

Economics Group

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Soft End to a Strong Year for Retail Sales

Retail sales fell 0.7% in December and the prior month's figures were revised lower. Declines were broadly based, but a standout was e-commerce, which posted its biggest monthly decline since the pandemic began.

It Came Without Packages

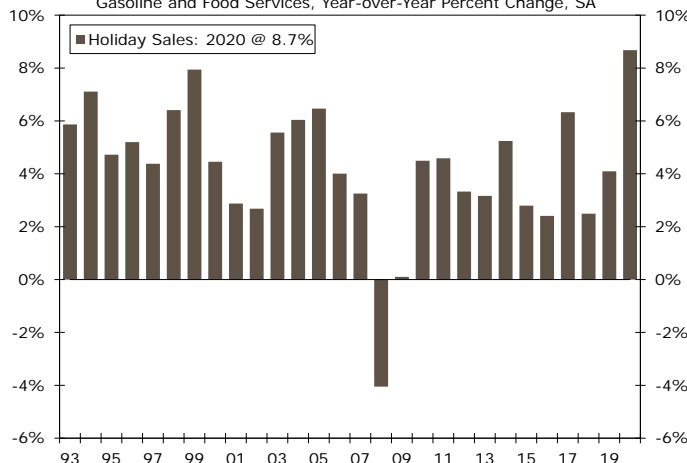
- Holiday sales finished soft, but on the heels of solid goods spending earlier this year, the annual increase for holiday sales was 8.7%, just shy of our 9.0% forecast. We will publish a full summary of holiday sales subsequent to this report.
- E-commerce slowed sharply with non-store retailers posting a 5.8% monthly drop—the biggest decline of the post-pandemic period. Prime Day in October likely pulled sales forward.

Fiscal Stimulus to the Rescue?

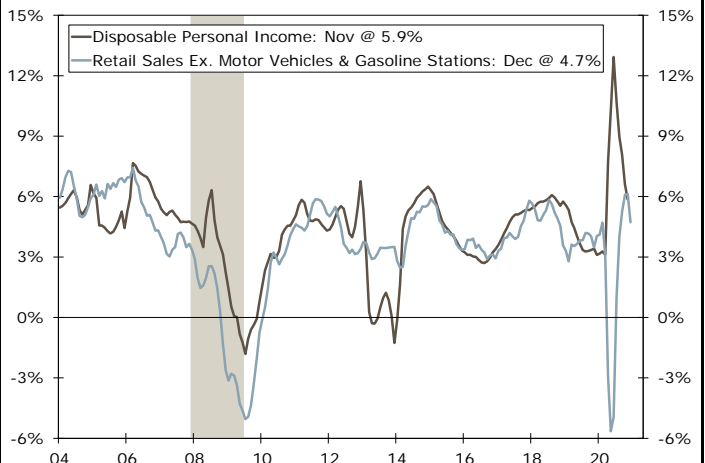
- The stimulus checks and jobless benefits that were part of the CARES Act last year resulted in an unprecedented surge in disposable income and record savings. The bill that passed in the closing days of last year will lead to a smaller surge early this year, which ought to be supportive of spending.
- But, the recent softening in the labor market raises doubts about wages & salaries to drive spending once stimulus checks are spent.

Holiday Sales

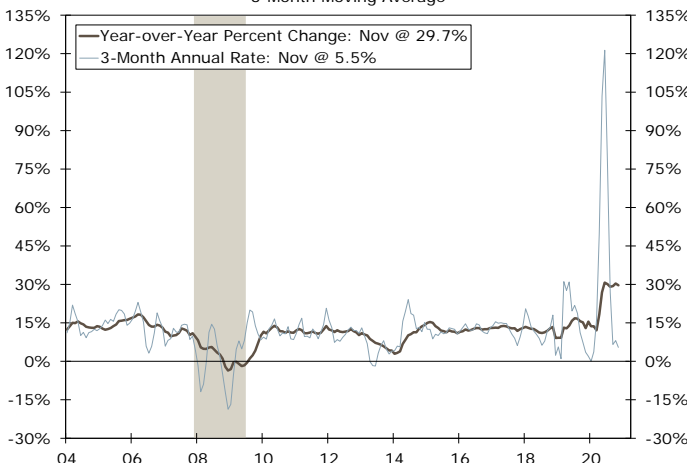
Retail Sales for November & December, Excluding Autos & Parts, Gasoline and Food Services, Year-over-Year Percent Change, SA



Retail Sales Ex. Auto & Gas Stations vs. Disp. Income 3-Month Moving Average, Year-over-Year Percent Change

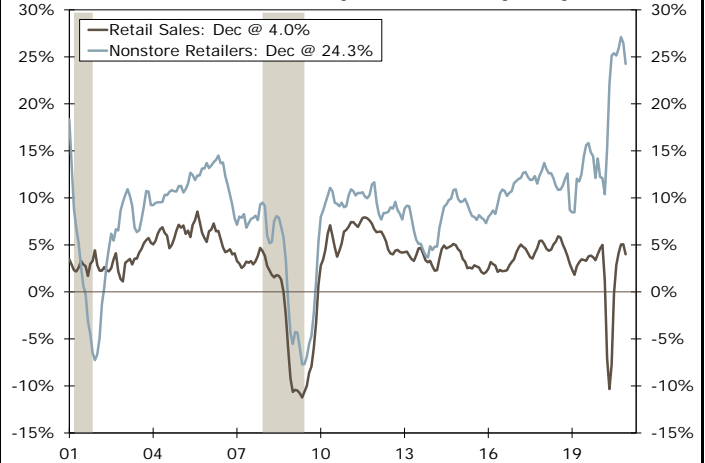


Electronic Shopping & Mail Order Sales 3-Month Moving Average



Retail Sales vs. Nonstore Retailers

Year-over-Year Percent Change of 3-Month Moving Averages



Source: U.S. Department of Commerce and Wells Fargo Securities

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