

Economics Group

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Retail Sales Strength Remained in December

Retail sales increased a less than expected, but still strong, 0.4 percent while control group sales inched up also a less than expected 0.3 percent. However, both indices were upwardly revised in November.

The Details Were Not as Strong

Retail and food services sales increased a less than expected 0.4 percent in December, lower than the 0.5 percent expected by markets. However, the November number, which was already strong, up 0.8 percent, was revised up to 0.9 percent. Meanwhile, retail sales excluding automobiles were up a higher than expected 0.4 percent and were also upwardly revised, from 1.0 percent to 1.3 percent in November. Retail sales excluding automobiles and gasoline were up 0.4 percent, matching expectations. However, these sales were upwardly revised in November, from 0.8 percent to 1.2 percent.

However, while the year ended strongly for retail sales overall, the details were not as strong as the top number showed. Gasoline sales were flat during the last month of the year, probably accounting for the decline in gasoline prices in December, something that will probably be reversed in January.

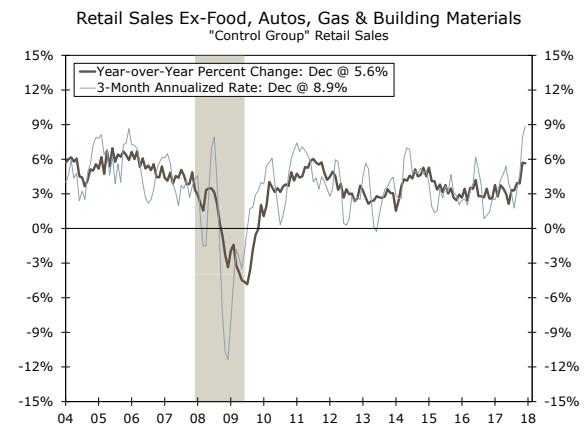
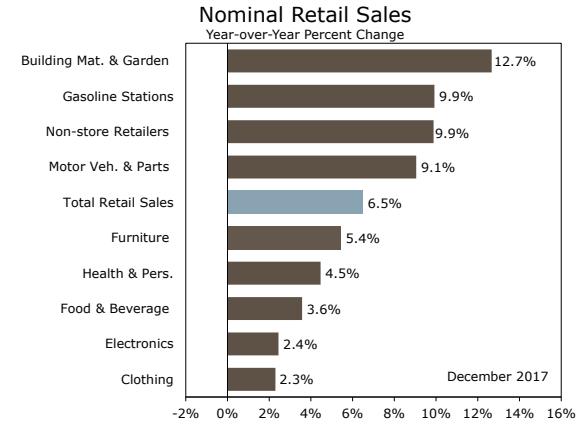
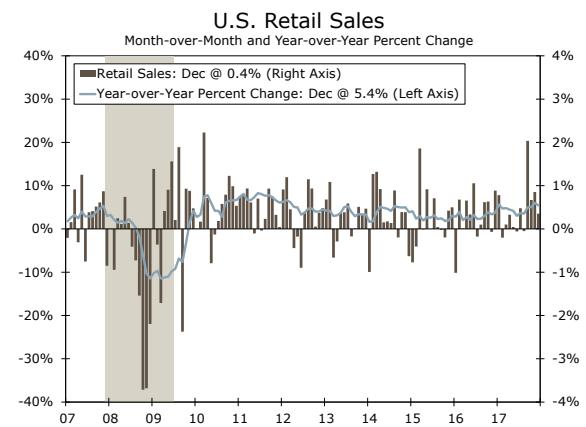
Meanwhile, electronics & appliances stores sales were down 0.2 percent after a strong 2.4 percent increase in November. Clothing and clothing accessories stores sales were down 0.3 percent after surprising in November when they increased 0.6 percent. On the other hand, sporting goods, hobby, book & music stores sales sank 1.6 percent in the last month of the year and was also the weakest overall sector of retail. In fact, this sector was the only sector that did not take advantage of the improvement in retail overall, declining 0.1 percent on a year-earlier basis.

Although general merchandise stores sales were up 0.1 percent in December, department stores sales were down 1.1 percent over the month and were only up 0.5 percent on a year-earlier basis. General merchandise stores sales were up 4.4 percent on a year-earlier basis. Another very weak sector in December was sales at miscellaneous stores, which sank 2.9 percent. However, they were up 3.8 percent versus a year earlier.

Motor vehicle & part dealers' sales were up 0.2 percent while furniture & home furniture stores sales were up 0.6 percent. The strongest sectors in December were building material & garden equipment & supplies dealers' sales and non-store retailers' sales, both up 1.2 percent. These two sectors were also the strongest sectors on a year-earlier basis, up 9.9 percent and 12.7 percent, respectively.

Revision to Control Group Was Very Strong

Control group sales growth in December was 0.3 percent versus expectations of a 0.4 percent increase. However, the upward revision to control group sales in November, up 1.4 percent versus an original 0.8 percent, probably guarantees that personal consumption expenditures (PCE) will be very strong in Q4-2017. Furthermore, revised retail sales numbers for November show that Black Friday sales were probably a true game changer for the retail industry in 2017.



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