Economics

WELLS FARGO

Economic Indicator — January 14, 2026

November Retail Strength: Control Group Signals Firm Underlying Demand

Summary

November retail sales rose 0.6%, and despite some downward revisions to prior data, we see consumer spending momentum carrying into Q4. That said, watch out for a comparatively soft December as previewed in both our Holiday Sales outlook and in high frequency data.

U.S. Retail Sales: November 2026

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Retail Sales (MoM)	0.8	-0.9	0.0	1.5	-0.1	-0.8	1.0	0.6	0.5	0.1	-0.1	**0.6**
Retail Sales, Ex. Autos (MoM)	0.7	-0.3	0.4	0.6	0.0	-0.1	0.9	0.4	0.6	0.1	0.2	**0.5**
Control Group Sales (MoM)	1.0	-0.4	0.8	0.5	-0.2	0.3	0.9	0.5	0.7	-0.2	0.7	**0.3**
Real Retail Sales (MoM)	0.3	-1.3	-0.1	2.0	-0.1	-0.7	0.6	0.7	0.1	-0.5	--	**--**
Retail Sales (YoY)	4.6	4.6	3.9	5.1	5.0	3.4	4.4	4.1	5.0	4.1	3.3	**3.3**
Retail Sales, Ex. Autos (YoY)	3.7	4.4	4.3	4.2	4.1	3.7	4.0	4.0	4.8	3.8	3.7	**4.3**
Control Group Sales (YoY)	4.9	5.0	5.7	5.4	5.2	4.9	4.7	5.0	5.9	4.1	4.8	**5.1**
Real Retail Sales (YoY)	4.3	3.8	3.3	5.0	5.1	3.3	3.7	3.3	3.6	2.2	--	**1.5**

Notes: MoM = Month-over-Month Percent Change
YoY = Year-over-Year Percent Change

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

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Holiday Spending Was in Full Swing in November

Retail sales rose 0.6% in November, following a flat reading in October. A rebound in auto sales helped, but not as much as expected. Even after excluding autos, sales still rose 0.5%.

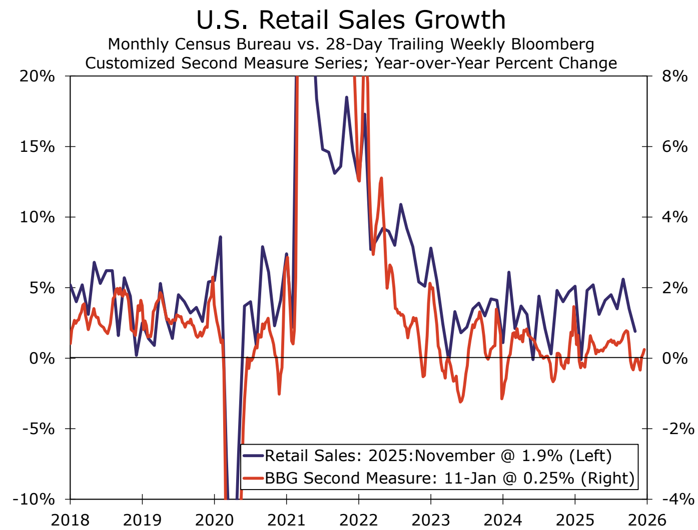
The control group series removes sales at auto dealers, gasoline, building materials, and food services stores. These categories are removed because they are driven heavily by price swings, seasonality, or factors not reflective of consumer fundamentals (e.g., construction activity, energy prices, vehicle incentives). What's left are the retail categories that give the best signal of underlying core goods consumption and that measure rose 0.4% in November after a downward revision put the October increase in control group at 0.6%. The upshot is a still-resilient consumer coming into the homestretch with plenty of momentum.

High-frequency spending data suggests a slower pace of spending into December (chart), which isn't too surprising to us as we've anticipated a weak end to the year and factored that into our holiday sales forecast. The latest November data came in as we had forecast for holiday sales and suggest sales are tracking toward the top end of our original 3.5-4.0% year-ago range.

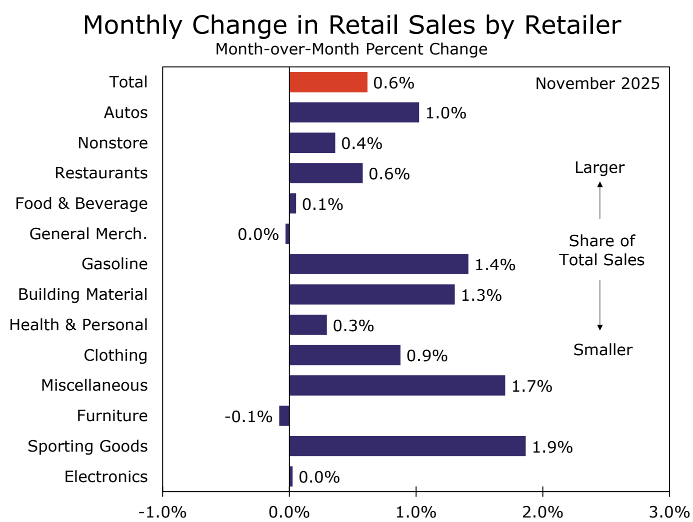
The slow end to the year is likely a result of the cooling labor market and persistent price pressure. The nonexistent hiring environment has many households concerned about steady income prospects, while growing affordability challenges pressure discretionary purchases. The slight pick-up realized so far in the first couple of weeks of January spending is also encouraging and suggests some broader spending momentum, particularly on the services side, has likely carried over into the start of the year.

The three largest categories of retail spending all pulled their weight in November with the biggest gain coming from the biggest category: autos (chart). But online retail posted a 0.4% gain during a key month for holiday spending. Service outlays have been hit or miss in recent months. The only major services category in retail sales is spending at bars & restaurants and the 0.6% increase there in November suggests scope for households to spend on services even as they splash out on holiday goods shopping.

We also expect more favorable household tax policy to provide some reprieve to households this year and some support to spending. Time will tell whether that is enough to offset persistent concern reflected in consumer surveys about the labor market, but our sense is that despite a potential soft December print around the corner, the positives outweigh the negatives for our consumer outlook.



Source: U.S. Department of Commerce, Bloomberg Finance L.P. and Wells Fargo Economics



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

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