Daiwa Capital Markets

# U.S. Data Review

- Retail sales: better than consensus; indicative of solid activity in 25-Q4
- Existing home sales: activity firms up in the final month of 2025; inventories slide

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## Retail Sales

- Retail sale rose 0.6 percent in November, a bit firmer than the Bloomberg median expectation of +0.5 percent -- although results in the prior month were revised down to -0.1 percent. On a year-over-year basis, sales rose 3.3 percent, essentially matching the performance in the prior month. The latest results suggest that consumers were active during the Black Friday/Cyber Week sales period, and more broadly that momentum in household expenditures remained solid in Q4 after brisk real growth of 3.5 percent (annual rate) in Q3. With that said, price effects likely inflated the value of sales in some categories. Moreover, we remain cautious regarding results for the final month of the quarter – especially as various measures of consumer attitudes remain depressed, with survey respondents expressing concern about both the economic outlook and the state of the labor market.

**Retail Sales -- Monthly Percent Change**

| | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 |
|---|---|---|---|---|---|
| Total | 0.6 | 0.5 | 0.1 | -0.1 | 0.6 |
| Ex.-Autos | 0.4 | 0.6 | 0.1 | 0.2 | 0.5 |
| Ex.-Autos, Ex.-Gas | 0.3 | 0.6 | -0.1 | 0.4 | 0.4 |
| Retail Control* | 0.5 | 0.7 | -0.2 | 0.6 | 0.4 |
| Autos | 1.6 | 0.4 | 0.0 | -1.6 | 1.0 |
| Gasoline | 1.3 | 0.3 | 2.0 | -1.2 | 1.4 |
| Clothing | 1.7 | 0.6 | -0.8 | 1.2 | 0.9 |
| General Merchandise | 0.3 | 0.1 | 0.0 | 0.5 | 0.0 |
| Nonstore** | 0.2 | 2.0 | -0.7 | 1.0 | 0.4 |

** 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*

- Turning back to the November data, the advance in the headline was in part driven by an increase of 1.0 percent in sales at motor vehicle and parts dealers. The gain followed soft results in the prior two months, with the recent soft patch contributing to a year-over-year dip of 0.7 percent in the latest month. Sales at gasoline stations also jumped (+1.4 percent) after falling in the prior month, with activity up 3.2 percent year-over-year. With that said, price effects were likely at play in both months: a drop of 2.1 percent in the gasoline component of the CPI in October (one of the few month-to-month series available on account of the government shutdown) suggests real activity increased that month, whereas the jump of 3.0 percent in November far exceeded the latest gain (implying a decline in real consumption).

- Turning to activity outside of the volatile automobile and gas categories, sales rose 0.4 percent (versus +0.3 percent expected; +4.4 percent year-over-year), an increase matching that for the retail control grouping (+5.1 percent year-over-year; sales excluding auto and parts dealers, gasoline stations, and building materials, garden equipment & supply dealers). The latter, which correlates with real goods outlays in the consumer spending component of GDP, saw firm results in several mostly discretionary categories that may have been boosted by late-November sales. On the point, activity at sporting goods outlets rose 1.9 percent (+7.8 percent year-over-year), sales at clothing and accessory stores increased 0.9 percent (+7.5 percent year-over-year), and those in the nonstore area (mostly online, but also including fuel oil dealers) advanced 0.4 percent (+7.2 percent year-over-year).

- All told, the latest data suggest that real consumer spending could land in the vicinity of 2 percent in Q4, contributing to GDP growth close to that tally. With that said, we remain concerned about depressed consumer confidence and slowing labor market conditions contributing to more cautious behavior in the months ahead. A sluggish December result on retail sales could still translate to respectable aggregate activity for the quarter, but more perceptible slowing could be on tap in 26-Q1 should the labor market fail to steady.

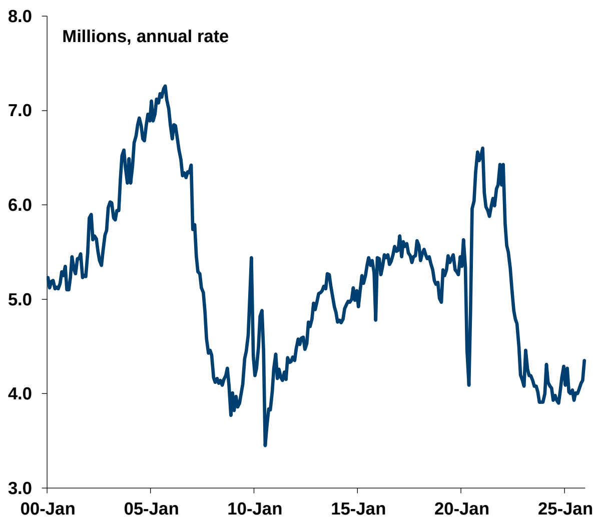
## Existing Home Sales

- Sales of existing homes rose 5.1 percent to 4.35 million units, annual rate, in December 2025 – firmer than the median projection of 4.22 million from the Bloomberg economist survey (+1.4 percent year-over-year; chart, below left). Similar to recent reports, lower financing costs and home prices seemingly provided a boost to activity in the final month of the year. On the point, the average 30-year fixed-rate mortgage in December was 6.19 percent, about 0.05 percentage point off the 6.24 percent average in November. That being said, despite the pace of activity rising to its highest level since February 2023, sales still remain depressed, with the current pace of activity in the low end of the longer-term range.

- The improvement in sales was broad based, with all four major geographical regions registering increases on a month-to-month basis. The South led the way with an advance of 6.9 percent to 2.020 million units, annual rate (+3.6 percent year-over-year). Sales in the West, meanwhile, posted a slightly more modest increase of 6.6 percent to 0.810 million (0.0 percent year-over-year). Concurrently, the Midwest and Northeast posted similar-sized advances of 2.0 percent to 1.000 and 0.520 million, respectively (0.0 and -1.9 percent year-over-year). Sales in all four regions remain in the low end of their respective historical ranges.

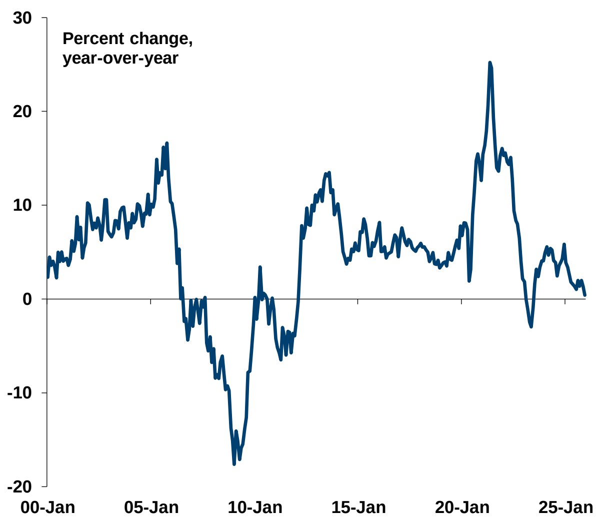
- The median sales price for existing homes eased 1.1 percent to $405,400, its fifth decline in the past six months though only somewhat below the record high of $432,700 recorded in June 2025 and still elevated from a longer-term perspective. On a year-over-year basis, the measure rose 0.4 percent – slower than +1.4 percent in the prior month and well off the +5.8 percent pace in December 2024 (chart, below right).

### Existing Homes Sales




*Source: National Association of Realtors via Haver Analytics*

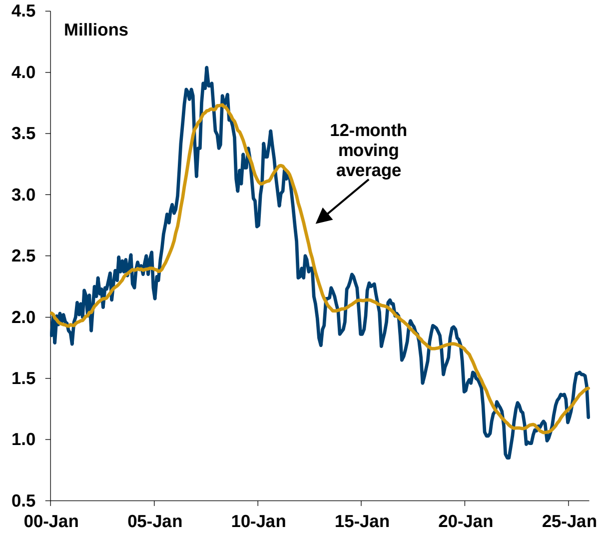
### Median Sales Price of Existing Homes




*Source: National Association of Realtors via Haver Analytics*

- Concurrent with the pickup in sales, the inventory of unsold homes fell 18.1 percent to 1.180 million units in December (not seasonally adjusted), a result notably off the five-year high of 1.550 million recorded last summer and in the low end of the long-term range (+3.5 percent year-over-year). That observation translated to a months' supply of 3.3 months at the current sales pace, a 0.9-month decline from the prior month and the lowest reading since December 2024 (charts, next page). As mentioned by Lawrence Yun, NAR Chief Economist, in the official release: "Inventory levels remain tight… With fewer sellers feeling eager to move, homeowners are taking their time deciding when to list or delist their homes. Similar to past years, more inventory is expected to come to market beginning in February." Housing supply, on balance, has increased notably in recent months, helping to mitigate affordability issues currently constraining the residential real estate market. That said, we would add that recent softening in labor market conditions, and the associated risk to household financial positions, could push a subset of potential buyers to the sidelines. A development which may hamper a meaningful recovery in sales despite recent hints of improving affordability.

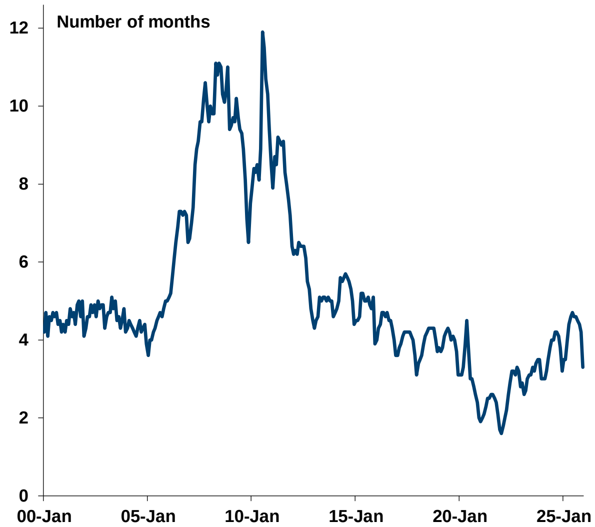
### Inventory of Unsold Existing Homes*




** Not seasonally adjusted*

*Source: National Association of Realtors via Haver Analytics*

### Months' Supply of Unsold Existing Homes




*Source: National Association of Realtors via Haver Analytics*