New York • London • Boston • Chicago
DECISION ECONOMICS, INC.
Information for Decisions™

New York: 212 884 9440
London: 011 44 20 7814 6706
Boston: 617 994 0500
Email: decisioneconomics@pdeeco.com

Pierre Ellis

January 5, 2012

December Chain Store Sales

Industry wide chain-store sales results come in a bit lower, and more uneven, than the most enthusiastic forecasts from the weekly surveys. However, the effect is only to dispel a late ballooning of optimism, and to restore the longstanding reality of a plodding moderate-trend expansion in consumer spending, giving signals neither of new exuberance nor of retrenchment.

The broad ICSC index of comparable-store sales was up 3.5% year on year, as against that group's late projection, based on its weekly surveys, of a 4.0% to 4.5% increase (lifted, after a strong final week, from the earlier 3.5% to 4.0%), and Redbook Research's index also up 3.5%, versus its final-week estimate of +3.7%.

Industry sources suggest that the month was one where individual-chain strategies on promotions and inventory determined results--indicating, as did the overall figures, that there was a ceiling on total-market dollar sales.

That ceiling was not low, in the current context, but it was--as it has been for months--quite restrained. Almost surely, that was because of limited employment and income gains. There is no new indication of weakness, but there is also no indication of developing strength of the type that could accelerate economic growth and employment gains in a "cumulating" way.

Assuming that official retail sales numbers confirm that reading, Fed doves will remain impatient with the pace of progress towards full employment, and will push for more easing. Hawks, while not happy with the situation, will see more risk than potential benefit in further Fed action.

© 2010 Decision Economics, Inc. All rights reserved. Reproduction in whole or in part without the written permission of the copyright owner is prohibited.