United States: Retail Sales Have a Positive Start to the Holiday Season

HIGHLIGHTS

- Retail sales rose 0.8% in November after going up 0.5% (revised from 0.2%) in October.
- Auto sales declined 0.2% after gaining 1.2% in October. Excluding autos, retail sales were up 1.0%.
- Buoyed by higher gas prices, the value of gas station sales jumped 2.8%. Excluding autos and gas, retail sales were up 0.8% following a 0.4% uptick in October.
- Excluding autos, all other types of retailers saw their sales rise in November. The strongest gains were at non-store retailers, electronics stores, furniture stores and renovation centres. Healthy growth was also noted in food services.

COMMENTS

Retail sales growth was double expectations in November. The consensus had called for a monthly increase of just 0.3% for total sales and 0.4% for sales excluding autos and gas. The results are all the more positive, as it turns out that monthly growth in prices excluding energy was subdued. For example, clothing store sales rose 0.7%, while clothing prices declined 1.3%. In real terms, household spending could therefore be particularly high.

It remains to be seen whether the strong sales performance in November, potentially boosted by post-Thanksgiving shopping, has been detrimental to December data. Such early holiday shopping has been seen in the past. Additionally, the 2.1% monthly leap in electronics sales could have been temporarily exacerbated by the introduction of new telephones.

IMPLICATIONS

Real consumption should see fairly solid growth in the final quarter of 2017, reflecting high consumer confidence indexes. The hope now is that this momentum will continue in December. The soundness of the economy should prompt the Federal Reserve to continue its rate hikes in 2018 at the 2017 pace.

Francis Généreux, Senior Economist

ECONOMIC STUDIES   |   DECEMBER 14, 2017

GRAPH

Solid sales growth in November

Monthly variation in %

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

#1 BEST OVERALL FORECASTER - CANADA