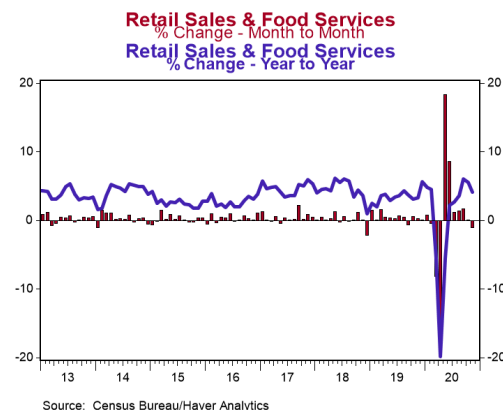


November Retail Sales

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- Retail sales declined 1.1% in November (-1.2% including revisions to prior months). The consensus expected a smaller decline of 0.3%. Retail sales are up 4.1% versus a year ago.
- Sales excluding autos fell 0.9% in November (-1.1% including revisions to prior months). The consensus expected an increase of 0.1%. These sales are up 3.6% in the past year. Excluding gas, sales dropped 1.0% in November, but are up 6.0% from a year ago.
- The decline in sales in November was led by restaurants & bars, autos, and clothing & accessory stores. The largest gain was for food & beverage stores.
- Sales excluding autos, building materials, and gas fell 1.0% in November. If unchanged in December, these sales will be up at a 2.2% annual rate in Q4 versus the Q3 average.

Implications: As we have been seeing in the high frequency data, the shutdowns are starting to impact economic data again with consumers getting more conservative waiting for another stimulus package to arrive. Retail sales declined 1.1% in November, lagging the consensus expected drop of 0.3%. Only three of the thirteen major categories rose in November, with the same areas being hit that were hit the last time shutdowns started to take hold earlier this year. Novembers data showed Restaurants & bars fell 4.0% for the month, while auto sales declined 1.7%, and clothing & accessory stores fell 6.8%, all the largest declines since April. At the same time, grocery store sales rose 1.9% as consumers look to be stockpiling again, while non-store retailers (internet and mail-order sales) grew 0.2%. Expect further gains in the months to come for non-store retailers as states continue restrictions as COVID-19 cases continue to rise. We do not expect a massive decline in retail sales like we saw back earlier this year. Both companies and consumers have adapted, and even with further restrictions, things will not be even remotely close to as bad as they were in the early part of the year. It's important to keep in mind how much progress has been made since then. Back in April, retail sales were down 19.9% from a year ago; now, even with the decline in October and November, retail sales are up 4.1% from November 2019. For some more perspective: from February (before the COVID shutdowns started) to the bottom in April, retail sales fell 21.7%. Now, even with the decline in November, we are 3.6% higher than the February pre-COVID high-water mark, meaning retail sales have had a full V-shaped recovery. "Core" sales, which exclude the most volatile categories of autos, building materials, and gas station sales, declined 1.0% in November, but are still up 4.7% from a year ago.



Retail Sales <i>All Data Seasonally Adjusted</i>	Nov-20	Oct-20	Sep-20	3-mo % Ch. <i>Annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	-1.1%	-0.1%	1.7%	2.3%	25.3%	4.1%
Ex Autos	-0.9%	-0.1%	1.4%	1.4%	25.8%	3.6%
Ex Autos and Building Materials	0.0%	-0.1%	1.4%	0.4%	27.1%	2.3%
Ex Autos, Building Materials and Gasoline	-1.0%	-0.1%	1.3%	0.7%	25.6%	4.7%
Autos	-1.7%	0.0%	3.1%	5.9%	23.5%	6.0%
Building Materials	1.1%	0.1%	0.4%	6.7%	7.0%	18.7%
Gasoline	-2.4%	-0.2%	1.8%	-3.1%	44.7%	-17.1%

Source: Bureau of Census