

Specialty Retail and Department Stores

Weak January across the board

Industry Overview

Clothing spend decelerated in January

Total retail (excluding auto) spending declined 1.8% y/y in January, according to BAC aggregated credit and debit card data, compared to -0.7% y/y in December (Exhibit 1). Clothing spending declined 5.3% y/y in January, compared to -4.6% y/y in December. December 2022's record-high inventory levels resulted in elevated clearance in January 2023; lapping this has resulted in lower sales at higher margins. See the [BofA on USA](#) report for methodology, limitations, and disclaimers related to BAC aggregated credit and debit card data and commentary on broader retail trends from BofA Global Research's US Economics team.

Winter storms negatively impacted retail spending

Winter storms disrupted retail spending during January, primarily in the South, where cold weather disruptions are less common. Restaurants and gas spending was very weak, as consumers likely spent more time at home, which in turn led to a pickup in grocery spending (Exhibit 3). Winter clothing spending growth outperformed overall clothing spending growth in January (Exhibit 4).

Discount spending down modestly y/y

Discount apparel spending declined 0.1% y/y in January compared to +2.6% in December, according to BAC aggregated credit and debit card data. We think that this is weather-driven and therefore transitory, as consumers were less likely to travel to physical stores during this month and off-pricers do not have ecommerce. We remain positive on the off-price retailers given that the strong value proposition attracts customers during times of inflationary and macro pressures. Department store spending declined 10.2% y/y in January, compared to -7.6% in December.

Athletic spending remains negative

Athletic footwear and apparel spending decelerated to -5.5% y/y in January from -1.8% in December. Specialty Running spending declined 14.1% y/y in January from -10.0% in December. This is the second consecutive month of y/y declines in spending for both categories.

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Exhibit 1: Monthly sales % change by category, according to BAC aggregated credit and debit card data

Clothing spending declined 5.3% y/y in January, compared to -4.6% y/y in December.

Month	Total Retail Ex	Jewelry	Clothing	Young Adult Clothing	Teen Clothing	Discount	Department Stores	Athletic Footwear and Apparel	Children's Clothing	Specialty Running
Y/Y Growth	Auto									
Jan-21	13.2%	18.1%	13.5%	-5.5%	15.4%	5.1%	-14.1%	14.6%	12.0%	13.1%
Feb-21	4.1%	14.3%	1.0%	-17.2%	-2.8%	-8.5%	-19.7%	-5.2%	-0.3%	-3.6%
Mar-21	22.8%	129.7%	111.7%	110.8%	114.2%	125.5%	69.6%	70.5%	57.5%	71.4%
Apr-21	30.5%	348.4%	188.9%	247.2%	165.9%	856.1%	154.6%	115.3%	39.5%	43.2%
May-21	18.1%	171.1%	89.9%	142.3%	62.8%	195.7%	91.6%	43.6%	22.2%	18.7%
Jun-21	13.0%	64.7%	33.3%	57.2%	23.4%	39.2%	28.5%	10.6%	0.9%	13.1%
Jul-21	10.7%	40.5%	27.8%	32.9%	25.9%	32.2%	24.8%	-0.8%	1.9%	21.2%
Aug-21	11.5%	35.8%	32.7%	30.6%	38.7%	22.3%	19.3%	17.0%	14.0%	25.1%
Sep-21	10.6%	30.2%	19.4%	18.9%	4.7%	13.0%	14.2%	-7.7%	8.8%	21.6%
Oct-21	11.6%	36.6%	21.7%	16.2%	5.3%	14.7%	18.3%	-6.7%	13.1%	17.6%
Nov-21	12.6%	42.1%	28.8%	21.9%	11.9%	21.3%	24.9%	4.1%	16.8%	22.2%
Dec-21	11.2%	24.8%	18.3%	14.5%	2.1%	16.7%	14.0%	-1.7%	-4.0%	13.2%
Jan-22	5.5%	14.7%	8.0%	2.9%	-4.9%	-4.0%	1.5%	1.0%	-0.8%	4.1%
Feb-22	11.2%	16.3%	14.8%	19.6%	6.7%	9.6%	14.1%	6.6%	3.2%	22.5%
Mar-22	2.9%	2.2%	-9.2%	5.3%	-14.4%	-10.9%	-2.0%	-5.8%	-8.6%	6.0%
Apr-22	5.6%	1.0%	-6.6%	7.6%	-9.3%	-4.7%	2.4%	-3.6%	-2.4%	8.6%
May-22	4.2%	-4.0%	-8.0%	0.2%	-14.2%	-7.4%	-4.8%	-7.9%	-4.6%	6.6%
Jun-22	4.8%	-3.8%	-10.1%	0.8%	-14.9%	-7.4%	-8.5%	-1.3%	-3.6%	6.2%
Jul-22	5.7%	-2.9%	-9.7%	-3.1%	-11.7%	-8.3%	-3.2%	-2.8%	-1.9%	3.3%
Aug-22	2.5%	-0.9%	-9.0%	-1.6%	-14.7%	-8.5%	-11.0%	4.9%	-3.0%	6.8%
Sep-22	2.7%	-4.0%	-9.3%	2.7%	-12.5%	-6.6%	-5.8%	0.3%	-1.4%	1.1%
Oct-22	1.8%	-6.1%	-10.6%	0.0%	-12.0%	-6.2%	-8.2%	0.5%	-3.8%	11.3%
Nov-22	0.2%	-9.1%	-9.6%	3.9%	-8.2%	-6.2%	-9.4%	3.8%	-0.4%	14.4%
Dec-22	1.0%	-5.5%	-9.0%	-2.8%	-13.1%	1.5%	-7.0%	7.0%	-1.3%	22.0%
Jan-23	1.5%	4.2%	-6.5%	3.3%	-12.5%	7.3%	-0.1%	2.0%	3.9%	27.8%
Feb-23	0.3%	-6.2%	-8.4%	-1.4%	-12.2%	1.7%	-7.4%	0.1%	-2.3%	22.2%
Mar-23	-1.7%	-3.4%	-5.6%	-5.9%	-13.3%	-1.0%	-10.9%	-11.2%	-4.0%	7.1%
Apr-23	-2.3%	-5.3%	-5.7%	-6.4%	-13.1%	-1.9%	-11.4%	-2.4%	-7.4%	10.9%
May-23	-2.9%	-1.1%	-4.8%	-7.6%	-11.1%	-1.4%	-10.0%	-3.5%	-5.2%	19.2%
Jun-23	-2.4%	0.7%	-4.0%	-5.4%	-8.5%	3.0%	-7.7%	17.1%	-2.3%	12.5%
Jul-23	-1.8%	-2.7%	-3.1%	-5.8%	-5.0%	3.6%	-9.1%	0.4%	-3.6%	7.2%
Aug-23	-0.9%	-0.9%	-3.0%	-5.0%	-5.3%	3.9%	-8.5%	4.7%	-3.2%	4.5%
Sep-23	-0.2%	0.4%	-4.1%	-2.1%	-0.4%	5.4%	-6.7%	0.7%	-8.2%	2.3%
Oct-23	-2.7%	-4.6%	-9.4%	-6.2%	-8.9%	-3.0%	-13.4%	-4.9%	-10.4%	-4.3%
Nov-23	-0.6%	1.4%	-2.7%	1.5%	-0.9%	1.3%	-5.5%	9.6%	-6.4%	9.3%
Dec-23	-0.7%	-1.9%	-4.6%	-5.0%	-0.8%	2.6%	-7.6%	-1.8%	-8.4%	-10.0%
Jan-24	-1.8%	0.7%	-5.3%	-3.1%	-1.4%	-0.1%	-10.2%	-5.5%	-9.9%	-14.1%

Source: BAC internal data

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Exhibit 2: Weekly sales Y/Y % change by category, according to BAC aggregated credit and debit card data

Winter storms disrupted retail spending during January.

Week Ended:	Clothing	Clothing Ecomm	Clothing B&M	Dept Stores	Dept Stores Ecomm	Dept Stores B&M	Jewelry	Discount	Teen Retail	Young Adult	Beauty	Beauty Ecomm	Beauty B&M	Specialty Children	Athletic Apparel	Specialty Running
7-Jan	2.1%	-5.1%	8.6%	6.2%	-8.9%	19.7%	13.7%	21.1%	-0.6%	11.4%	28.6%	17.7%	40.9%	7.9%	27.6%	34.4%
14-Jan	-6.4%	-4.9%	-7.5%	2.3%	-6.8%	9.8%	2.0%	7.9%	-11.2%	5.4%	15.4%	9.1%	21.4%	19.7%	7.8%	32.7%
21-Jan	-5.3%	-3.2%	-6.9%	1.1%	-9.2%	8.6%	3.4%	12.2%	-9.3%	4.7%	20.6%	13.4%	27.8%	-4.8%	0.2%	40.7%
28-Jan	-7.9%	-4.6%	-10.3%	-1.8%	-15.4%	8.3%	3.2%	5.9%	-17.1%	1.3%	12.4%	7.0%	17.8%	-5.1%	-14.0%	9.8%
4-Feb	-3.8%	0.0%	-6.7%	8.1%	-3.7%	16.1%	5.8%	7.3%	-3.9%	10.9%	14.8%	5.5%	25.6%	2.9%	6.5%	38.0%
11-Feb	-11.3%	-3.5%	-16.4%	-8.9%	-13.1%	-6.5%	-9.8%	0.4%	-13.3%	-3.2%	11.7%	11.8%	11.5%	1.1%	-0.6%	25.8%
18-Feb	-9.7%	-2.2%	-14.1%	-7.2%	-10.1%	-5.9%	-7.0%	2.5%	-11.8%	-1.5%	12.3%	11.3%	13.1%	-6.5%	0.2%	14.2%
25-Feb	-7.0%	-4.5%	-8.7%	-11.2%	-16.5%	-8.2%	-6.4%	1.7%	-13.6%	-2.8%	14.3%	15.7%	13.1%	-1.6%	1.9%	23.2%
4-Mar	-3.4%	-3.0%	-3.7%	-8.6%	-13.3%	-6.0%	-4.6%	1.6%	-11.2%	-3.3%	10.6%	15.2%	6.4%	-4.4%	-1.0%	9.8%
11-Mar	-4.0%	-3.3%	-4.5%	-11.7%	-16.3%	-9.2%	-1.3%	1.1%	-10.0%	-2.9%	10.1%	13.8%	7.1%	0.7%	-5.7%	4.9%
18-Mar	-5.0%	-5.0%	-5.0%	-9.5%	-15.4%	-6.4%	-2.5%	-1.6%	-13.6%	-7.1%	6.4%	7.8%	5.2%	-6.1%	-13.5%	8.3%
25-Mar	-10.5%	-9.9%	-10.9%	-12.5%	-10.9%	-13.3%	-8.2%	-5.7%	-19.2%	-8.0%	5.2%	8.1%	2.7%	-5.9%	-24.8%	3.5%
1-Apr	-6.5%	-7.0%	-6.2%	-13.8%	-17.5%	-11.4%	-3.9%	-2.6%	-14.4%	-6.7%	3.5%	2.4%	4.5%	-2.4%	-1.5%	13.6%
8-Apr	-0.8%	-5.4%	2.4%	-7.5%	-17.4%	-1.8%	-1.8%	4.3%	-1.6%	2.8%	-7.7%	-17.9%	3.3%	-7.7%	9.4%	14.0%
15-Apr	-12.2%	-6.1%	-16.0%	-21.5%	-19.0%	-22.7%	-7.1%	-17.6%	-23.5%	-13.0%	-8.5%	-11.5%	-5.5%	-14.1%	-19.5%	4.4%
22-Apr	-1.5%	-2.3%	-1.0%	-1.0%	-9.2%	3.5%	4.1%	11.1%	-14.6%	-5.4%	18.2%	18.7%	17.7%	4.6%	-0.4%	14.9%
29-Apr	-7.1%	-4.7%	-8.8%	-12.5%	-16.0%	-10.4%	-9.0%	-3.3%	-13.5%	-8.2%	16.3%	31.2%	2.8%	-8.9%	-0.6%	10.3%
6-May	-11.1%	-4.0%	-15.8%	-21.4%	-22.2%	-21.0%	-20.6%	-8.8%	-15.3%	-13.4%	5.4%	18.5%	-6.0%	-8.3%	-4.8%	7.6%
13-May	-0.7%	-1.7%	-0.1%	-3.0%	-8.6%	-0.7%	9.9%	6.5%	-7.6%	-6.0%	6.9%	7.5%	6.5%	-7.6%	3.6%	20.7%
20-May	-4.6%	-4.0%	-5.0%	-6.6%	-11.3%	-4.4%	6.8%	-0.8%	-14.6%	-9.4%	3.8%	2.9%	4.6%	-3.9%	-11.8%	11.1%
27-May	-4.1%	-4.0%	-4.1%	-5.6%	-8.1%	-4.4%	-0.6%	0.8%	-6.9%	-2.3%	3.7%	3.8%	3.6%	1.2%	-3.9%	20.6%
3-Jun	-5.6%	-4.3%	-6.4%	-9.4%	-13.7%	-7.2%	-4.0%	-0.7%	-10.2%	-5.1%	4.6%	6.3%	3.0%	-8.3%	22.3%	14.1%
10-Jun	-4.4%	-2.9%	-5.3%	-8.1%	-9.7%	-7.3%	-3.3%	0.8%	-7.9%	-4.7%	3.2%	0.0%	5.9%	-3.8%	59.4%	4.8%
17-Jun	-2.6%	-1.5%	-3.2%	-4.4%	-13.5%	-0.1%	1.4%	4.7%	-7.6%	-5.8%	7.7%	6.2%	8.9%	-1.7%	31.5%	23.0%
24-Jun	-7.4%	-7.8%	-7.1%	-14.1%	-17.0%	-12.9%	0.9%	-0.9%	-11.4%	-10.2%	3.4%	-0.2%	6.5%	3.1%	-22.9%	14.9%
1-Jul	-4.3%	-3.8%	-4.6%	-4.9%	-9.9%	-2.6%	1.5%	2.7%	-5.8%	-3.4%	10.1%	10.6%	9.6%	-5.1%	-6.1%	11.5%
8-Jul	-1.2%	-1.9%	-0.8%	-5.8%	-13.8%	-1.8%	-0.3%	6.6%	-3.8%	0.1%	9.9%	10.9%	9.1%	0.0%	3.5%	17.6%
15-Jul	-2.1%	-0.4%	-3.2%	-11.2%	-20.0%	-6.3%	0.2%	4.2%	-5.3%	-2.7%	5.6%	4.2%	6.7%	-0.3%	4.1%	9.8%
22-Jul	-1.3%	0.4%	-2.4%	-7.4%	-14.2%	-3.2%	2.8%	5.0%	0.4%	-4.4%	1.7%	-1.2%	4.1%	-6.5%	8.5%	-1.5%
29-Jul	-2.2%	0.1%	-3.6%	-7.8%	-15.0%	-3.7%	-1.0%	4.9%	-4.3%	-12.7%	2.7%	-0.1%	5.0%	-1.9%	-6.6%	10.1%
5-Aug	-1.8%	0.3%	-2.9%	-6.3%	-13.2%	-2.9%	-5.0%	5.2%	-4.6%	-4.5%	6.4%	7.5%	5.4%	2.1%	-9.5%	11.2%
12-Aug	-2.2%	0.2%	-3.6%	-8.7%	-11.8%	-7.3%	-2.9%	4.9%	-4.9%	-5.9%	0.3%	-4.3%	4.0%	-6.0%	-4.6%	7.4%
19-Aug	-2.9%	0.7%	-5.1%	-9.0%	-14.5%	-6.6%	-0.2%	3.9%	-1.9%	-5.1%	3.7%	4.0%	3.5%	-5.1%	18.5%	6.8%
26-Aug	-5.0%	-2.7%	-6.5%	-10.2%	-14.8%	-8.1%	-4.7%	3.1%	-8.1%	-6.6%	0.4%	-2.2%	2.6%	-4.0%	14.5%	-0.8%
2-Sep	-2.7%	-0.8%	-4.0%	-8.1%	-8.2%	-8.0%	1.0%	2.4%	-6.3%	-2.3%	3.9%	6.0%	2.0%	-5.5%	9.5%	-1.3%
9-Sep	-6.0%	-3.6%	-7.7%	-9.9%	-12.8%	-8.6%	-0.5%	2.3%	-9.0%	-3.5%	4.6%	6.5%	2.9%	-9.3%	-10.1%	2.1%
16-Sep	-6.3%	-6.4%	-6.2%	-8.1%	-12.8%	-5.9%	-3.7%	3.2%	-4.2%	-7.4%	0.4%	-0.7%	1.3%	-5.5%	4.5%	0.3%
23-Sep	-5.3%	-4.3%	-5.9%	-9.3%	-12.7%	-7.6%	1.4%	2.7%	-1.3%	-0.2%	1.6%	1.9%	1.2%	-9.0%	-0.1%	-2.0%
30-Sep	-4.7%	-3.8%	-5.4%	-4.7%	-7.6%	-3.0%	2.1%	6.1%	5.2%	-3.3%	6.1%	5.2%	6.9%	-8.9%	-1.1%	3.8%
7-Oct	-8.8%	-10.5%	-7.5%	-14.7%	-19.9%	-11.7%	0.9%	-3.0%	-8.5%	-5.0%	6.8%	12.6%	1.7%	-15.7%	-4.6%	3.5%
14-Oct	-8.0%	-8.6%	-7.6%	-13.7%	-21.2%	-9.9%	-6.3%	0.6%	-7.6%	-6.6%	1.9%	5.1%	-0.9%	-8.1%	-10.4%	-4.6%
21-Oct	-7.9%	-9.2%	-7.0%	-11.9%	-17.0%	-9.3%	-3.8%	-1.1%	-4.5%	-1.3%	1.0%	1.4%	0.7%	-9.2%	6.5%	-9.4%
28-Oct	-9.0%	-8.6%	-9.2%	-9.8%	-11.4%	-8.9%	-7.8%	-1.3%	-8.0%	-6.1%	3.1%	2.6%	3.5%	-9.8%	-4.4%	-7.3%
4-Nov	-3.2%	-5.1%	-1.8%	-3.7%	-9.1%	-0.6%	-1.0%	7.0%	0.5%	-1.1%	6.8%	10.5%	2.4%	-0.5%	11.4%	-3.9%
11-Nov	-4.5%	-6.0%	-3.3%	-9.8%	-12.6%	-8.2%	6.9%	1.7%	-5.5%	-2.2%	2.6%	3.8%	1.1%	-12.0%	4.0%	-2.4%
18-Nov	-6.5%	-5.4%	-7.4%	-9.6%	-14.1%	-6.7%	0.1%	-2.4%	-6.3%	-0.9%	4.8%	4.8%	4.8%	-11.2%	1.1%	-3.0%
25-Nov	5.5%	10.9%	1.0%	0.0%	4.4%	-2.4%	5.5%	1.0%	8.7%	8.5%	16.9%	26.4%	4.9%	8.1%	17.5%	24.6%
2-Dec	-7.7%	-6.8%	-9.0%	-9.3%	-13.4%	-4.0%	-1.7%	4.9%	-5.6%	-2.5%	3.9%	5.9%	-0.9%	-12.0%	8.3%	11.5%
9-Dec	-3.1%	-4.8%	-1.3%	-7.8%	-18.7%	0.9%	2.4%	1.8%	5.6%	-5.0%	-2.6%	-7.8%	3.7%	-6.9%	-5.6%	-4.7%
16-Dec	-5.5%	-5.4%	-5.6%	-7.3%	-14.4%	-3.5%	-1.0%	1.1%	-2.7%	-7.0%	5.9%	9.0%	3.5%	-6.6%	-6.2%	-18.0%
23-Dec	-5.1%	-2.0%	-6.1%	-6.6%	-11.8%	-5.3%	1.2%	2.7%	-4.6%	-5.2%	5.2%	7.0%	4.5%	-8.5%	0.5%	-6.1%
30-Dec	-5.3%	-5.1%	-5.5%	-8.6%	-16.3%	-5.7%	-4.1%	1.4%	-2.0%	-1.5%	1.7%	4.6%	-0.3%	-13.5%	5.2%	-1.7%
6-Jan	-2.4%	-5.6%	0.2%	-8.7%	-19.0%	-2.0%	9.0%	4.2%	3.7%	-0.2%	6.7%	11.1%	2.4%	-7.7%	-2.6%	1.5%
13-Jan	-4.0%	-2.2%	-5.5%	-9.1%	-17.0%	-3.5%	-0.4%	2.1%	7.2%	-1.3%	-0.7%	4.3%	-5.0%	-15.6%	-7.3%	-19.9%
20-Jan	-8.0%	-4.0%	-11.2%	-10.7%	-13.3%	-9.2%	-2.5%	-3.1%	-5.7%	-4.5%	-6.4%	-2.7%	-9.6%	-5.0%	-9.3%	-17.9%
27-Jan	-3.4%	-1.0%	-5.3%	-3.6%	-4.9%	-2.9%	1.7%	4.1%	0.1%	-3.1%	4.7%	9.5%	0.3%	-10.7%	2.6%	-16.4%
3-Feb	-7.5%	-7.3%	-7.7%	-18.5%	-23.0%	-16.0%	-1.4%	0.7%	-1.3%	-9.4%	4.0%	11.7%	-3.6%	-9.8%	-7.0%	-13.6%

Source: BAC internal data

Exhibit 3: Aggregated monthly card spending per household by major category (%m/m, SA)

Card spending was weak in several categories in January

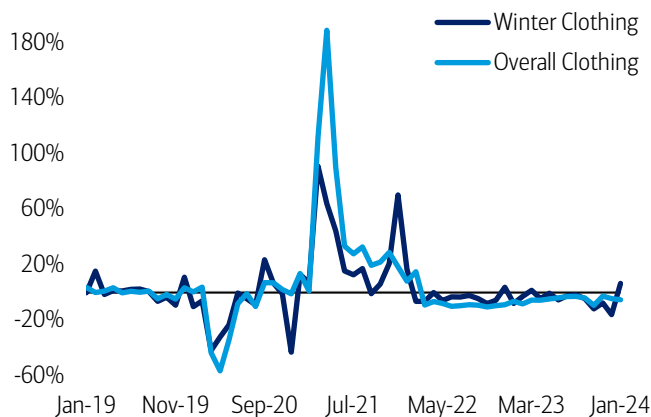
	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23
Gas	-3.1%	0.8%	-3.9%	-3.2%	2.7%	5.8%
Furniture	-2.0%	-5.5%	3.8%	-1.4%	-1.2%	-2.4%
Home improvement	-2.6%	-1.1%	-0.3%	0.4%	-1.4%	-1.3%
Clothing	0.9%	-1.9%	2.8%	-1.9%	-1.3%	-1.7%
Grocery	1.1%	0.0%	-0.3%	0.9%	-0.2%	0.1%
Department Store	-1.8%	-1.0%	1.4%	-1.4%	0.0%	-2.9%
Restaurants	-2.4%	0.3%	0.4%	0.3%	0.1%	-0.6%
Lodging	-1.8%	0.9%	-0.2%	0.2%	0.0%	-1.6%
Airlines	0.6%	0.7%	3.2%	-2.9%	-0.5%	-0.9%
Total online retail (card not present)	-0.5%	0.0%	-0.1%	-0.4%	0.9%	-0.6%

Source: BAC internal data. Card not present is largely online but could include purchases made over the phone. We omit General Merchandise stores this month because the data were impacted by a change in MCC codes for some items.

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Exhibit 4: Spending per household on overall and winter clothing, based on BAC card data (y/y % change of monthly spending levels)

Y/y winter clothing spending growth outperformed overall clothing spending growth in January



Source: BAC internal data. Note: The winter clothing series includes retailers that sell cold weather clothing and have disproportionate sales in winter months.

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Selected Bank of America (“BAC”) transaction data are used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data provide directional and/or predictive value. The data used are not comprehensive; they are based on aggregated and anonymized selections of BAC data and reflect a degree of selection bias and limitations on the data available.

Methodology explained

Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data is limited to debit and credit cards and does not include other payment methods such as cash or checks.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

BAC data used in this report include spending from active US households (HHs) only. Spending from corporate cards are excluded.

Our methodology for calculating the growth rates for daily data: we calculate the %y/y growth rate by matching calendar days (January 1, 2024 is matched to January 1, 2023). The % change is calculated based on the 7-day moving average of spending levels. Unless otherwise noted, the monthly subsector data are adjusted to control for seasonality and other factors.



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