

December Retail Sales

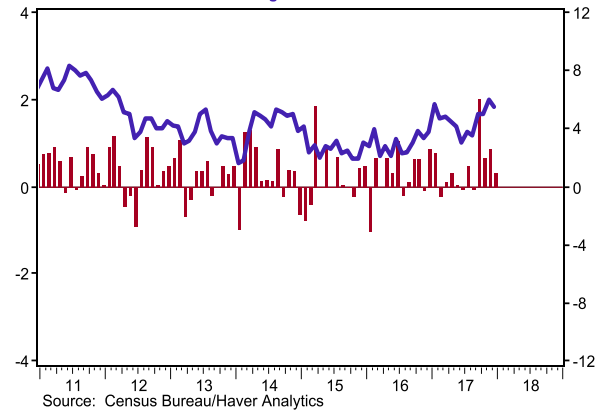
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- Retail sales increased 0.4% in December (+0.5% including revisions to prior months). The consensus expected a 0.5% gain. Retail sales are up 5.4% versus a year ago.
- Sales excluding autos rose 0.4% in December (+0.8% including revisions to prior months), beating the consensus expected 0.3% gain. These sales are up 6.3% in the past year. Excluding gas, sales were up 0.4% in December and are up 5.1% from a year ago.
- The rise in sales in December was led by non-store retailers (internet and mail-order) and restaurants & bars.
- Sales excluding autos, building materials, and gas rose 0.4% in December (0.9% including revisions to prior months). These sales were up at an 8.1% annual rate in Q4 versus the Q3 average.

Implications: The Plow Horse economy has officially picked up her gait! Retailers capped off the strongest year of sales since 2012 on a high note with another solid month of sales in December. Retail sales rose 0.4% in December, coming on the back of a 0.9% gain in November, a 0.7% gain in October and a 2.0% surge in September! In contrast to September and October, when the rise in spending was led by autos, as people replaced vehicles destroyed in Hurricanes Harvey and Irma, the gain in December was broad-based, with 9 of the 13 major categories showing gains. Non-store retailers (internet and mail-order) led the charge higher followed by restaurants & bars. Non-store retail sales grew by 1.2% in December, and now make up 11.2% of retail sales, the largest share ever. More great news today was the considerable strength for “core” sales, which exclude volatile categories (autos, building materials, and gas). Core sales grew 0.4% in December, but including prior months’ positive revisions were up 0.9% and are up 5.4% from a year ago. Although conventional wisdom argues that traditional retailers are in trouble because of the Internet, this is an overly pessimistic view. Traditional retailers are not sitting still. They are learning how to compete in today’s new world. Jobs and wages are moving up, consumers’ financial obligations are less than average relative to incomes, and serious (90+ day) debt delinquencies are down substantially from post-recession highs. As a result of all of today’s data, our model for GDP suggests a real GDP growth rate around 3.0% in the fourth quarter.

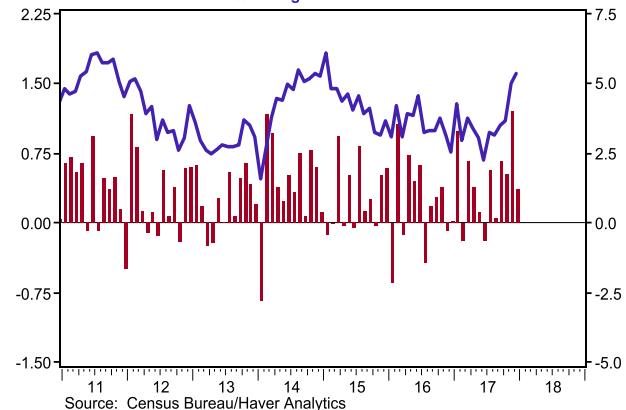
Retail Sales & Food Services
% Change - Month to Month

Retail Sales & Food Services
% Change - Year to Year



Retail Sales Ex: Autos, Gas & Building Materials
% Change - Month to Month

Retail Sales Ex: Autos, Gas & Building Materials
% Change - Year to Year



Retail Sales <i>All Data Seasonally Adjusted</i>	Dec-17	Nov-17	Oct-17	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	0.4%	0.9%	0.7%	7.8%	9.0%	5.4%
Ex Autos	0.4%	1.3%	0.5%	9.1%	9.4%	6.3%
Ex Autos and Building Materials	0.3%	1.4%	0.5%	9.3%	9.0%	5.8%
Ex Autos, Building Materials and Gasoline	0.4%	1.2%	0.5%	8.8%	7.1%	5.4%
Autos	0.2%	-1.0%	1.4%	2.8%	7.5%	2.3%
Building Materials	1.2%	0.5%	-0.3%	5.4%	13.3%	9.9%
Gasoline	0.0%	3.0%	0.2%	13.4%	26.6%	9.1%

Source: Bureau of Census