



UNITED STATES

The holiday season begins with weak retail sales growth

HIGHLIGHTS

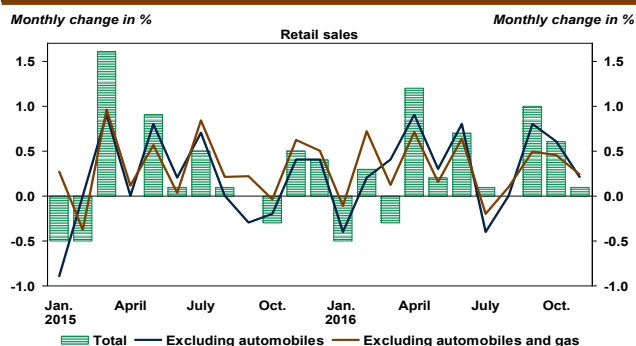
- Retail sales were up a scant 0.1% in November after rising 0.6% in October (upgraded from 0.8%) and 1.0% in September. Automobile sales declined 0.5%. Excluding automobiles and gas, sales rose 0.2% after a 0.5% increase in October.
- Retail sales in food services and furniture stores posted noteworthy gains. Sales in clothing boutiques were flat and sales at nonstore retailers advanced by only 0.1%.
- Industrial output was down 0.4% in November after a 0.1% uptick in October. Manufacturing output declined 0.1%. Activity in the mining sector jumped by 1.1% and energy output posted a new decline of 4.4%.

COMMENTS

The abnormally warm temperatures this fall in the United States seem to have held back advances in retail sales. The drop in sales at sport and recreation stores and stagnant clothing sales are especially noteworthy. Food services, however, with the strongest gain since February at 0.8%, seem to have benefited from the abnormally mild weather. Other than this phenomenon, overall advances in retail sales are disappointing as the holiday shopping season unfolds. Weak advances in online shopping are especially disappointing.

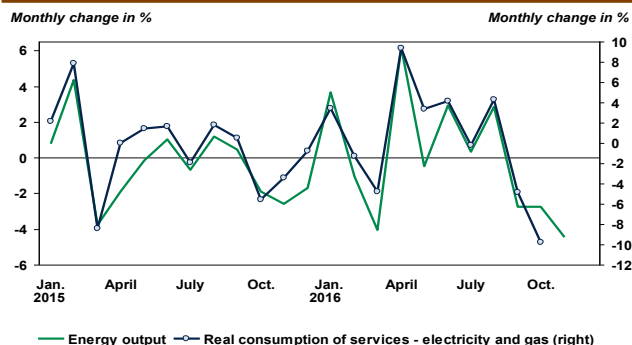
For industrial output, the slide in energy production is garnering the most attention. This third consecutive decline—a total drop of 9.6% since August—is also the result of a warmer fall, and this should be reflected in households' consumption of services. On the manufacturing side, the automobile industry tipped the scales into negative territory. The recovery in the mining sector is an encouraging bright spot, with two consecutive monthly increases, a first not seen since the summer of 2015.

Retail sales slackened in November



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

Energy output suggests that real consumption of services will remain weak in November



Sources: Federal Reserve Board, Bureau of Economic Analysis and Desjardins, Economic Studies

Implications: Weaknesses in retail sales and industrial output contrast with the recent uptrend in several indicators. While disappointing, this is still not much of a concern, as the abnormally warm temperatures are partly behind these results.

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