

# U.S. Data Review

- Retail sales: light spending despite reports of active Black Friday shopping
- Industrial production: softness in November

**Lawrence Werther**  
**Michael Moran**

Daiwa Capital Markets America  
 lawrence.werther@us.daiwacm.com  
 michael.moran@us.daiwacm.com

## Retail Sales

- Retail sales were softer than the consensus expectation in November (-0.6 percent versus -0.2 percent projected). The auto component contributed importantly to the poor performance in total retail activity (off 2.3 percent), but other areas turned in disappointing results as well despite press reports of active spending on Black Friday and Cyber Monday. Moreover, while the prior month's data were still favorable, results were revised modestly lower.

### Retail Sales -- Monthly Percent Change

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
Total	-0.4	0.7	-0.2	1.3	-0.6
Ex.-Autos	-0.1	0.2	-0.1	1.2	-0.2
Ex.-Autos, Ex.-Gas	0.2	0.9	0.4	0.8	-0.2
Retail Control*	0.2	0.8	0.6	0.7	0.0
Autos	-2.0	2.9	-0.5	1.6	-2.3
Gasoline	-2.2	-5.0	-4.0	4.8	-0.1
Clothing	-0.4	1.0	1.0	0.0	-0.2
General Merchandise	-0.4	0.3	1.1	-0.3	-0.1
Nonstore**	1.7	0.6	-0.1	0.7	-0.9

\* Retail sales excluding sales from motor vehicle dealers, gasoline stations, and building materials, garden equipment, and supply dealers.

\*\* Primarily online and catalog sales; also includes sales by fuel-oil dealers.

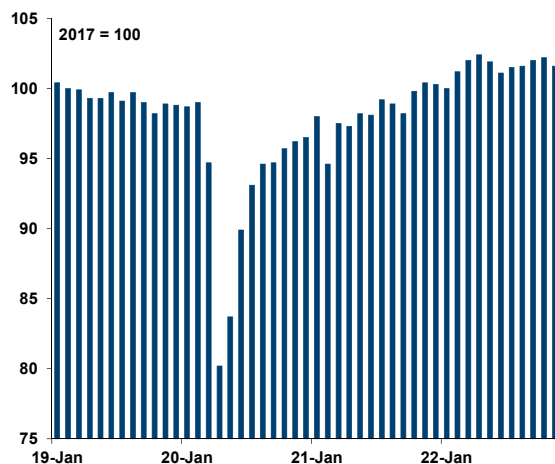
Source: U.S. Census Bureau via Haver Analytics

- The auto component slipped after posting firm results in two of the previous three months. The latest shift halted signs of upward momentum after soft activity in the spring and early summer.
- Nominal sales at gasoline stations dipped 0.1 percent in November after price changes led to wide swings in recent months (nominal sales fell from July through September before jumping 4.8 percent in October). Adjusting nominal sales by the gasoline component of the CPI suggests that real activity increased in recent months (a jump in the summer, and moderate advances in recent months).
- The decline of 0.2 percent in activity excluding autos and gasoline was joined by downward revisions to prior results (the level of activity ex. autos and gasoline in October was 0.3 percent lighter than first reported). Sales at restaurants (+0.9 percent) continued along their sharp upward trend, but activity in other discretionary categories slipped. Sales at electronic and appliance stores (-1.5 percent), sporting goods stores (-0.6 percent), clothing stores (-0.2 percent) and online retailers (-0.9 percent) all eased in November.
- Outlays for food rose 0.8 percent. Rapid inflation in food prices has strained consumer budgets for much of the recent expansion. Increases in food prices have eased a bit in recent months, with the food at home component of the CPI advancing 0.5 percent in November. The changes in outlays and prices suggested a modest gain in real terms for food.
- On balance, a disappointing retail report for November. After firm activity in the prior month, consumers hesitated in November.

## Industrial Production

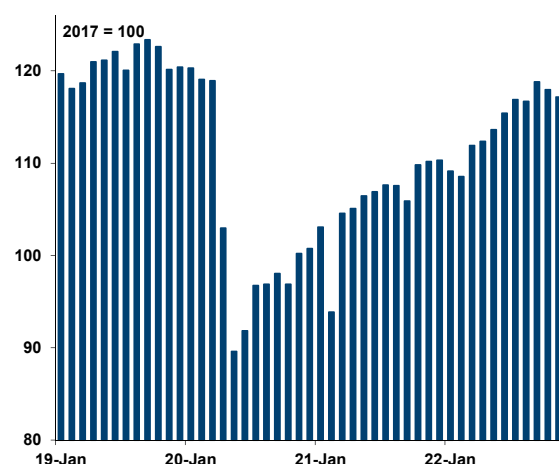
- The industrial production index fell 0.2 percent in November, softer than the expected increase of 0.1 percent. The drop in the headline index understated the degree of softening, as a temperature-related increase of 3.6 percent in the utility sector partially offset sharp declines in the manufacturing and mining components (off 0.6 percent and 0.7 percent, respectively).
- A drop in production of motor vehicles led the retreat in the manufacturing sector, as activity fell 2.8 percent. The auto industry had plenty of company on the soft side, as shown by a drop of 0.4 percent in factory production ex-autos. The breadth of the change in manufacturing also indicated softness, as 16 of 20 industry groupings posted declines. The level of manufacturing activity has shown little net change since the spring, and results for November were in the low end of the range seen in the past several months (chart, left).
- Mining activity fell 0.7 percent, matching the drop in the prior month. The softness was led by the drilling and extraction of oil and natural gas, and recent declines have left little net change in the past four months. After climbing irregularly since mid-2020, mining activity is perhaps topping at a level lower than that before the pandemic (chart, right).

### Industrial Production: Manufacturing



Source: Federal Reserve Board via Haver Analytics

### Industrial Production: Mining



Source: Federal Reserve Board via Haver Analytics