

# Retail sales November 2024

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Strategy realized



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## A positive start to the holiday shopping season

***The November retail sales report points to a decent holiday shopping season underway and indicates that consumers remain willing to spend heading into year-end, albeit at a more prudent pace.***

Retail sales surprised on the upside in November, but the details of the report were a little more mixed. Total sales climbed 0.7% over the month – a stronger advance than consensus expectations for a 0.6% gain – while the prior month's gain was revised a tad higher to 0.5%. Core retail sales, which exclude auto sales and gas stations, rose a more moderate 0.2%.

Control retail sales – a key gauge of consumer spending trends that strips out volatile retail segments – posted a solid 0.4% advance following a 0.1% contraction in October. Overall, the latest data indicates that consumers continue to carry the US economy forward through year-end and points to solid but slower spending activity in Q4, around 2.7% annualized.

Sales at auto dealers increased by 2.6%, in line with the rise in unit auto sales reported earlier in the month. But outside of autos, retail sales were mixed. Consumers favored online holiday shopping over in-store shopping last month as non-store retail sales rose by the most in five months, up 1.8%, while general merchandise store sales fell 0.1%. It appears that recreational and sporting goods topped consumers' holiday shopping lists as sales grew by 0.9%. Meanwhile, furniture and electronics saw a 0.3% advance.

In contrast, consumers cut back on clothing purchases, down 0.2%. Sales at restaurants and bars also saw a 0.4% decline, suggesting that services spending – which is not captured in this report and will be reported later in the week – could disappoint. Gas station sales were slightly up by 0.1% amid modestly higher prices at the pump.

Looking at the broader trend, the momentum in retail spending is holding up at a modest pace. Growth in retail sales picked up to 3.8% year over year (y/y) from 2.9% y/y in October. But in inflation-adjusted terms, retail sales were up 1.1% y/y while control sales were up 1.5% y/y.



While a retrenchment in consumer spending isn't expected thanks to relatively healthy household finances, we anticipate gradually cooling consumer spending trends in 2025. We expect consumer spending growth to ease from 2.7% in 2024 to 2.2% in 2025 as slower employment gains weigh on income trends, and prices and rates remain generally elevated. We foresee real GDP growth averaging 2.7% in 2024 and easing to 2.1% in 2025.

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