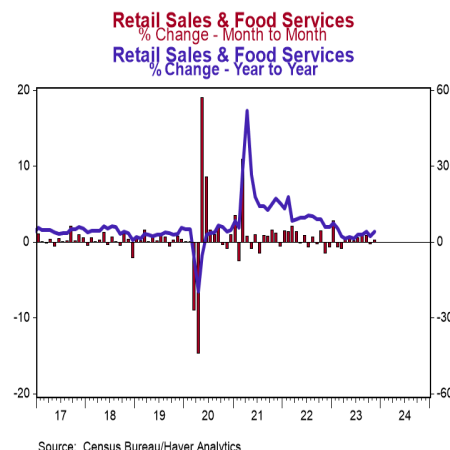


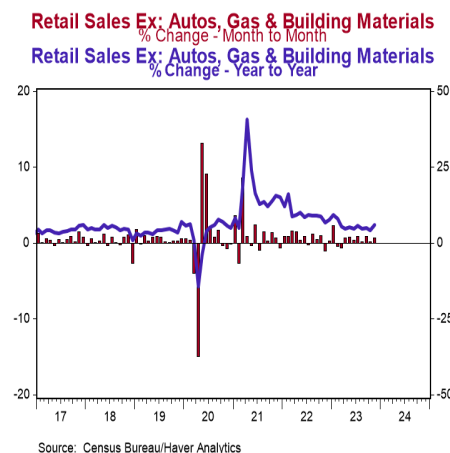
# November Retail Sales

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- Retail sales rose 0.3% in November (+0.1% including revisions to prior months), beating the consensus expected decline of 0.1%. Retail sales are up 4.1% versus a year ago.
- Sales excluding autos increased 0.2% in November (unchanged including revisions to prior months), beating the consensus expected decline of 0.1%. These sales are up 3.6% in the past year.
- The largest increases in November were for restaurants & bars, non-store retailers (internet & mail order), and autos. The largest decline, by far, was for gas stations.
- Sales excluding autos, building materials, and gas rose 0.6% in November, but were up 0.5% including revisions to prior months. If unchanged in December, these sales will be up at a 4.8% annual rate in Q4 versus the Q3 average.



**Implications:** Retail sales grew modestly in November, beating consensus expectations, with sales rising in eight of the thirteen major categories. The gains in November were led by restaurants & bars, which rose 1.6% for the month and are up 11.3% in the past year, followed by sales at non-store retailers (+1.0%), and for autos (+0.5%). The largest decline by far was at gas stations, which is not a bad thing as prices at the pump have come down significantly. “Core” sales, which exclude volatile categories such as autos, building materials, and gas stations – crucial for estimating GDP – increased by 0.6% in November but were revised slightly lower for previous months. If this measure is unchanged in December these sales will be up at a robust 4.8% annual rate in the fourth quarter versus the third quarter. Retail sales are now at record highs unadjusted for inflation, but in “real” (inflation-adjusted) terms, they have been stagnant. Real retail sales peaked back in April 2022 and have since declined by 2.1% from that peak. It has been forty years since the US had an inflation problem, so it is important to remember that it can distort data. Our view remains that the tightening in monetary policy since last year will eventually deliver a recession. Expect more deterioration in real retail sales into next year as tighter credit conditions along with higher borrowing costs start to take a toll. In other news this morning, initial claims for jobless benefits declined 19,000 last week to 202,000. Meanwhile, continuing claims rose 20,000 to 1.876 million. These figures suggest moderate growth in employment in December. Also today, import prices declined 0.4% in November while export prices fell by 0.9%. In the past year, import prices are down 1.4% while export prices are down 5.2%, a sign of the tightening of monetary policy versus a year ago.



<b>Retail Sales</b> <i>All Data Seasonally Adjusted</i>	<b>Nov-23</b>	<b>Oct-23</b>	<b>Sep-23</b>	<b>3-mo % Ch.</b> <i>Annualized</i>	<b>6-mo % Ch.</b> <i>annualized</i>	<b>Yr to Yr</b> <i>% Change</i>
<b>Retail Sales and Food Services</b>	<b>0.3%</b>	<b>-0.2%</b>	<b>0.8%</b>	<b>3.6%</b>	<b>4.9%</b>	<b>4.1%</b>
<b>Ex Autos</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>3.9%</b>	<b>5.5%</b>	<b>3.6%</b>
<b>Ex Autos and Building Materials</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.8%</b>	<b>4.5%</b>	<b>6.2%</b>	<b>4.2%</b>
<b>Ex Autos, Building Materials and Gasoline</b>	<b>0.6%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>6.6%</b>	<b>6.2%</b>	<b>6.0%</b>
<b>Autos</b>	<b>0.5%</b>	<b>-1.1%</b>	<b>1.1%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>6.1%</b>
<b>Building Materials</b>	<b>-0.4%</b>	<b>-0.1%</b>	<b>-0.3%</b>	<b>-3.3%</b>	<b>-3.0%</b>	<b>-2.5%</b>
<b>Gasoline</b>	<b>-2.9%</b>	<b>-1.2%</b>	<b>1.0%</b>	<b>-11.9%</b>	<b>6.2%</b>	<b>-9.4%</b>

Source: Bureau of Census