

## December Retail Sales Beat Due To November Revision Lower, Electronics Sales Tumble

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Following ongoing promises from the Fed that the Taper will continue at a pace of \$10 billion per month come rain or shine, suddenly good news are critical for stocks, as the stock market is desperate for a strong economy to which Yellen can pass the baton. It did not get that with Friday's payrolls number so it was hoping for some good news in today's retail sales. And judging by the market response to the just released December retail sales, it got it, if only for now: headline December retail sales rose 0.2%, on expectation on a 0.1% increase even as auto sales tumbled -1.8%. Retail Sales ex autos rose 0.7% higher than the 0.4% expected, while ex autos and gas was up a more modest 0.6%, also better than the 0.3% expected.



How is it possible that December retail sales according to the US government were better than expected, when every retailer has posted abysmal results? Well it seems the Census Bureau merely engaged in some recalendarization, with November numbers all revised substantially lower: headline down from 0.7% to 0.4%, ex autos 0.4% to 0.1%, and ex autos and gas from 0.6% to 0.3%. In other words, a complete wash with today's "beat."

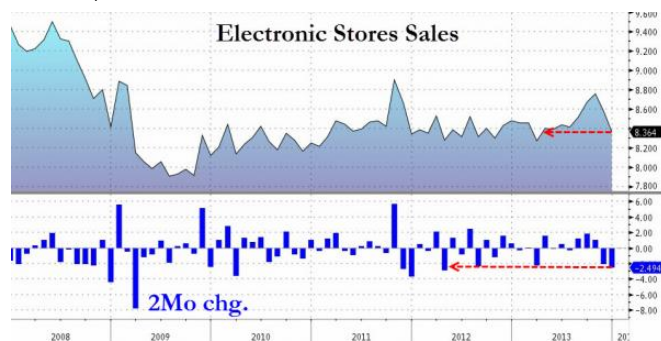
So when netting away the calendar effect of an early start to the holiday season, perhaps the only value added data in the retail sales report was the data involving Electronics and Appliance Stores. **They posted the biggest 2 month drop in 2 years!**

Table 2. Estimated Change in Monthly Sales for Retail and Food Services, by Kind of Business

(Estimates are shown as percents and are based on data from the Advance Monthly Retail Trade Survey, Monthly Retail Trade Survey, and administrative records.)

NAICS code	Kind of Business	Percent Change <sup>1</sup>					
		Dec. 2013 Advance from --		Nov. 2013 Preliminary from --		Oct. 2013 through Dec. 2013 from --	
		Nov. 2013 (p)	Dec. 2012 (r)	Oct. 2013 (r)	Nov. 2012 (r)	Jul. 2013 through Sep. 2013	Oct. 2012 through Dec. 2012
	<b>Retail &amp; food services,</b>						
	total .....	0.2	4.1	0.4	4.2	1.0	4.1
	Total (excl. motor vehicle & parts) .....	0.7	3.7	0.1	2.8	1.0	3.1
	Retail .....	0.2	4.0	0.3	4.1	0.8	4.0
441	Motor vehicle & parts dealers .....	-1.8	5.9	1.9	10.4	1.2	8.7
4411, 4412	Auto & other motor veh. dealers .....	-1.9	6.2	1.8	11.1	1.0	9.4
442	Furniture & home furn. stores .....	-0.4	4.5	-0.2	7.4	2.2	6.7
443	<b>Electronics &amp; appliance stores .....</b>	<b>-2.5</b>	<b>-1.4</b>	<b>-2.1</b>	<b>1.8</b>	<b>0.4</b>	<b>1.9</b>
444	Building material & garden eq. & supplies dealers .....	-0.4	2.1	0.4	3.3	-2.1	3.0
445	Food & beverage stores .....	2.0	4.2	-0.3	2.5	0.9	3.1
4451	Grocery stores .....	1.9	3.8	-0.4	1.9	0.8	2.5
446	Health & personal care stores .....	0.6	4.7	-0.3	4.9	1.7	5.2
447	Gasoline stations .....	1.6	0.6	-1.5	-3.8	-0.8	-3.3
448	Clothing & clothing accessories stores .....	1.8	5.2	-0.5	3.8	2.0	4.7
451	Sporting goods, hobby, book & music stores .....	-0.6	4.8	1.1	7.9	3.1	6.0
452	General merchandise stores .....	0.1	1.5	0.1	1.1	0.4	1.1
4521	Department stores (ex. L.D.) .....	-0.7	-3.3	0.3	-2.7	0.4	-3.3
453	Miscellaneous store retailers .....	-1.6	2.4	0.8	5.1	0.5	4.2
454	Nonstore retailers .....	1.4	9.9	1.6	6.8	2.3	8.4
722	Food services & drinking places .....	0.5	4.6	1.2	5.3	3.0	4.9

And visually:



Was that it for gadget/gizmo recovery, and if so, what does that mean for Apple and other stalwarts of the New Normal?