



UNITED STATES

Retail sales end 2013 on a positive note

HIGHLIGHTS

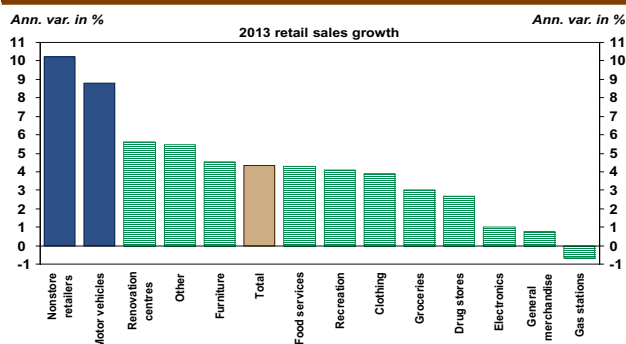
- Retail sales rose 0.2% in December after going up 0.4% in November (revised from 0.7%).
- Auto sales fell 1.8% after November's 1.9% jump. Excluding automobiles, sales rose 0.7%, their best growth since February 2013.
- Several other retail categories posted flagging sales, including electronics stores, furniture stores, renovation centres, leisure goods stores and department stores.
- Clothing stores, grocery stores and nonstore retailers saw sales growth in December. The rise by gas prices inflated the value of service station sales. Excluding motor vehicles and gas, sales went up 0.6% in December after November's 0.3% gain (revised from 0.6%).
- For 2013 as a whole, retail sales increased 4.3%. With automobiles and gas excluded, the annual rise is 4.0%. In both cases, this is a minor slowdown from the growth observed in 2012 and 2011.

COMMENTS

At first glance, December's growth by retail sales was a pleasant surprise, as automobile sales were widely expected to drop. In this case, the focus is therefore on the other sales, where monthly gains were nearly twice as fast as anticipated. It thus seems that renewed consumer confidence favoured strong holiday purchasing. Note, however, that the downward changes to November's results, excluding automobiles and gas, cut growth in half. Accordingly, gains are a bit more modest for the two months as a whole.

Except for electronics stores, which in December posted their second consecutive month of contraction over 2%, December's movements by sales were the reverse of November's figures. The sectors that were strong in December (clothing, grocery stores, etc.) were down over the previous month, and vice-versa for most of the weakest sectors.

In 2013, sales growth largely came from online and auto sales



Sources: U.S. Census Bureau and Desjardins, Economic Studies

Note the strong uptrend by nonstore retailers, which are increasingly replacing other types of retailers. It is also clear that the best performance in 2013 came from e-commerce, with annual gains of 10.2%, followed by the automobile sector (+8.8%). In contrast, department stores saw sales contract 4.4% in 2013, their worst performance since the 2009 recession.

Implications: Retail sales growth for the entire fourth quarter is fairly similar to the performance in the two previous quarters, around an annualized 4%. Combined with better growth by spending on services, the rise by retail sales suggests a significant growth by real consumption in the last quarter of 2013. Higher consumer confidence indexes raise hopes that spending will continue to improve in 2014, although the weather could cause problems in January.

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