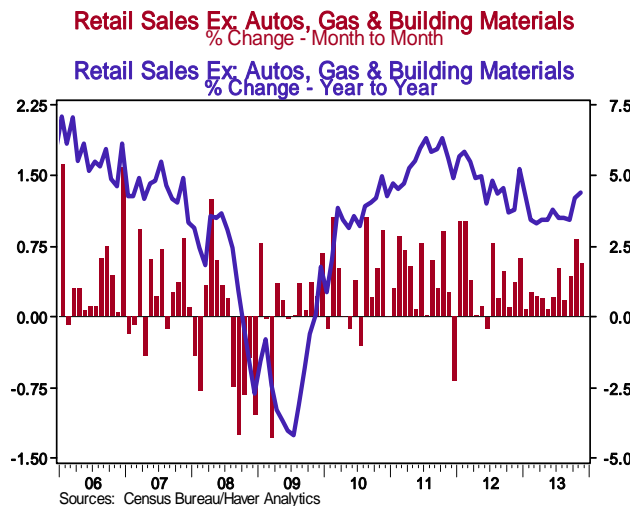
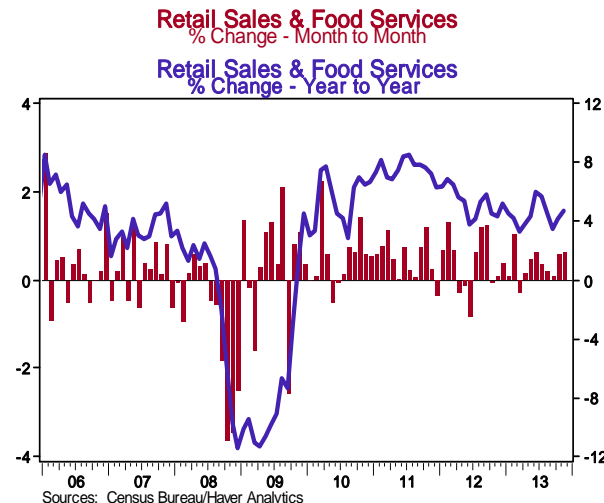


# November Retail Sales

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- Retail sales rose 0.7% in November, (+1.0% including revisions to prior months) beating the consensus expected 0.6% gain. Sales are up 4.7% versus a year ago.
- Sales excluding autos increased 0.4% in November and were up 0.8% including revisions to prior months. The consensus expected a 0.2% gain. These sales are up 3.5% in the past year.
- The increase in sales in November was led by autos and non-store retailers (internet & mail-order). The largest decline was for gas stations.
- Sales excluding autos, building materials, and gas rose 0.6% in November (+1.0% including revisions to prior months). Even if unchanged in December, these sales will be up at a 6.5% annual rate in Q4 versus the Q3 average.

**Implications:** Remember all the pundits screaming that the partial government shutdown was going to kill the consumer? Well, today we got another blowout report on retail sales. Including large upward revisions for October, over the past two months sales are up at an 8% annual rate, the fastest 2-month gain in more than a year. November sales gains were led by autos, but also bolstered by non-store retailers (internet & mail-order), restaurants/bars, and building materials. Rather than being depressed, consumers look downright festive. The largest drop in sales was at gas stations, which is likely due to lower gas prices and so not a reason to worry. “Core” sales, which exclude autos, building materials, and gas, rose 0.6% in November and are up 17 straight months. Plugging today’s retail numbers into our consumer spending model suggests “real” (inflation-adjusted) consumer spending on goods and services combined will be up at a 3 - 3.5% annual rate in Q4, the fastest pace in three years. Real GDP growth might come in at only a 1% rate, due to a large drag from inventories, but final sales (GDP excluding inventories) should grow in the 2.5 – 3% range. In other news this morning, new claims for unemployment insurance spiked up 68,000 last week to 368,000. It’s hard to seasonally adjust claims around holidays, so look for a large drop next week. Continuing claims for regular state benefits increased 40,000 to 2.79 million. It’s early, but our current outlook for December payrolls is a gain of 149,000, both nonfarm and private. On the inflation front, all remains quiet. Import prices declined 0.6% in November and are down 1.5% in the past year. All the drop in import prices in November was due to oil; export prices were up 0.1% in November, although still down 1.2% from a year ago. Export prices increased 0.1% in November, both including and excluding agriculture. Still, overall export prices are down 1.6% in the past year and down 1% excluding farm products. Inflation won’t stay this dormant in the year ahead.



<b>Retail Sales</b> <i>All Data Seasonally Adjusted</i>	<b>Nov-13</b>	<b>Oct-13</b>	<b>Sep-13</b>	<b>3-mo % Ch.</b> <i>annualized</i>	<b>6-mo % Ch.</b> <i>annualized</i>	<b>Yr to Yr</b> <i>% Change</i>
<b>Retail Sales and Food Services</b>	<b>0.7%</b>	0.6%	0.1%	5.7%	5.4%	4.7%
<b>Ex Autos</b>	<b>0.4%</b>	0.5%	0.4%	5.2%	4.3%	3.5%
<b>Ex Autos and Building Materials</b>	<b>0.3%</b>	0.7%	0.4%	5.8%	4.7%	3.3%
<b>Ex Autos, Building Materials and Gasoline</b>	<b>0.6%</b>	0.8%	0.4%	7.7%	5.7%	4.4%
<b>Autos</b>	<b>1.8%</b>	1.1%	-1.1%	7.7%	10.3%	10.2%
<b>Building Materials</b>	<b>1.8%</b>	-1.5%	0.0%	1.2%	0.5%	5.3%
<b>Gasoline</b>	<b>-1.1%</b>	-0.4%	0.2%	-5.2%	-1.6%	-3.3%

Source: Bureau of Census

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