



## UNITED STATES

### The holiday season is off to a good start

#### HIGHLIGHTS

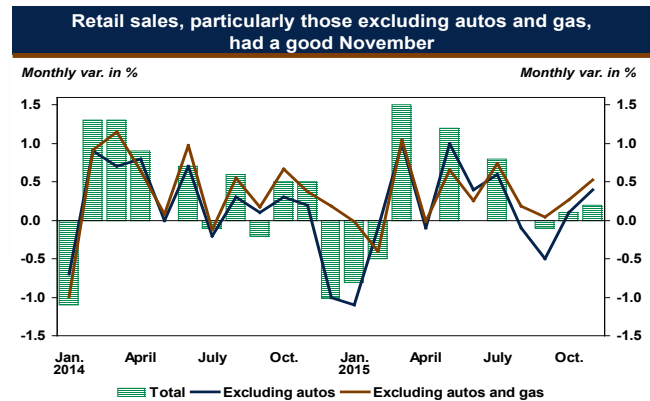
- Retail sales were up 0.2% in November following a 0.1% increase in October and a 0.1% decrease in September. Motor vehicle sales declined 0.4%. Excluding automobiles, sales were up 0.4%.
- The main increases in sales were in clothing boutiques, sporting and leisure goods stores, nonstore retailers, grocery stores and food services. Aside from autos, sales were down in renovation centres and furniture stores. The largest decline was recorded in gas stations, which saw the value of their sales shrink 0.8%. Excluding autos and gas, sales increased 0.5%.
- The University of Michigan consumer confidence index rose slightly, going from 91.3 in November to 91.8, according to December's preliminary version. The gain stems from the current situation component (+2.7 points), while consumer expectations deteriorated (-0.9 points).

#### COMMENTS

After several rather disappointing months, growth in retail sales excluding autos proved to be a little stronger than consensus expectations in November. While not robust, the advance recorded last month was the best since July. We also note that the declining value of gas station sales was less negative than expected. However, auto sales were somewhat weaker than anticipated.

Sales were particularly good in sectors generally associated with holiday shopping. Clothing, electronics and recreational goods were particularly strong. This is also the case with online stores, which recorded an annual change of 7.3% compared with 3.6% for all retail sales excluding autos and gas. Good monthly growth in food services is encouraging for consumption of services.

**Implications:** Retail sales have strengthened somewhat as we enter the holiday season. It now remains to be seen if this momentum will continue in December. It would take more strong growth to revive real consumption for the quarter as a whole. The modest advance by consumer confidence over



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



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the last two months according to the University of Michigan index points in that direction, but not very convincingly.

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