

Economics Group

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Retail Sales: Holiday Season Ends on a Sour Note

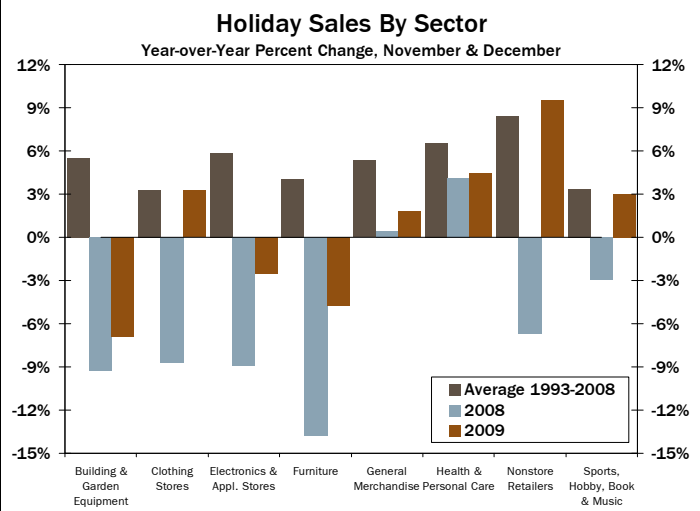
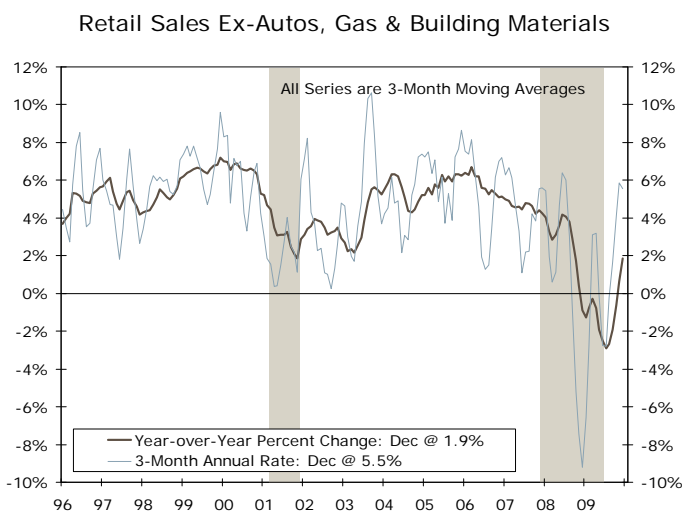
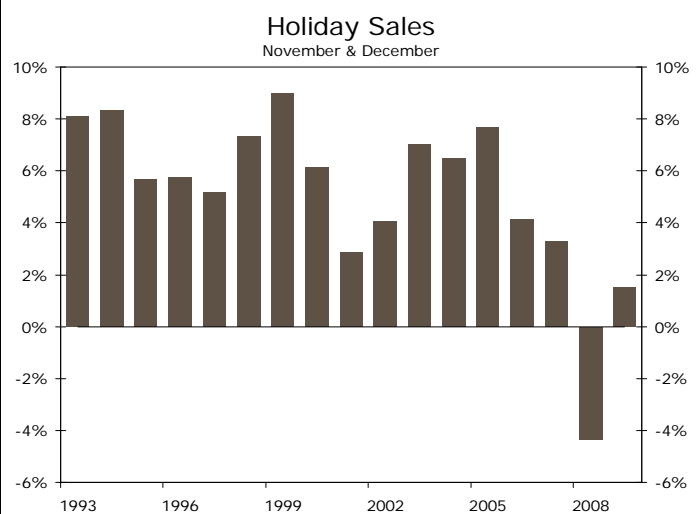
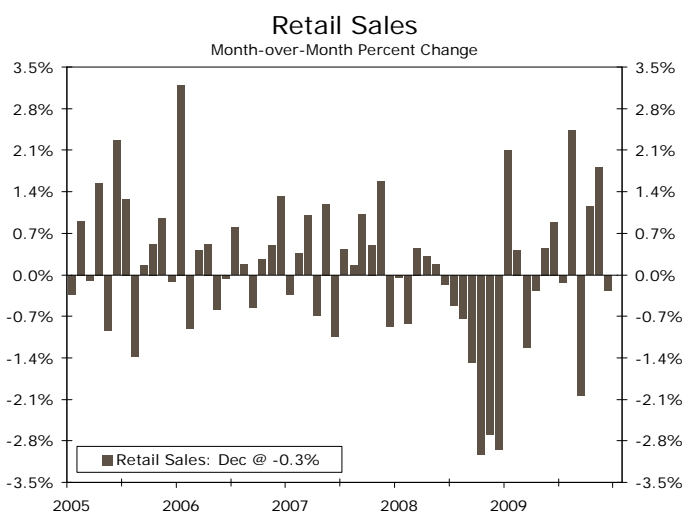
Sales at the nation's retailers fell 0.3 percent in December. The holiday season still came in better than originally expected as sales in holiday categories for November and December were up 1.5 percent.

Sales Disappoint in December after Strong November

- Sales at the nation's retailers disappointed markets with declines in December. However, some of the negative headline is offset by strong positive revisions to November data.
- "Core" sales, which strip out gas stations, autos and building materials, were down 0.3 percent, in-line with the headline. The underlying trend in consumption remained subdued, but does not preclude gains in consumption in coming quarters.

Holiday Sales Came in up 1.5 Percent

- Sales in the key holiday categories came in up 1.5 percent versus last year for the November through December period. Compared to most estimates before the season, which were looking for small declines, this is a solid performance.
- Strength at nonstore retailers (+9.5 percent) and personal care stores (+4.5 percent) more than offset considerable weakness at building materials stores (-7.0 percent) this year.



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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