

ECONOMIC NEWS

United States: A Good End to the Year for Retail Sales

HIGHLIGHTS

- ▶ Retail sales rose 0.3% in December after equivalent growth in November.
- ▶ Motor vehicle sales are down 1.3% after November's 1.5% increase. The value of service station sales jumped 2.8%. Excluding cars and gas, sales climbed 0.5% in December after sliding 0.2% in November.
- ▶ Aside from gas, the strongest growth came from clothing stores (+1.6%), renovation centres (+1.4%), and sporting and leisure goods stores (+0.9%). With cars included, the only category that declined was department stores (-0.8%).
- ▶ For 2019 as a whole, retail sales rose 3.6% following a 4.8% increase in 2018.

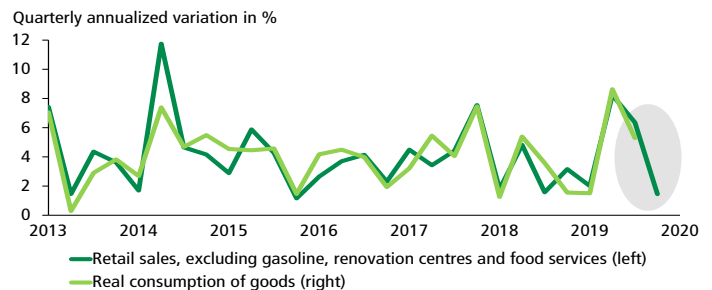
COMMENTS

Retail sales have been disappointing for a few months. The 0.5% gain in sales excluding cars and gas is a welcome contrast to the trend that seemed to have taken hold. This is the strongest monthly growth since July. Of particular note is the rebound in clothing sales, which had posted three declines in the previous four months. However, we need to be mindful of the vagaries of sales during the holidays. A strong November will often be followed by a weaker December, and vice versa. In 2019, U.S. Thanksgiving was at the very end of November, with some purchases that weekend (and on Cyber Monday) falling in December. This may have exaggerated December purchases.

The year as a whole was another strong one for growth in online sales. Nonstore retailers saw their sharpest annual gain since 2000. The opposite is true for department stores: this was their 14th straight year of declines.

GRAPH 1

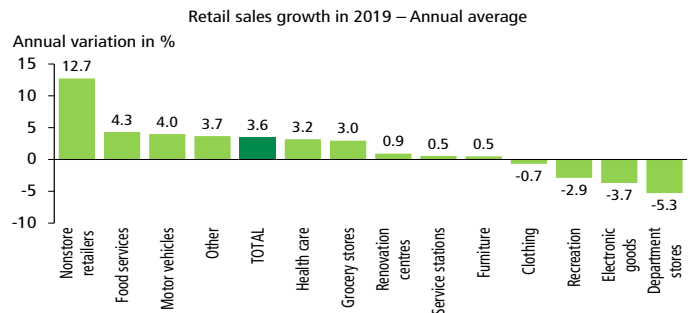
Despite retail sales growth in December, real consumption of goods is expected to slow in the third quarter



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

GRAPH 2

Another good year for online shopping



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

IMPLICATIONS

Better December sales will not stave off a slowdown for the entire fourth quarter. Real consumption of goods could well see its weakest quarterly growth since last winter.

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