

# ECONOMIC UPDATE

REGIONS

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## November Retail Sales: Little Evidence That Consumers Are Wavering

- › Retail sales rose by 0.6 percent in November after falling 0.1 percent in October (originally reported unchanged)
- › Retail sales excluding autos rose by 0.4 percent in November after rising 0.2 percent in October (originally reported up 0.4 percent)
- › Control retail sales (sales excluding motor vehicles, gasoline, restaurants, and building materials) rose by 0.4 percent in November

Total retail sales rose by 0.6 percent in November with ex-auto sales up by 0.4 percent, in each case one-tenth higher than the consensus forecast but one-tenth lower than our forecast. Control retail sales, a direct input into the GDP data on consumer spending on goods, rose by 0.4 percent in November, matching the consensus forecast but shy of our forecast of a 0.5 percent increase. At the same time, prior estimates of October retail sales were revised lower, with gains in ex-auto and control group sales trimmed by two-tenths of a point. In our preview of the November retail sales data, we noted a few factors – seasonal adjustment, calendar effects, price effects – that could play tricks with November data, and there is some evidence of that in the details of the data. At the same time, the October and November data support an observation we've made in our last two holiday sales outlooks, which is that shifts in spending patterns have seen October more or less become the de facto start of the holiday sales season, which has siphoned some portion of this spending away from November. Where that leaves us is with continued moderate growth in consumer spending on goods, with Q4 growth in control group sales running a bit below Q3's pace, and few signs that U.S. consumers are wavering in the face of softer labor market conditions and the cumulative effects of price increases. Moreover, what should be a sizable boost to after-tax personal income in Q1 2026 will be a support for spending, particularly amongst lower-to-middle income households.

To our point about shifting patterns in consumer spending, on a not seasonally adjusted basis control group sales rose by 3.75 percent in November, which is the smallest November gain in the life of the current series on retail sales, which goes back to 1992. That this is the case despite rising goods prices makes the seemingly paltry increase even more striking. While one could easily spin this into a tale of struggling U.S. consumers, we don't think so. As we have noted, October has over the past few years accounted for a higher share of total Q4 control group sales. We also see this pattern in our measure of holiday season sales, which is narrower than control group sales. To that point, the October increases in not seasonally adjusted control group sales this year and last were substantially above the pre-pandemic average and the average over

the prior few years. This coincides with October having become much more promotional over recent years, particularly in the online spending space. Looking through the individual categories shows that in most cases the increase in not seasonally adjusted sales this October was easily above the average October increase. We'd argue that November 2025 also suffered from calendar effects which biased measured retail sales lower. That Thanksgiving fell so late in the month leads us to question whether the November retail sales data fully capture Black Friday sales, which by all accounts were stronger than anticipated. At the same time, Thanksgiving falling so late in November pushed Cyber Monday into December. To the extent there are such calendar effects, they are totally irrelevant in that they impact the timing, but not the magnitude, of total consumer spending. This is why rather than putting a lot of emphasis on explaining the month-to-month changes in control group sales over the final few months of any given year we instead focus on Q4 as a whole.

As for the November data, ten of the thirteen broad categories for which data are reported showed increases in November. Sales at building materials stores rose by 3.6 percent, gasoline station sales were up by 1.4 percent, sales revenue at motor vehicle dealers was up 1.0 percent, and apparel store sales were up 0.9 percent, and sales at auto parts stores were up 0.8 percent. Restaurant sales, the only glimpse of services spending in the retail sales data, rose by 0.6 percent.

Sales by nonstore retailers, a category dominated by online sales, rose by 0.6 percent in November, but October's increase was revised sharply lower, with sales now reported to have risen by 1.0 percent rather than by 1.8 percent, as first reported. This is the primary factor behind the downward revision to the prior estimate of October control group sales. That said, the not seasonally adjusted data show a larger than typical increase in sales by nonstore retailers in October and a smaller than typical November gain, going to our point about shifting spending patterns. It will take some time for seasonal adjustment to catch on to this shift, which goes to our point about assessing the Q4 data as a whole rather than on the basis of the parts.

