

ECONOMIC NEWS

United States: Modest Growth in Retail Sales

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HIGHLIGHTS

- ▶ Retail sales rose 0.3% in November, following gains of 1.8% in October and 0.7% in September.
- ▶ Motor vehicle sales declined 0.1%. The value of service station sales rose 1.7%.
- ▶ Excluding cars and gasoline, sales rose 0.2%, after going up 1.6% in October.
- ▶ The main growth came from leisure goods stores (+1.3%), food services (+1.0%) and grocery stores (+0.9%).
- ▶ There was flat growth in nonstore retailers and furniture stores. The main decreases came from department stores (-5.4%) and electronics stores (-4.6%).

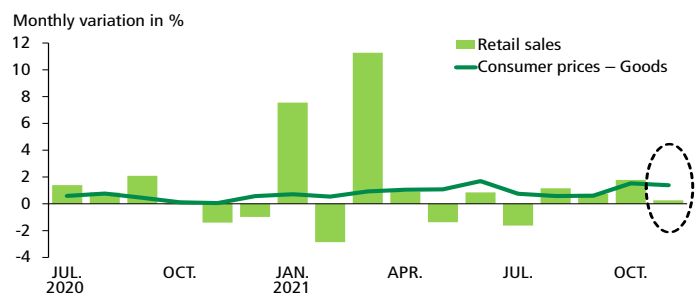
COMMENTS

A certain lull in sales after the gains of the previous months (total increase of 3.7% between July and October) is normal and not too worrisome. The weak monthly growth in November still signals a slow start to the holiday shopping season. That said, some of the strength in October sales may have come from early shopping, with the news awash in reports of potential shortages. Furthermore, in the past, weak November sales were often offset by a rebound in December. However, this effect is likely to be quite different during a pandemic, with new cases of COVID-19 remaining high in the U.S. Northeast and Midwest.

Modest sales growth in November contrasts with rising prices. The consumer price index posted a monthly increase of 1.4% in November for goods. Some differences are striking. The value of motor vehicle sales declined slightly, but the price of motor vehicles increased by 1.8%. Furniture sales were flat, but prices rose 0.6%. The increase in prices for clothing was almost three times as strong (1.3%) as the increase in sales (0.5%). Despite the new advance in the value of retail sales, there is a strong risk that the growth in real consumption of goods will turn negative

GRAPH

Prices increase faster than retail sales value



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

in November. The growth achieved in the previous months still points to a good quarterly increase.

IMPLICATIONS

Sales growth disappointed expectations and suggests that real consumption may be weak in November. However, over the quarter as a whole, household spending appears to have increased. The economic situation should not slow down the Federal Reserve's officials if they decide, as expected, to opt for a faster normalization of their monetary policy.