

Retail Sales Plummeted in November

December 16, 2022 - As the country moves into the holiday season, normally retail spending jumps. Many retailers rely on this season to make their yearly revenue goals. But the retail spending numbers released so far this year indicate that we are coming into hard economic times. Sales fell by 0.6% in November when economists were only predicting a 0.2% decline after a spending surge in October.

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Automobile and light truck sales were leading the overall decline. They fell by 2.6%. Because these are larger purchases that often require financing, they are much more sensitive to interest rate increases than other retail sales products. Through November, the FED imposed three consecutive interest rate hikes of 0.75%.

At the same time, grocery store sales were up. This was largely the result of inflation which pushed prices higher, rather than consumers using discretionary income and choosing to spend more. And because groceries are more expensing, consumers have less money to spend on other things.

Just this week, the FED increased interest rates again; this time by 0.5%. And indications are that they expect these increases to continue well into 2023.

by Jim Malmberg

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