

# U.S. Flash

## Retail Sales Rebound Aided by Autos and Nonstore Retail

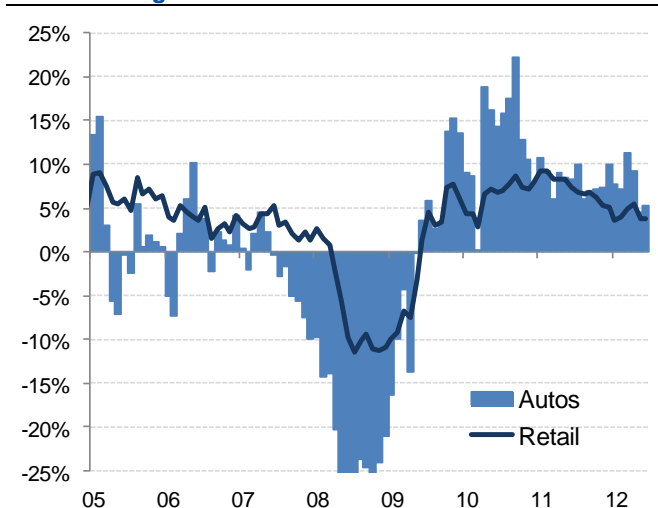
- Retail sales for November show moderate gain of 0.3% and 0.7% less auto and gas
- Gains were seen across the components as autos and nonstore retailers take the lead
- December sales are likely to be positive, pushing up 4Q12 growth figures

Retail sales for November show encouraging signs for the end of the year, up 0.7% excluding autos and gasoline. The strongest form of optimism comes from the 3.7% YoY gain, prompting a better outlook for 4Q12 figures as consumers seem to be less reluctant than expected to spend. As for November, the auto category showed signs of recovering from its October slump, up 1.4% for the month. There was however, a drop in gasoline sales on account of lower prices, down 0.4%, which weighed down sales figures to below economists' estimates. This dragged down the headline figure to a modest 0.3% in November, just enough to offset October's decline. Notwithstanding the decline in gasoline sales, the rest of the categories performed fairly well as figures reveal the consumers' appetites for early holiday shopping. The largest rise from October was in non-retail stores and electronics stores, bolstered by the influx of holiday traffic and special sales in November, up 3.0% and 2.5%, respectively. Other notable components showing gains were building materials, furniture, clothing, sporting goods, and food services and drinking places.

Although below the consensus figures, the retail sector is showing definite signs of improvement as it attempts to finish off the year strong after momentum faded from earlier quarters. Retailers are expecting strong sales in December in lieu of holiday shopping and travel and YoY growth should remain strong. Unfortunately, there is still some downside risk as the shopping season is paralleled by the coming fiscal cliff and, while retailers remain optimistic, signs of hesitation pervade the economy and may have an impact on the consumer as well. However, in line with our forecasts we expect December to show growth in sales and end the quarter on a positive note.

Chart 1

### Retail and Auto Sales YoY % Change



Source: US Census Bureau

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