

Consumers Doing Fine

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According to the National Retail Federation, Thursday to Sunday holiday sales dropped 3% versus last year. No doubt, this will wake up some dozing bears. And, we are sure that when we say it's not as bad as you think, many will argue we are perma-bulls, naïve, or downright stubborn. You can think what you want, but we don't believe sales are falling.

First, other reports conflict with the NRF data. ShopperTrak, a Chicago-based firm that monitors sales traffic at 40,000 retail outlets and malls around the country, reported a 2.3% gain in sales for Thanksgiving and Black Friday.

Second, online sales ripped the cover off the ball, setting new records, and rose 17% for Thanksgiving and Black Friday compared to last year, according to ComScore. We expect more huge numbers for today – CyberMonday.

Third, a very short Christmas shopping season (just 26 days versus 32 last year) combined with an early Hanukkah and early discounting by retailers likely shifted holiday sales to the days before Thanksgiving.

We expect this to show up in the broader data when the overall retail sales figures for November arrive next week. Add

to that an expected 3.2% year-on-year gain for car and light truck sales last month, which is impressive considering that a year ago, November auto sales were artificially boosted after Superstorm Sandy severely limited sales in October 2012.

The mixed data for the 2013 holiday shopping season keeps the debate going. The bears keep pointing to each individual on-the-ground worry – Sequester, Obamacare, Tapering...etc., while we keep pointing to the fundamentals at 30,000 feet.

Monetary policy is still loose, tax rates are relatively low, and government spending has been shrinking as a share of GDP. Meanwhile, the continued recovery in housing as seen in the construction data released today, as well as low consumer debt obligations relative to income, are major positives at the 10,000 foot level. And the manufacturing sector, according to the November ISM data remains robust.

In other words, the economy continues to grow in a Plow Horse manner and for the fifth year in a row, consumer spending is on an upward path. The bears won't give up. We expect more pundit pessimism. But, every bull market worth its salt needs a wall of worry to climb. And this wall is steep.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
12-2 / 9:00 am	ISM Index – Nov	55.1	56.1	57.3	56.4
9:00 am	Construction Spending – Oct	+0.4%	+0.6%	+0.8%	NA
12-3 / afternoon	Total Car/Truck Sales – Nov	15.8 Mil	15.8 Mil		15.2 Mil
afternoon	Domestic Car/Truck Sales – Nov	12.2 Mil	12.3 Mil		11.7 Mil
12-4 / 7:30 am	Int'l Trade Balance – Oct	-\$40.1 Bil	-\$39.9 Bil		-\$41.8 Mil
9:00 am	ISM Non Mfg Index – Nov	55.0	55.8		55.4
9:00 am	New Home Sales – Oct	0.430 Mil	0.442 Mil		NA
12-5 / 7:30 am	Initial Claims – Nov 30	323K	324K		316K
7:30 am	Q3 GDP Second Report	3.1%	3.1%		2.8%
7:30 am	Q3 GDP Chain Price Index	1.9%	1.9%		1.9%
9:00 am	Factory Orders – Oct	-1.0%	-1.4%		+1.7%
12-6 / 7:30 am	Non-Farm Payrolls – Nov	183K	173K		204K
7:30 am	Private Payrolls – Nov	175K	169K		212K
7:30 am	Manufacturing Payrolls – Nov	8K	6K		19K
7:30 am	Unemployment Rate – Nov	7.2%	7.2%		7.3%
7:30 am	Average Hourly Earnings – Nov	+0.2%	+0.2%		+0.1%
7:30 am	Average Weekly Hours – Nov	34.5	34.5		34.4
7:30 am	Personal Income – Oct	+0.3%	+0.2%		+0.5%
7:30 am	Personal Spending – Oct	+0.2%	+0.3%		+0.2%
2:00 pm	Consumer Credit– Oct	\$14.5 Bil	\$14.6 Bil		\$13.7 Bil