of America internal data on retailers’ payments to shipping and transportation companies as a proxy for their inventory orders (see methodology), given they need to pay for their deliveries.

Exhibit 5 shows that after a period of strengthening, the year-over-year (YoY) growth in these shipping and transportation payments has actually slackened in recent months, which suggests to us that there is not likely to be a significant rise in retail inventories in the pipeline.

Exhibit 5: Retail transportation payment growth has decreased

% YoY change in retail inventories and Bank of America retail sector payments to transportation and shipping companies (three-month moving average, % YoY)

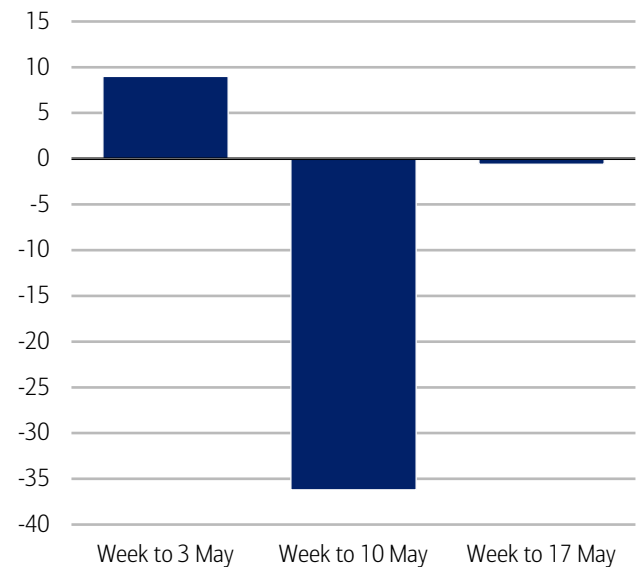


Source: Bank of America internal data, Haver Analytics

BANK OF AMERICA INSTITUTE

Exhibit 6: It appears inbound containers inbound to the Port of Los Angeles will drop well back in May

Port of Los Angeles inbound containers (% YoY), April - May 2025



Source: Port of Los Angeles

BANK OF AMERICA INSTITUTE

Moreover, BofA Global Research has highlighted that the number of inbound container ships to the port of Los Angeles is showing a sharp drop back in May (Exhibit 6) and that high frequency reads show escalating trade disruptions with ~15-20% downside to US container imports from Asia likely in the coming weeks. So, it seems likely the rise in imports in the March data will be relatively short-lived and potentially followed by a sharp drop in the coming months.

For retailers, it is an exceptionally hard job to get their level of inventories right, faced with increased economic uncertainty and changing patterns of consumer demand. But for consumers too, we think these inventory trends are important as supply pressures for some goods may put upward pressure on prices, or make them harder to find, in the coming months.

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on aggregated and anonymized selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

All Bank of America retailer clients are US-based corporates. Corporate payments referenced in this report only include payments through automated clearing houses (ACH), cards (debit cards or small business credit cards) and wires from corporate clients with a deposit account, debit card or small business credit card.

Data regarding companies making or receiving payments are identified and classified by the North American Industry Classification System (NAICS) defined by Census Bureau. Specifically, Bank of America corporate clients that are in the retail sector include those in the following subsectors: Specialty Retail, Diversified Wholesalers, Food Products, and Multiline Retail. Shipping and Transportation companies that receive such payments include those in the following subsectors: Air Freight & Logistics, Marine, Road & Rail, and Transportation Infrastructure.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

Additional information about the methodology used to aggregate the data is available upon request

Contributors

David Michael Tinsley

Senior Economist, Bank of America Institute

Sources

Brijesh Mehta

Director, Global Risk Analytics

Disclosures

These materials have been prepared by Bank of America Institute and are provided to you for general information purposes only. To the extent these materials reference Bank of America data, such materials are not intended to be reflective or indicative of, and should not be relied upon as, the results of operations, financial conditions or performance of Bank of America. Bank of America Institute is a think tank dedicated to uncovering powerful insights that move business and society forward. Drawing on data and resources from across the bank and the world, the Institute delivers important, original perspectives on the economy, sustainability and global transformation. Unless otherwise specifically stated, any views or opinions expressed herein are solely those of Bank of America Institute and any individual authors listed, and are not the product of the BofA Global Research department or any other department of Bank of America Corporation or its affiliates and/or subsidiaries (collectively Bank of America). The views in these materials may differ from the views and opinions expressed by the BofA Global Research department or other departments or divisions of Bank of America. Information has been obtained from sources believed to be reliable, but Bank of America does not warrant its completeness or accuracy. These materials do not make any claim regarding the sustainability of any product or service. Any discussion of sustainability is limited as set out herein. Views and estimates constitute our judgment as of the date of these materials and are subject to change without notice. The views expressed herein should not be construed as individual investment advice for any particular person and are not intended as recommendations of particular securities, financial instruments, strategies or banking services for a particular person. This material does not constitute an offer or an invitation by or on behalf of Bank of America to any person to buy or sell any security or financial instrument or engage in any banking service. Nothing in these materials constitutes investment, legal, accounting or tax advice. Copyright 2025 Bank of America Corporation. All rights reserved.