

December 2016 US Retail Sales & Traffic

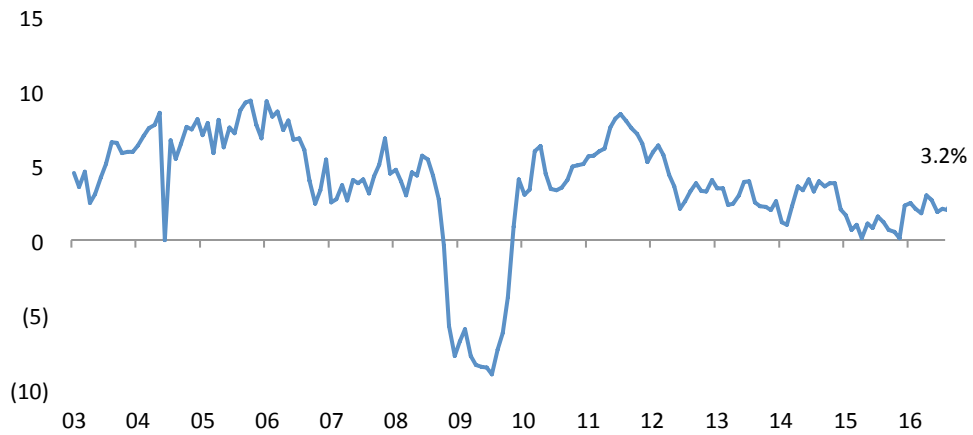


- 1) Total US retail sales for December increased by 0.6% month over month, reaching \$469.1 billion, but they missed the consensus estimate of 0.7% growth. Total retail sales excluding autos edged up 0.2% month over month, also missing consensus, which had called for a 0.5% increase.
- 2) On a year-over-year basis, total retail sales increased by 4.1% and retail sales excluding autos increased by 3.2% in December.
- 3) For the holiday season, from October through December 2016, total retail sales were up 4.1% year over year, according to the US Census Bureau. The National Retail Federation (NRF) said that core retail sales were up 4.0% over the holiday season, beating its estimate of 3.6%. The US Census Bureau and NRF results somewhat altered the pessimistic picture painted by the holiday results that some individual retailers recently reported.
- 4) For the full year, total retail sales in the US increased by 3.4% year over year.
- 5) December in-store sales and store traffic experienced their largest declines in six months, falling 10.7% and 13.4%, respectively, according to RetailNext. In addition, the number of transactions was down 15.5% in December and down 14.1% for the combined November and December period; both figures represented a six-month low.



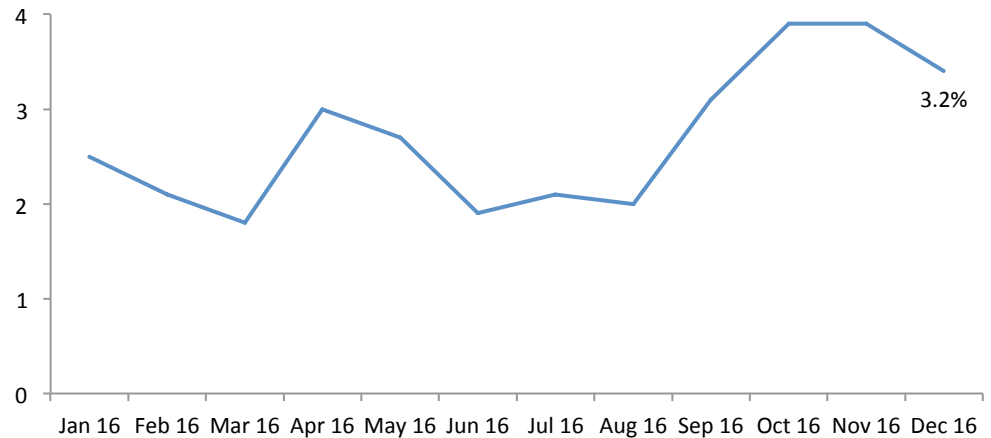
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Figure 1. US Monthly Retail Sales Excluding Autos: YoY % Change



Through December 31, 2016
Source: US Census Bureau/Haver Analytics

Figure 2. US Monthly Retail Sales Excluding Autos: YoY % Change (Past 12 Months)



Through December 31, 2016
Source: US Census Bureau/Haver Analytics

Total US retail sales for December increased by 0.6% month over month, reaching \$469.1 billion, but they missed economists' consensus estimate of 0.7% growth. Total retail sales excluding autos edged up 0.2% month over month, also missing consensus, which had called for a 0.5% increase.

On a year-over-year basis, total retail sales increased by 4.1% and retail sales excluding autos increased by 3.2% in December.

In December, sales were lifted by auto and gas sales, which posted 2.4% and 2.0% month-over-month increases, respectively. Auto sales were the strongest seen since April 2016.

Shoppers continued to shift their spending online this past December, and e-commerce continued its recent trend of double-digit growth. Sales at nonstore retailers, which are



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mostly online retailers and catalog and infomercial vendors, rose by 13.2% year over year in December, following an 11.9% year-over-year increase in November.

The trend of shoppers shifting their buying online affected sales at a variety of traditional retail outlets in December. Department stores and electronics and appliance stores posted year-over-year declines in sales for the month. Department store sales saw the biggest year-over-year decline, falling by 8.4% in December and continuing their recent trend of underperformance. Sales at electronics and appliance stores fell by 2.4% year over year.

For the holiday season, from October through December 2016, total retail sales were up 4.1% year over year, according to the US Census Bureau release. Following the release of the US Census Bureau figure, the NRF released its own result, stating that core retail sales were up 4.0% for the period, beating the NRF’s estimate of 3.6% growth.

For the full year, total retail sales in the US increased by 3.4% year over year.

Figure 3. December US Retail Metrics: YoY % Change

	Sales	Traffic	Conv.	ATV	SPS	Tran.	% Return
December	(10.7)%	(13.4)%	(0.3)%	5.6%	3.0%	(15.5)%	(0.1)%
Nov and Dec	(9.9)%	(12.3)%	(0.2)%	4.8%	2.7%	(14.1)%	(0.1)%
Thanksgiving Weekend	(4.2)%	(4.4)%	(0.3)%	1.7%	0.4%	(5.9)%	(0.4)%
November	(8.1)%	(10.2)%	0.1%	1.7%	2.6%	(9.6)%	(0.3)%
October	(8.0)%	(8.5)%	0.4%	(1.5)%	0.8%	(6.5)%	(0.3)%
September	(10.6)%	(9.0)%	(0.2)%	(0.4)%	(1.1)%	(10.0)%	(0.1)%
August	(6.0)%	(6.6)%	0.3%	(0.3)%	0.7%	(5.7)%	0.0%

Conv. = conversion rate, ATV = average transaction value, SPS = sales per shopper and Tran. = number of transactions

Source: RetailNext

December in-store sales and store traffic experienced their largest declines in six months, falling 10.7% and 13.4%, respectively. In addition, the number of transactions was down 15.5% in December and down 14.1% for the combined November and December period; both figures represented a six-month low. The results were consistent with recent weak sales and traffic numbers reported by individual retailers.

In-store sales, traffic and transaction volumes peaked on the Friday before Christmas, when many shoppers did their last-minute Christmas shopping in-store. In-store returns of unwanted Christmas gifts peaked on the Tuesday after Christmas, December 27.

Despite the sales and traffic declines, average transaction value and sales per shopper both improved year over year in December. Average transaction value increased by 5.6%, which was the largest improvement since July 2016.

December 2016 was the coldest, snowiest December since 2013, and the weather prevented some people from making shopping trips. All regions posted double-digit traffic declines and sharp sales decreases for the month. The Midwest experienced the biggest year-over-year sales and traffic declines of all regions, with sales falling 10.4% and traffic falling 9.5% during the month.



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