

U.S. Hardline & Grocery Retail

Lasser's Look at December 2019 U.S. Census Bureau Retail Sales

Equities

Americas

Consumer, Cyclical

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Overall retail sales (unadjusted) increased 6.0% YoY in Dec (vs. 2.8% in Nov)

Notably, Nov/Dec sales grew 4.5% YoY in 2019 vs. 2.5% in 2018 (adding the months to smooth the timing of BF). 200 bps of the Nov/Dec 2019 increase was driven by the non-store channel vs. only 80 bps in 2018. This suggests that the online channel's wallet share increased meaningfully this past holiday season. This, coupled with the 6 less selling days, could have negatively impacted foot traffic to traditional B&M stores (as evidenced by early results from FIVE & TGT). Still, we believe the upcoming year should be relatively healthy from a consumer standpoint.

Home Improvement & Home Furnishings increased, but CE declined

Home Improvement sales (NAICS 442) increased 3.6% YoY in Dec vs. a -1.4% decrease in November. The 2-yr stack accelerated 570 bps to 4.9%. Adj. was up 2.0% and accelerated by 110 bps on a 2-yr stack. Home Furnishings sales increased 3.4% in Dec (vs. a 1.7% increase in Nov). Adj. was up 3.2% vs. 2.2% in November. CE sales decreased -0.6% (vs. -3.6% in Nov). Adj. was down -0.7% (vs. -3.0% in Nov).

Auto Parts, F&B and Gen Merch all ticked up in December

Gen Merch (452) increased by 0.9% in December (-0.1% in November). The 2-yr was up 0.6% vs. 4.5% in November. Adj. was up 2.2% (-0.2% in November). Food & Beverage stores increased 2.2% (up 3.7% in November). Adj. grew 3.7% vs. 2.9% in November. Auto Parts increased 5.2% in December (2.6% in November). Adj. was up 3.7% (4.2% in Nov).

Sporting Goods was flat in Dec; Beauty growth slowed

Sporting Goods was flat in Dec vs. -0.9% in Nov. Cosmetics, Beauty Supplies, & Perfume (1-mo lag) increased 2.1% in Nov (vs. 5.2% in Oct). The 2-yr stack decelerated -140 bps. OS sales (1-mo lag) were down -4.1% in Nov (vs. -2.6% in Oct).

Figure 1: Snapshot of U.S. Census Bureau Retail Sales

	Unadjusted	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Nov/Dec
Retail and food services sales, total		459,143	444,794	518,304	510,176	547,036	517,984	532,996	547,383	498,792	525,967	537,635	597,347	
Yr./Yr. Change		3.1%	1.8%	1.6%	5.8%	3.2%	1.6%	4.9%	4.5%	3.7%	3.9%	2.8%	6.0%	4.5%
2-Yr Stacked		8.7%	6.3%	7.2%	9.3%	10.2%	7.3%	11.6%	11.2%	6.0%	10.0%	7.5%	6.6%	
Retail sales excl. motor vehicle and parts		370,778	354,645	407,194	405,978	434,187	412,166	422,547	431,275	398,016	420,729	435,027	491,725	4.3%
Yr./Yr. Change		3.6%	2.0%	1.5%	5.9%	3.1%	1.7%	4.6%	3.8%	3.4%	3.4%	1.9%	6.5%	
Furniture and home furnishings stores		8,581	8,382	9,793	9,271	10,004	9,461	9,879	10,276	9,791	9,920	10,730	11,309	
Yr./Yr. Change		-1.4%	-1.4%	-2.2%	1.0%	0.9%	-2.6%	1.8%	1.0%	2.6%	2.3%	1.7%	3.4%	
2-Yr Stacked		3.4%	1.3%	1.1%	7.4%	5.6%	0.6%	6.4%	3.8%	2.7%	4.4%	1.8%	0.6%	2.6%
% Total Retail Sales		1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.9%	1.9%	2.0%	1.9%	2.0%	1.9%	
YoY bps change		(8)	(6)	(7)	(8)	(4)	(8)	(6)	(2)	(3)	(2)	(5)		
Electronics and appliance stores		7,730	7,047	7,754	6,956	7,634	7,542	7,733	8,075	7,658	7,612	10,013	11,884	
Yr./Yr. Change		-1.5%	-6.1%	-4.9%	-5.3%	-3.9%	-6.3%	-2.3%	-4.3%	-1.9%	-3.2%	-3.6%	-0.6%	
2-Yr Stacked		2.8%	-1.8%	-3.3%	-2.6%	-0.4%	-2.6%	1.8%	0.6%	-2.5%	-1.3%	-4.6%	-4.0%	-2.0%
% Total Retail Sales		1.7%	1.6%	1.5%	1.4%	1.4%	1.5%	1.5%	1.5%	1.4%	1.4%	1.9%	2.0%	
YoY bps change		(8)	(13)	(10)	(16)	(10)	(12)	(11)	(14)	(9)	(11)	(12)	(13)	
Building mat., garden equip. and supplies dealers		27,277	24,646	30,546	34,656	37,844	34,133	34,371	33,110	30,622	33,310	30,214	29,206	
Yr./Yr. Change		11.3%	0.9%	-1.0%	4.6%	-3.2%	-5.3%	0.8%	0.3%	1.6%	-0.1%	-1.4%	3.6%	
2-Yr Stacked		16.1%	4.7%	-0.2%	5.8%	1.5%	-2.4%	9.1%	4.2%	0.9%	7.2%	-0.9%	4.9%	1.0%
% Total Retail Sales		5.9%	5.5%	5.9%	6.8%	6.9%	6.6%	6.4%	6.0%	6.1%	6.3%	5.6%	4.9%	
YoY bps change		44	(5)	(15)	(7)	(46)	(48)	(26)	(25)	(13)	(25)	(24)	(11)	
Sporting goods, hobby, book, and music stores		5,557	5,090	6,132	6,043	6,277	6,405	6,358	7,356	6,150	6,190	7,017	9,111	
Yr./Yr. Change		-6.4%	-9.2%	-11.2%	-2.5%	-5.3%	-3.6%	-2.2%	1.4%	2.7%	5.0%	-0.9%	0.0%	
2-Yr Stacked		-11.5%	-8.9%	-7.6%	-5.3%	-4.8%	-5.2%	-2.7%	-4.1%	-8.7%	-2.7%	-10.1%	-16.1%	-0.4%
% Total Retail Sales		1.2%	1.1%	1.2%	1.2%	1.1%	1.2%	1.2%	1.3%	1.2%	1.2%	1.3%	1.5%	
YoY bps change		(12)	(14)	(17)	(10)	(10)	(7)	(3)	(4)	(1)	1	(5)	(9)	
General merchandise stores		51,427	50,406	58,421	56,653	61,068	58,422	58,177	61,529	54,231	58,253	65,970	78,535	
Yr./Yr. Change		2.4%	-0.2%	-0.5%	5.8%	1.7%	1.0%	1.8%	2.9%	-1.0%	1.2%	-0.1%	0.9%	
2-Yr Stacked		4.4%	3.0%	6.2%	3.3%	9.1%	4.2%	4.4%	7.5%	0.7%	4.3%	4.5%	0.6%	0.4%
% Total Retail Sales		11.2%	11.3%	11.3%	11.1%	11.2%	11.3%	10.9%	11.2%	10.9%	11.1%	12.3%	13.1%	
YoY bps change		(8)	(22)	(23)	(0)	(16)	(7)	(33)	(17)	(51)	(29)	(36)	(67)	

Source: U.S. Census Bureau

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Lasser's Look at U.S. Census Retail Sales

Figure 2: Hardline subsector retail sales - unadjusted (\$ mm's)

Unadjusted	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Nov/Dec
Retail and food services sales, total	459,143	444,794	518,304	510,176	547,036	517,984	532,996	547,383	498,792	525,967	537,635	597,347	
Yr./Yr. Change	3.1%	1.8%	1.6%	5.8%	3.2%	1.6%	4.9%	4.5%	3.7%	3.9%	2.8%	6.0%	4.5%
2-Yr Stacked	8.7%	6.3%	7.2%	9.3%	10.2%	7.3%	11.6%	11.2%	6.0%	10.0%	7.5%	6.6%	
Retail sales excl. motor vehicle and parts	370,778	354,645	407,194	405,978	434,187	412,166	422,547	431,275	398,016	420,729	435,027	491,725	4.3%
Yr./Yr. Change	3.6%	2.0%	1.5%	5.9%	3.1%	1.7%	4.6%	3.8%	3.4%	3.4%	1.9%	6.5%	
Furniture and home furnishings stores	8,581	8,382	9,793	9,271	10,004	9,461	9,879	10,276	9,791	9,920	10,730	11,309	2.6%
Yr./Yr. Change	-1.4%	-1.4%	-2.2%	1.0%	0.9%	-2.6%	1.8%	1.0%	2.6%	2.3%	1.7%	3.4%	
2-Yr Stacked	3.4%	1.3%	1.1%	7.4%	5.6%	0.6%	6.4%	3.8%	2.7%	4.4%	1.8%	0.6%	
% Total Retail Sales	1.9%	1.9%	1.9%	1.8%	1.8%	1.8%	1.9%	1.9%	2.0%	1.9%	2.0%	1.9%	
YoY bps change	(8)	(6)	(7)	(8)	(4)	(8)	(6)	(6)	(2)	(3)	(2)	(5)	
Electronics and appliance stores	7,730	7,047	7,754	6,956	7,634	7,542	7,733	8,075	7,658	7,612	10,013	11,884	-2.0%
Yr./Yr. Change	-1.5%	-6.1%	-4.9%	-5.3%	-3.9%	-6.3%	-2.3%	-4.3%	-1.9%	-3.2%	-3.6%	-0.6%	
2-Yr Stacked	2.8%	-1.8%	-3.3%	-2.6%	-0.4%	-2.6%	1.8%	0.6%	-2.5%	-1.3%	-4.6%	-4.0%	
% Total Retail Sales	1.7%	1.6%	1.5%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	1.4%	1.9%	2.0%	
YoY bps change	(8)	(13)	(10)	(16)	(10)	(12)	(11)	(14)	(9)	(11)	(12)	(13)	
Building mat., garden equip. and supplies dealers	27,277	24,646	30,546	34,656	37,844	34,133	34,371	33,110	30,622	33,310	30,214	29,206	1.0%
Yr./Yr. Change	11.3%	0.9%	-1.0%	4.6%	-3.2%	-5.3%	0.8%	0.3%	1.6%	-0.1%	-1.4%	3.6%	
2-Yr Stacked	16.1%	4.7%	-0.2%	5.8%	1.5%	-2.4%	9.1%	4.2%	0.9%	7.2%	-0.9%	4.9%	
% Total Retail Sales	5.9%	5.5%	5.9%	6.8%	6.9%	6.6%	6.4%	6.0%	6.1%	6.3%	5.6%	4.9%	
YoY bps change	44	(5)	(15)	(7)	(46)	(48)	(26)	(25)	(13)	(25)	(24)	(11)	
Sporting goods, hobby, book, and music stores	5,557	5,090	6,132	6,043	6,277	6,405	6,358	7,356	6,150	6,190	7,017	9,111	-0.4%
Yr./Yr. Change	-6.4%	-9.2%	-11.2%	-2.5%	-5.3%	-3.6%	2.2%	1.4%	2.7%	5.0%	-0.9%	0.0%	
2-Yr Stacked	-11.5%	-8.9%	-7.6%	-5.3%	-4.8%	-5.2%	-2.7%	-4.1%	-8.7%	-2.7%	-10.1%	-16.1%	
% Total Retail Sales	1.2%	1.1%	1.2%	1.2%	1.1%	1.2%	1.2%	1.3%	1.2%	1.2%	1.3%	1.5%	
YoY bps change	(12)	(14)	(17)	(10)	(10)	(7)	(3)	(4)	(1)	1	(5)	(9)	
General merchandise stores	51,427	50,406	58,421	56,653	61,068	58,422	58,177	61,529	54,231	58,253	65,970	78,535	0.4%
Yr./Yr. Change	2.4%	-0.2%	-0.5%	5.8%	1.7%	1.0%	1.8%	2.9%	-1.0%	1.2%	-0.1%	0.9%	
2-Yr Stacked	4.4%	3.0%	6.2%	3.3%	9.1%	4.2%	4.4%	7.5%	0.7%	4.3%	4.5%	0.6%	
% Total Retail Sales	11.2%	11.3%	11.3%	11.1%	11.2%	11.3%	10.9%	11.2%	10.9%	11.1%	12.3%	13.1%	
YoY bps change	(8)	(22)	(23)	(0)	(16)	(7)	(33)	(17)	(51)	(29)	(36)	(67)	
Food and beverage stores	63,327	57,260	63,912	62,737	66,911	64,768	66,721	67,213	62,620	65,059	66,469	70,045	2.9%
Yr./Yr. Change	4.7%	1.0%	-0.3%	4.7%	3.0%	2.4%	4.5%	4.8%	1.6%	3.2%	3.7%	2.2%	
2-Yr Stacked	10.0%	5.7%	6.8%	5.8%	8.2%	7.4%	8.6%	9.6%	4.1%	7.1%	7.0%	3.1%	
% Total Retail Sales	13.8%	12.9%	12.3%	12.3%	12.2%	12.5%	12.5%	12.3%	12.6%	12.4%	12.4%	11.7%	
YoY bps change	21	(10)	(22)	(12)	(2)	10	(5)	4	(26)	(8)	11	(44)	
Automotive parts, acc., and tire stores	7,169	7,039	8,290	8,183	8,476	8,069	8,413	8,650	7,823	8,631	7,927	7,467	3.8%
Yr./Yr. Change	2.2%	3.4%	3.0%	8.6%	4.2%	1.4%	5.4%	4.2%	3.2%	4.5%	2.6%	5.2%	
2-Yr Stacked	4.7%	4.2%	1.8%	9.4%	6.9%	1.8%	9.3%	7.5%	3.0%	11.5%	5.1%	4.0%	
% Total Retail Sales	1.6%	1.6%	1.6%	1.6%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%	1.5%	1.3%	
YoY bps change	(1)	3	2	4	1	(0)	1	(0)	(1)	1	(0)	(1)	
Cosmetics, Beauty Supplies and Perfume Stores	4,586	4,511	5,338	4,816	5,089	5,169	4,939	5,203	5,059	4,953	5,269		
Yr./Yr. Change	11.3%	5.5%	5.4%	5.7%	5.6%	3.4%	7.0%	5.0%	6.4%	5.2%	2.1%		
2-Yr Stacked	12.4%	7.3%	7.6%	12.0%	13.9%	12.6%	11.3%	7.0%	8.3%	11.6%	10.2%		
% Total Retail Sales	1.0%	1.0%	1.0%	0.9%	0.9%	1.0%	0.9%	1.0%	1.0%	0.9%	1.0%		
YoY bps change	7	4	4	(0)	2	2	2	0	3	1	(1)		
Office supplies, stationery, and gift stores	2,088	1,999	2,213	2,227	2,628	2,472	2,764	2,932	2,462	3,057	2,435		
Yr./Yr. Change	-1.3%	-1.7%	-2.3%	4.5%	7.5%	4.5%	7.1%	-1.6%	-2.1%	-2.6%	-4.1%		
2-Yr Stacked	-3.1%	-0.6%	-1.1%	3.7%	10.2%	6.8%	15.0%	4.1%	0.9%	9.1%	3.5%		
% Total Retail Sales	0.5%	0.4%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%		
YoY bps change	(2)	(2)	(2)	(1)	2	1	1	(3)	(3)	(4)	(3)		
Nonstore retailers	58,660	54,739	60,262	59,989	62,768	59,115	63,983	63,847	61,399	65,814	73,629	94,169	14.6%
Yr./Yr. Change	9.0%	10.4%	8.4%	12.6%	11.9%	12.1%	17.8%	13.7%	17.0%	14.0%	4.3%	24.1%	
2-Yr Stacked	23.0%	21.9%	16.9%	25.4%	21.2%	18.3%	30.3%	22.9%	25.2%	26.9%	16.2%	23.9%	
% Total Retail Sales	12.8%	12.3%	11.6%	11.8%	11.5%	11.4%	12.0%	11.7%	12.3%	12.5%	13.7%	15.8%	
YoY bps change	69	96	73	71	89	107	131	94	140	111	20	230	

Source: U.S. Census Bureau

On an adjusted basis, retail sales increased 5.8% in December vs. 3.3% in November. Auto Parts and Food & Beverages were up MSD, Home Furnishing, Building Materials, General Merchandise and Sporting Goods were up LSD, while Consumer Electronics was down LSD.

Figure 3: Hardline Subsector Retail Sales - seasonally adjusted (\$ mm's)

Adjusted	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Retail and food services sales, total	507,222	504,441	513,608	515,545	518,131	520,055	523,922	526,862	524,651	526,420	527,841	529,606
Yr./Yr. Change	2.6%	1.9%	3.8%	3.8%	3.0%	3.3%	3.5%	4.4%	4.0%	3.1%	3.3%	5.8%
2-Yr Stacked	7.0%	6.7%	8.7%	8.4%	9.5%	9.4%	10.0%	10.4%	7.9%	7.9%	7.4%	7.3%
Furniture and home furnishings stores	9,534	9,590	9,725	9,800	9,789	9,754	9,791	9,805	9,910	9,841	9,871	9,885
Yr./Yr. Change	-1.7%	-1.1%	-0.2%	-1.5%	0.2%	-0.3%	0.1%	1.0%	2.5%	1.6%	2.2%	3.2%
2-Yr Stacked	1.6%	2.1%	3.0%	4.8%	4.1%	3.1%	4.0%	3.5%	4.6%	1.9%	1.3%	2.1%
% Total Retail Sales	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
YoY bps change	(8)	(6)	(8)	(10)	(5)	(7)	(6)	(6)	(3)	(3)	(2)	(5)
Electronics and appliance stores	8,276	8,109	8,171	8,079	8,165	8,127	8,200	8,132	8,173	8,106	8,082	8,134
Yr./Yr. Change	-2.3%	-5.3%	-3.7%	-6.1%	-4.3%	-5.2%	-3.2%	-4.4%	-2.1%	-3.7%	-3.0%	-0.7%
2-Yr Stacked	0.7%	-0.2%	-2.2%	-3.9%	-1.6%	-1.3%	0.6%	-0.3%	-1.2%	-2.6%	-4.2%	-3.4%
% Total Retail Sales	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.5%	1.6%	1.5%	1.5%	1.5%
YoY bps change	(8)	(12)	(12)	(17)	(12)	(14)	(11)	(14)	(10)	(11)	(10)	(10)
Building mat., garden equip. and supplies dealers	33,654	31,497	31,782	31,479	30,918	31,152	31,426	32,145	31,601	31,609	31,656	32,086
Yr./Yr. Change	9.7%	0.7%	2.8%	1.8%	-2.0%	-2.5%	-1.7%	1.8%	-0.1%	-1.6%	0.6%	2.0%
2-Yr Stacked	11.5%	3.9%	5.5%	3.3%	3.1%	4.0%	4.2%	6.1%	1.0%	2.6%	1.6%	2.6%
% Total Retail Sales	6.6%	6.2%	6.2%	6.1%	6.0%	6.0%	6.0%	6.1%	6.0%	6.0%	6.0%	6.1%
YoY bps change	43	(7)	(6)	(12)	(30)	(36)	(32)	(16)	(25)	(29)	(16)	(23)
Sporting goods, hobby, book, and music stores	6,402	6,411	6,421	6,512	6,518	6,596	6,514	6,498	6,613	6,550	6,344	6,403
Yr./Yr. Change	-6.2%	-9.3%	-9.8%	-6.5%	-6.4%	-1.4%	-0.3%	0.3%	3.6%	3.0%	-1.0%	1.8%
2-Yr Stacked	-12.4%	-9.5%	-8.5%	-8.1%	-6.8%	-6.2%	-5.5%	-6.4%	-5.5%	-7.1%	-11.6%	-8.4%
% Total Retail Sales	1.4%	1.4%	1.2%	1.3%	1.2%	1.3%	1.2%	1.2%	1.3%	1.2%	1.2%	1.1%
YoY bps change	(14)	(18)	(16)	(17)	(12)	(4)	(6)	(5)	(0)	(1)	(5)	(4)
General merchandise stores	59,081	58,531	59,382	59,748	59,839	59,483	59,997	59,879	59,336	59,597	59,639	59,995
Yr./Yr. Change	1.5%	0.3%	2.7%	3.0%	1.0%	1.4%	1.7%	1.5%	0.7%	0.5%	-0.2%	2.2%
2-Yr Stacked	3.7%	4.1%	5.0%	5.0%	7.2%	4.2%	5.4%	4.9%	3.0%	3.7%	3.8%	3.5%
% Total Retail Sales	12.9%	13.2%	11.5%	11.7%	10.9%	11.5%	11.3%	10.9%	11.9%	11.3%	11.1%	10.0%
YoY bps change	(19)	(19)	13	(31)	(24)	(1)	(36)	(33)	(35)	(38)	(34)	(37)
Food and beverage stores	64,341	62,849	64,025	64,248	64,439	64,970	65,624	65,641	65,102	65,176	65,434	65,695
Yr./Yr. Change	3.7%	1.0%	2.6%	2.4%	2.5%	3.4%	3.8%	4.1%	2.8%	2.5%	2.9%	3.7%
2-Yr Stacked	8.6%	5.8%	6.9%	6.9%	6.8%	7.9%	8.8%	8.2%	6.3%	6.0%	6.0%	5.3%
% Total Retail Sales	14.0%	14.1%	12.4%	12.6%	11.8%	12.5%	12.3%	12.0%	13.1%	12.4%	12.2%	11.0%
YoY bps change	9.0	(10.4)	12.4	(41.6)	(8.0)	22.7	(13.2)	(4.0)	(10.9)	(16.4)	0.6	(24.9)
Automotive parts, acc., and tire stores	7,742	7,847	8,017	8,015	8,004	7,989	7,982	8,137	8,015	8,104	8,139	8,090
Yr./Yr. Change	1.7%	3.8%	6.0%	5.5%	4.3%	4.2%	2.9%	5.3%	2.5%	3.3%	4.2%	3.7%
2-Yr Stacked	1.6%	5.0%	6.0%	5.4%	6.0%	6.5%	5.6%	8.7%	4.8%	7.6%	6.4%	2.8%
% Total Retail Sales	1.7%	1.8%	1.5%	1.6%	1.5%	1.5%	1.5%	1.5%	1.6%	1.5%	1.5%	1.4%
YoY bps change	(2)	3	7	(0)	1	4	(3)	1	(2)	(1)	2	(3)
Cosmetics, Beauty Supplies and Perfume Stores	5,069	4,997	5,038	5,087	5,150	5,262	5,134	5,059	5,127	5,191	5,242	
Yr./Yr. Change	9.7%	6.2%	6.1%	5.2%	4.1%	5.4%	4.9%	5.5%	5.2%	6.0%	3.5%	
2-Yr Stacked	11.0%	9.4%	9.4%	10.2%	13.1%	14.7%	8.3%	6.7%	10.1%	10.1%	11.6%	
% Total Retail Sales	1.1%	1.1%	1.0%	1.0%	0.9%	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	
YoY bps change	6.7	4.7	4.1	(0.5)	0.9	3.7	0.0	0.9	1.5	2.0	0.6	
Nonstore retailers	60,969	61,447	62,077	62,587	64,003	65,370	66,275	67,190	67,134	66,653	66,635	66,765
Yr./Yr. Change	10.0%	10.5%	11.1%	10.3%	12.7%	14.2%	14.4%	15.6%	13.7%	12.2%	8.7%	19.2%
2-Yr Stacked	21.4%	21.8%	21.8%	20.7%	21.8%	23.5%	23.8%	24.9%	24.2%	23.5%	20.6%	20.3%
% Total Retail Sales	13.3%	13.8%	12.0%	12.3%	11.7%	12.6%	12.4%	12.3%	13.5%	12.7%	12.4%	11.2%
YoY bps change	84	109	103	51	99	140	103	118	118	94	67	124

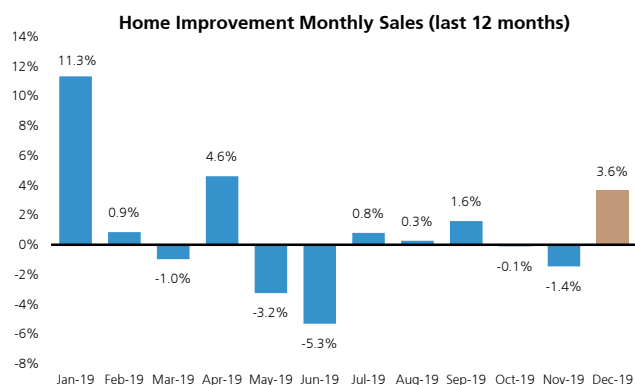
Source: U.S. Census Bureau

Looking at unadjusted retail trends by subsector...

Home Improvement

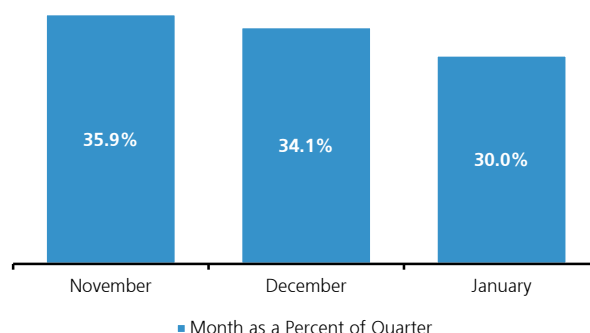
Retail sales at building materials, garden equipment, and supplies dealers (NAICS code 444) increased 3.6% in December vs. a -1.4% decrease in November, and a -0.1% decrease in October. The results accelerated sequentially on a two-year stacked basis, going from a -0.9% decrease in November to a 4.9% increase in December. Historically, December has typically accounted for 34.1% of total sales for the fourth quarter, making it the second highest volume month for the quarter.

Figure 4: YoY change in Home Improvement sales, last 12 months



Source: U.S. Census Bureau

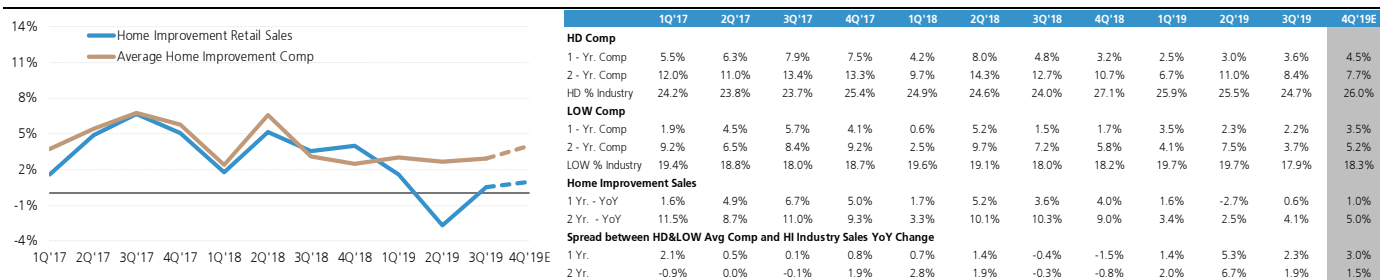
Figure 5: Home Improvement quarterly sales composition by month (as a % of quarter)



Source: U.S. Census Bureau, Company Reports

The figure below compares the home improvement retail sales data to HD's and LOW's comp sales.

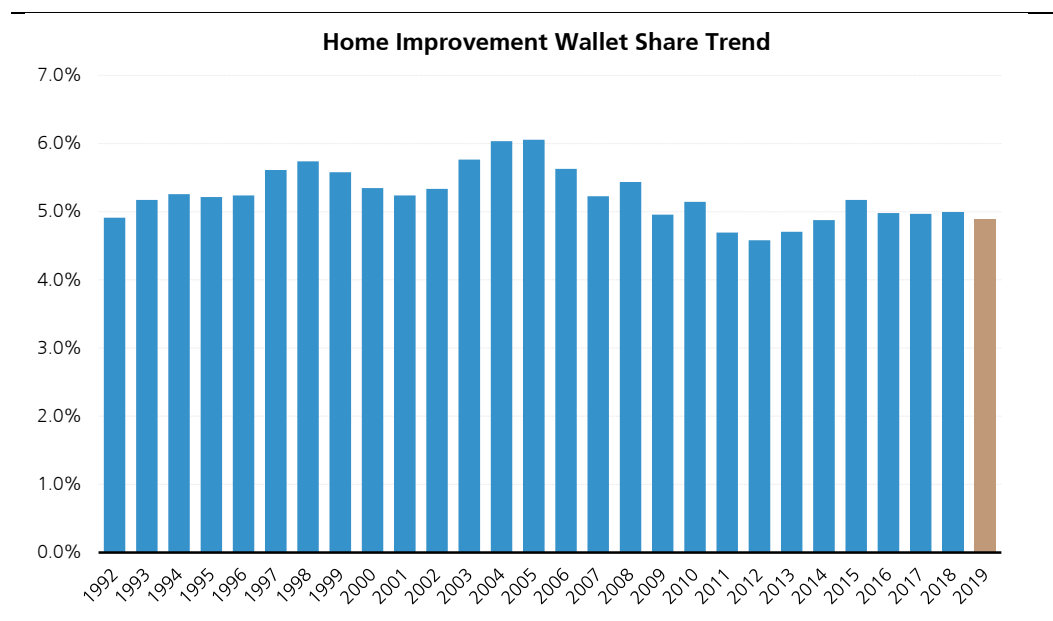
Figure 6: Home Improvement average comparable store sales versus Home Improvement retail sales



Source: U.S. Census Bureau

On a share of wallet basis, home improvement sales represented 4.9% of total retail sales in December 2019, below the 5.0% share reported in December 2018. Since 1992, Home Improvement spending has represented an average of 5.2% of total retail sales in the month of December.

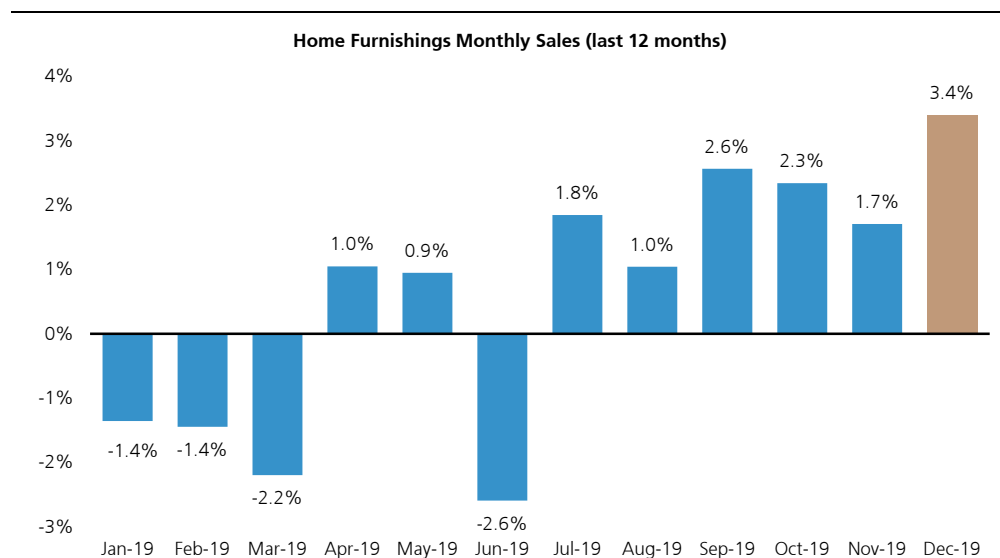
Figure 7: Home Improvement Wallet Share Trend - December



Home Furnishings

Retail sales at furniture and home furnishings stores (NAICS code 442) increased by 3.4% in December. This compares to a 1.7% increase in November and a 2.3% increase in October. On a two-year stacked basis, this category increased 0.6% in December, which represents deceleration from the 1.8% increase in November.

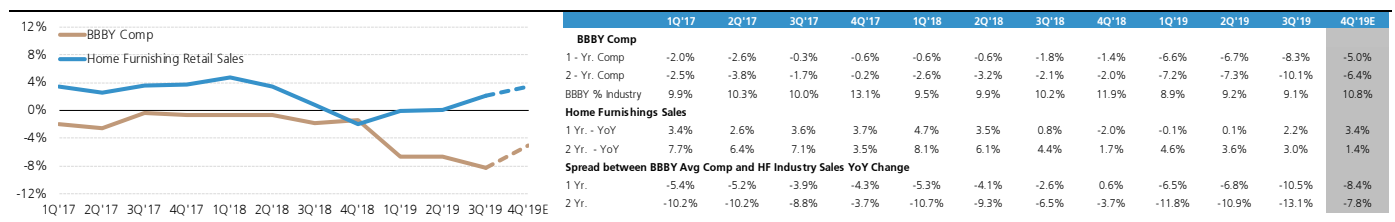
Figure 8: YoY change in Home Furnishings sales, last 12 months



Source: U.S. Census Bureau

December represents the first month of BBBY's fourth quarter. The data for this subsector suggests that BBBY's trends slightly accelerated in 4Q'19.

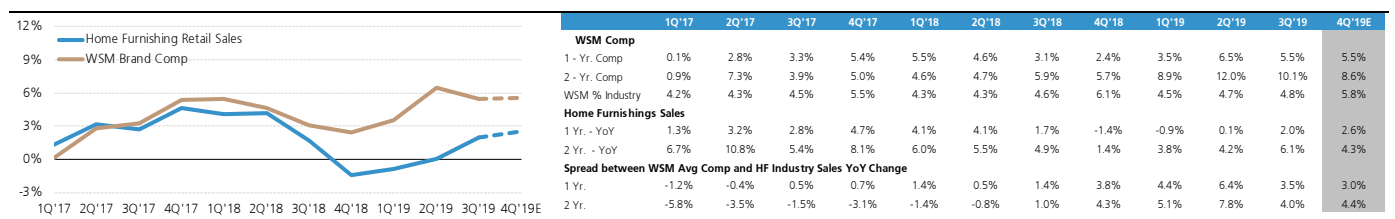
Figure 9: BBBY comparable store sales versus Home Furnishings retail sales



Source: U.S. Census Bureau

December represents the second month of WSM's fourth quarter. The data for this subsector suggests that home furnishings sales slightly accelerated in WSM's 4Q'19.

Figure 10: WSM comparable store sales versus Home Furnishings retail sales

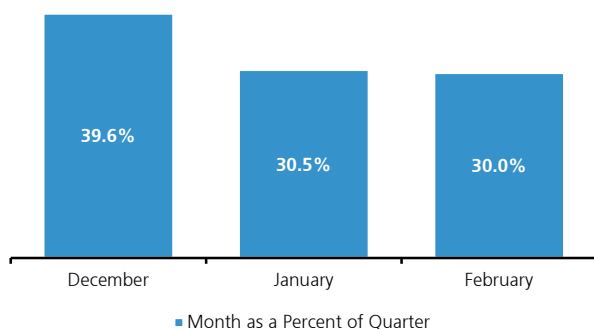


Source: U.S. Census Bureau

December has historically accounted for 39.6% of BBBY's total category volume for 4Q, making it the highest volume month for the quarter.

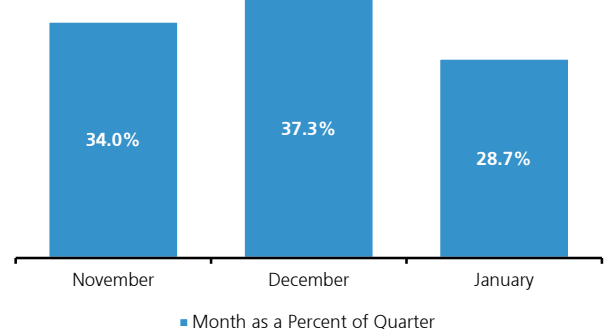
In the past, December has been the highest volume month of WSM's 4Q, accounting for 37.3% of the retailer's sales in the period.

Figure 11: Home Furnishings quarterly sales composition by month (as a % of qtr) - BBBY's quarter



Source: U.S. Census Bureau

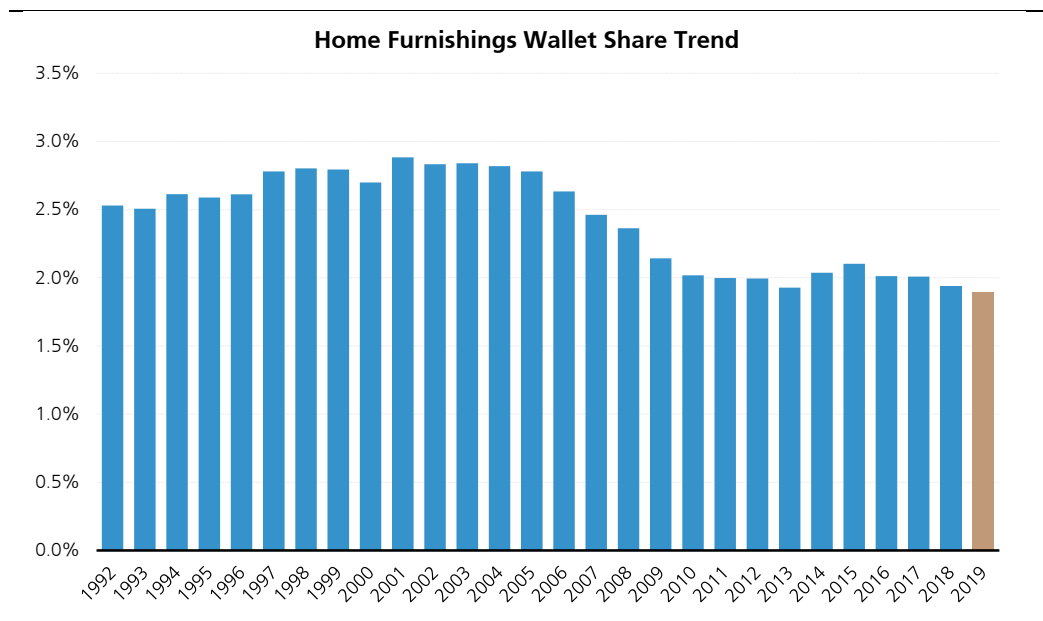
Figure 12: Home Furnishings quarterly sales composition by month (as a % of qtr) - WSM's quarter



Source: U.S. Census Bureau

On a share of wallet basis, home furnishings sales represented 1.9% of total retail sales in December 2019, essentially in line with the 1.9% share reported in December 2018. Since 1992, Home Furnishings spending represented an average of 2.4% of total retail sales in December.

Figure 13: Home Furnishings Wallet Share Trend - December

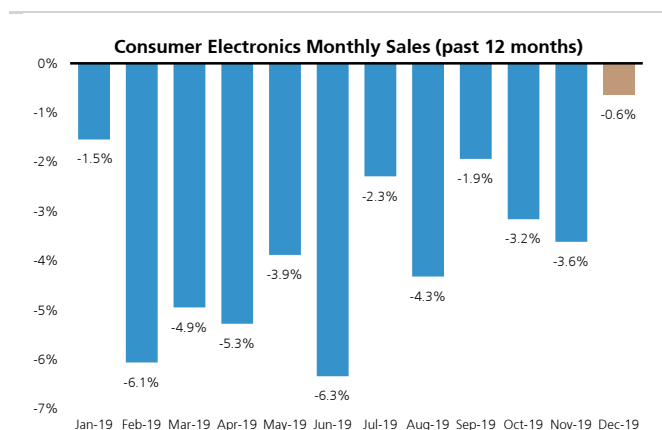


Source: U.S. Census Bureau

Consumer Electronics

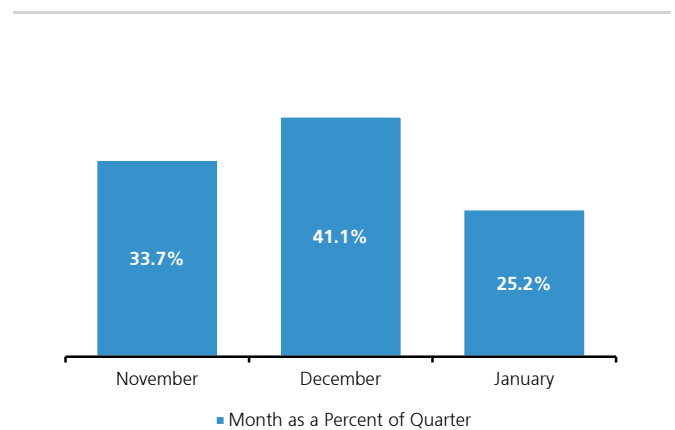
Retail sales at electronics and appliance stores (NAICS code 443) decreased by -0.6% in December. This compares to a -3.6% decrease in November and a -3.2% decline in October. On a two-year stacked basis, this category decreased -4.0% in December compared to a -4.6% decrease in November. As a reminder, December is the highest volume month for the quarter that corresponds to BBY's 4Q, accounting for 41.1% of the category's sales during the period.

Figure 14: YoY change in Consumer Electronics sales, last 12 months



Source: U.S. Census Bureau

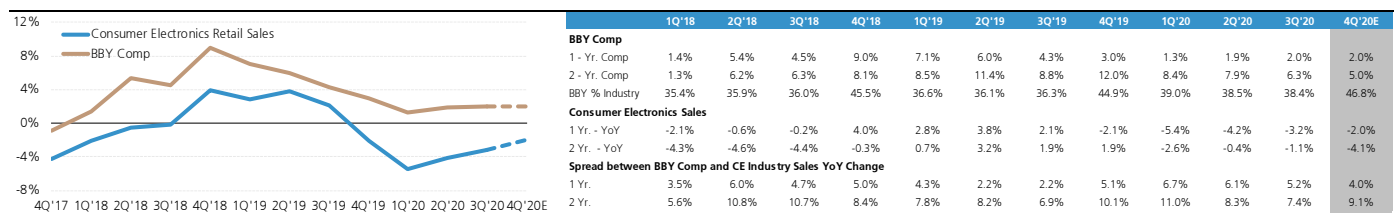
Figure 15: Consumer Electronics quarterly sales composition by month (as a % of quarter) - BBY's quarter



Source: U.S. Census Bureau

December represents the second month of BBY's 4Q.

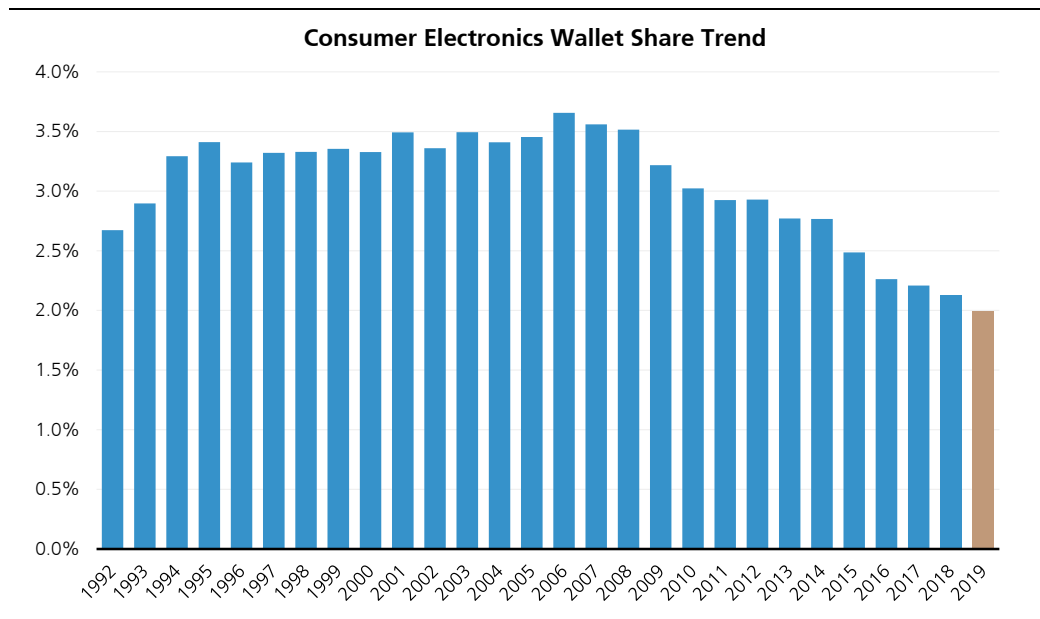
Figure 16: BBY comparable store sales versus Consumer Electronics retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

On a share of wallet basis, consumer electronics store sales represented 2.0% of total retail sales in December 2019, below the 2.1% share reported in December 2018. On average, since 1992, consumer electronics spending has represented 3.1% of total retail sales for the month of December.

Figure 17: Consumer Electronics Wallet Share Trend - December

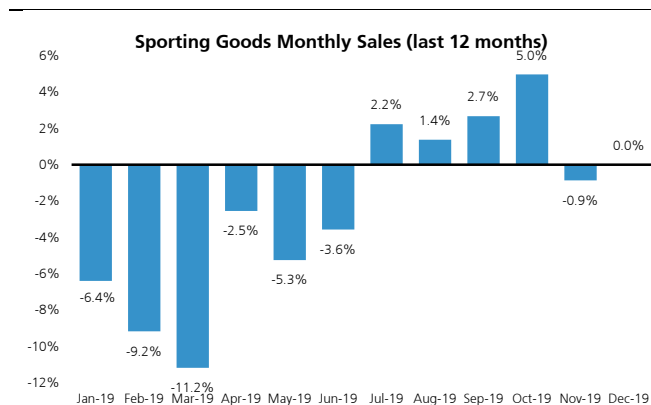


Source: U.S. Census Bureau

Sporting Goods, Hobby, Book, and Music Stores

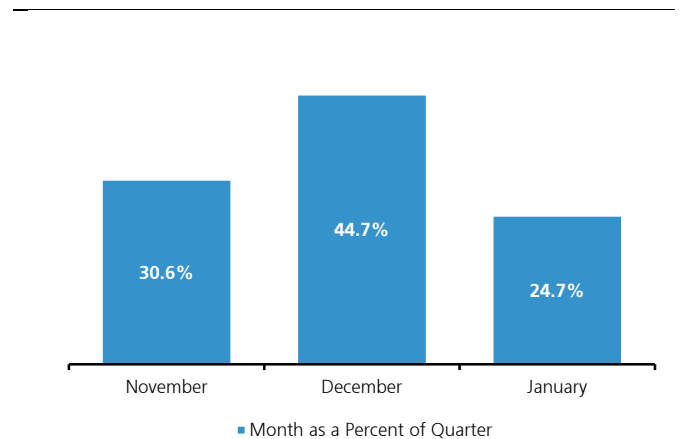
Retail sales at sporting goods, hobby, book, and music stores (NAICS code 451) were essentially flat in December. This compares to a -0.9% decrease in November and a 5.0% increase in October. On a two-year stacked basis, sales for this category decreased -16.1% in December, down from the -10.1% decrease reported in November.

Figure 18: YoY change in Sporting Goods, Hobby, Books, and Music store sales, last 12 months



Source: U.S. Census Bureau

Figure 19: Sporting Goods, Hobby, Books, and Music store quarterly sales composition by month (as a % of quarter) - DKS' quarter

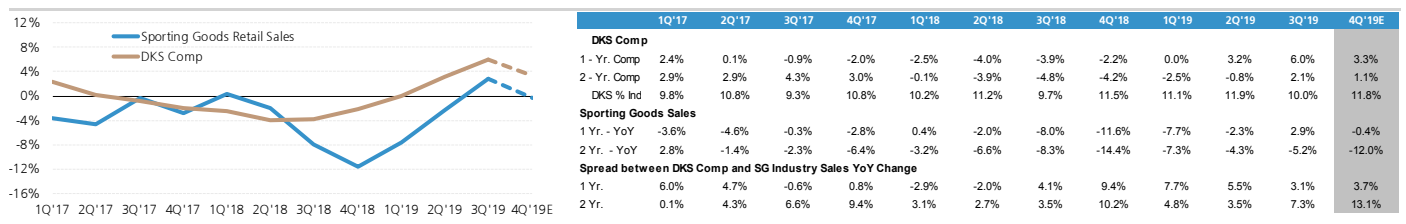


Source: U.S. Census Bureau

Historically, December has accounted for about 44.7% of DKS' 4Q, making it the highest volume month of the quarter.

December represents the second month of DKS' 4Q.

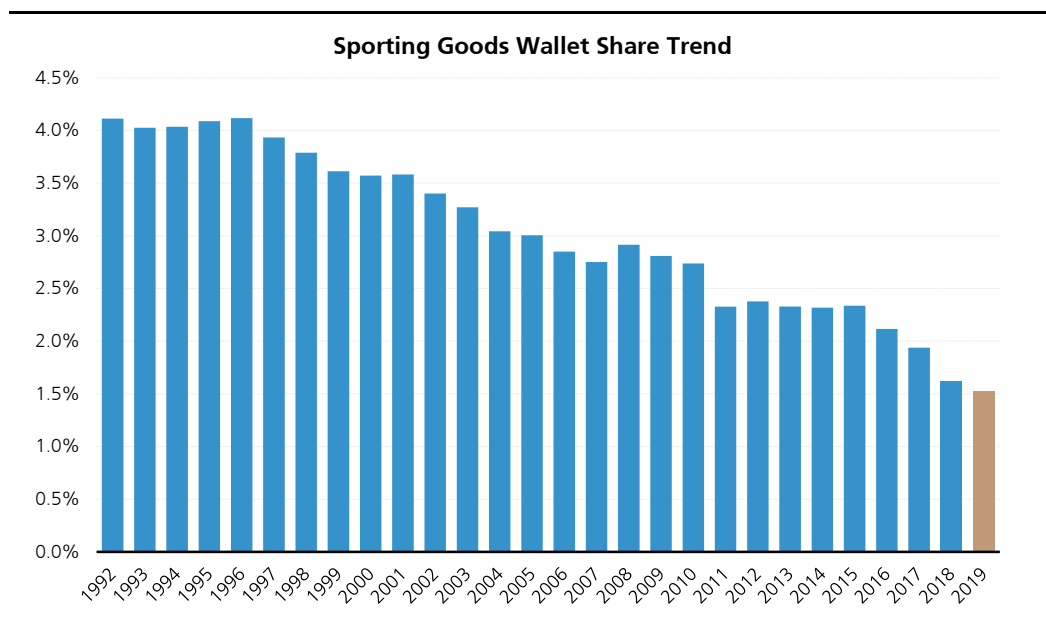
Figure 20: DKS comparable store sales versus Sporting Goods retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

On a share of wallet basis, sporting goods store sales represented 1.5% of total retail sales in December 2019, below the December 2018's share of 1.6%. Since 1992, sporting goods spending has represented an average of 3.0% of total retail sales in December.

Figure 21: Sporting Goods Wallet Share Trends - December

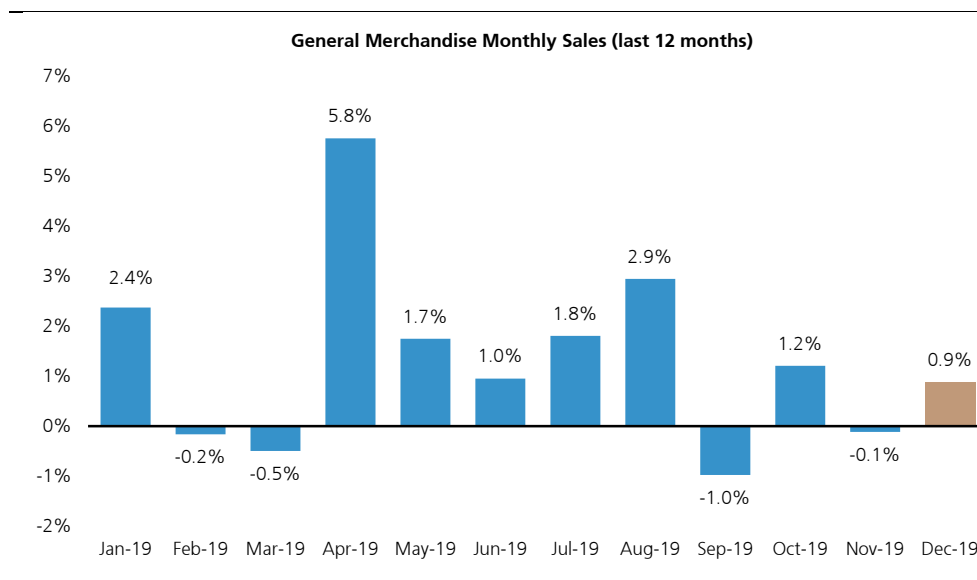


Source: U.S. Census Bureau

Mass Merchants & Dollar Stores

Retail sales at general merchandise stores (NAICS code 452) increased 0.9% in December. This compares to a -0.1% decrease in November and a 1.2% increase in October. On a two-year stacked basis, this category increased 0.6% compared to November's increase of 4.5%.

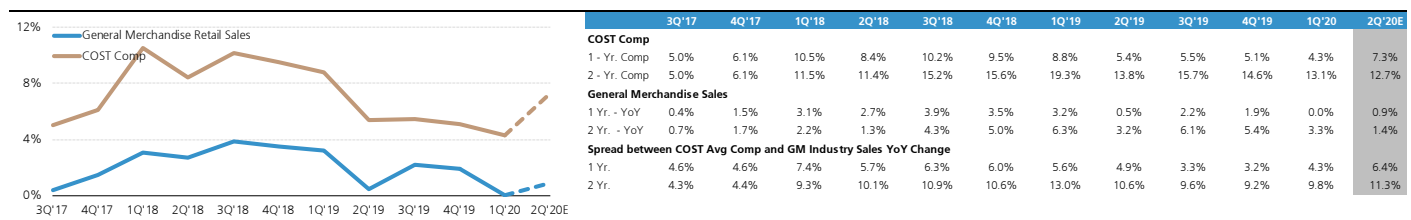
Figure 22: YoY change in General Merchandise sales, last 12 months



Source: U.S. Census Bureau

December represents the first month of COST's 2Q'20.

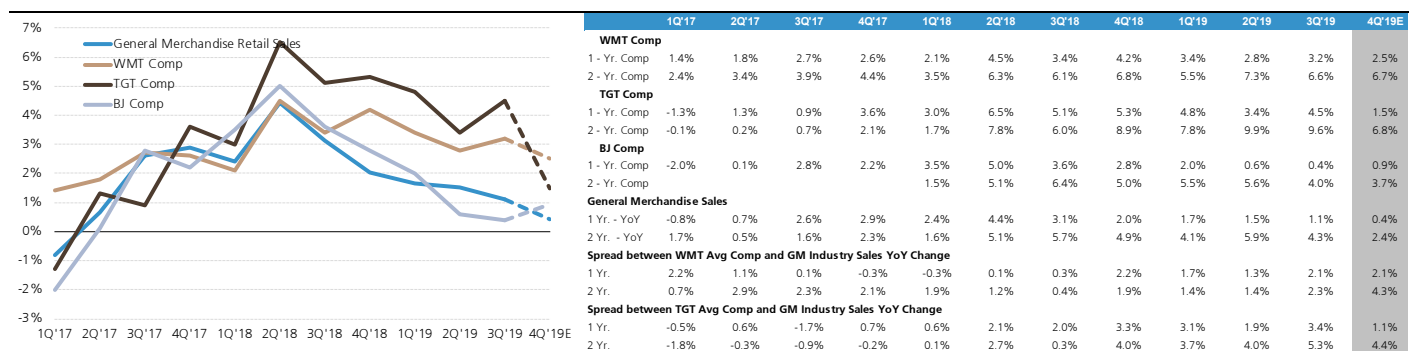
Figure 23: COST comparable store sales versus General Merchandise retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

December represents the second month of WMT, TGT and BJ's 4Q.

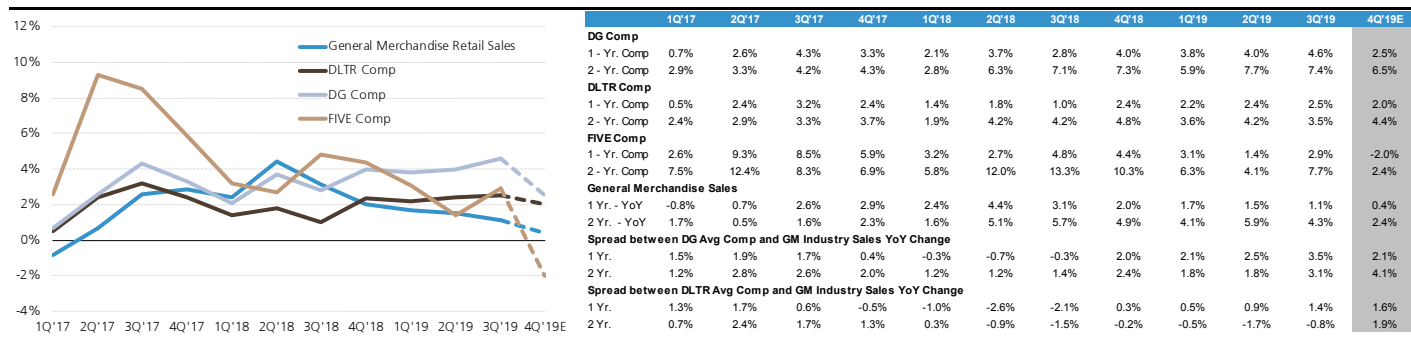
Figure 24: WMT, TGT & BJ comparable store sales versus General Merchandise retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

December also represents the second month of DLTR, DG, & FIVE's 4Q.

Figure 25: DLTR, DG & FIVE comparable store sales versus General Merchandise retail sales

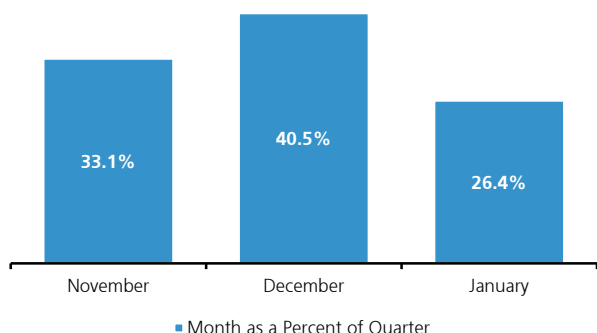


Source: U.S. Census Bureau, company reports, UBS estimates

Historically, December has been the highest volume month for the period that corresponds to DG, DLTR, FIVE, WMT, and TGT's 4Qs, accounting for 40.5% of category sales during the period.

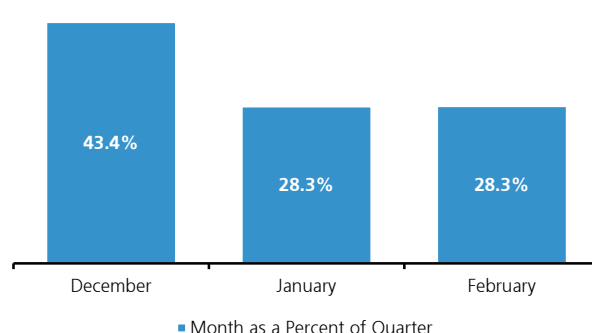
In the past, December has accounted for 43.4% of COST's total category volume for 4Q, making it the highest volume month for the quarter.

Figure 26: General Merchandise quarterly sales composition by month (as a % of quarter) - DG, DLTR, FIVE, WMT, TGT & BJ's quarter



Source: U.S. Census Bureau

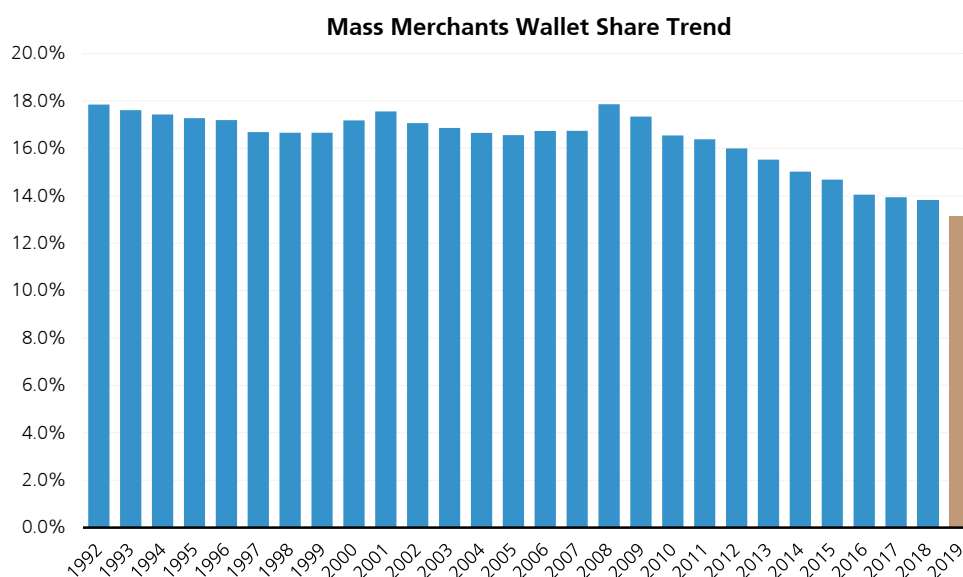
Figure 27: General Merchandise quarterly sales composition by month (as a % of quarter) - COST's quarter



Source: U.S. Census Bureau

On a share of wallet basis, general merchandise store sales represented 13.1% of total retail sales in December 2019, below the December 2018's share of 13.8%. On average, since 1992, general merchandise spending has represented 16.3% of total retail sales for the month of December.

Figure 28: General Merchandise Wallet Share Trends - December

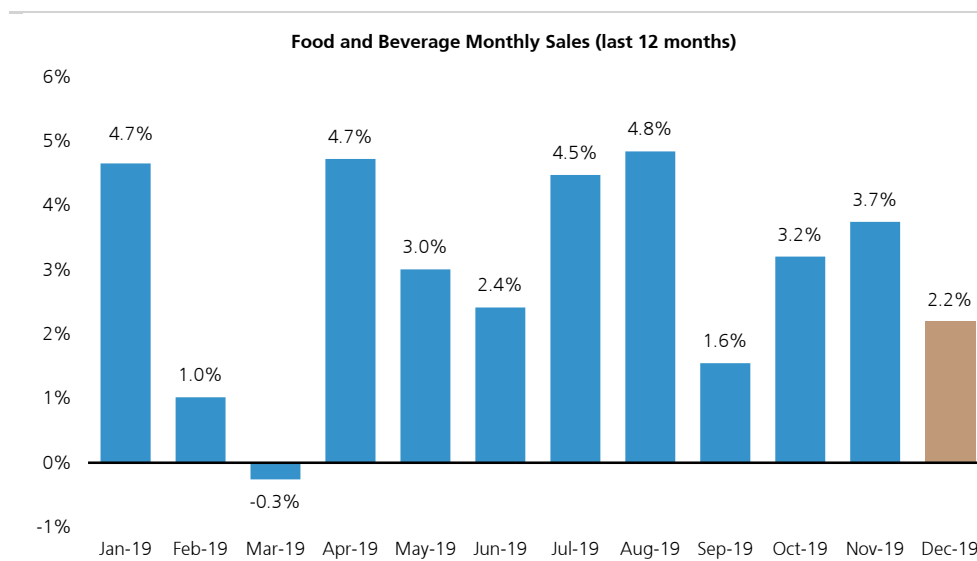


Source: U.S. Census Bureau

Food and Beverage Stores

Retail sales at food and beverage stores (NAICS code 445) increased 2.2% in December. This compares to a 3.7% increase in November and a 3.2% increase in October. On a two-year stacked basis, this category increased 3.1% compared to November's increase of 7.0%.

Figure 29: YoY change in Food and Beverage sales, last 12 months

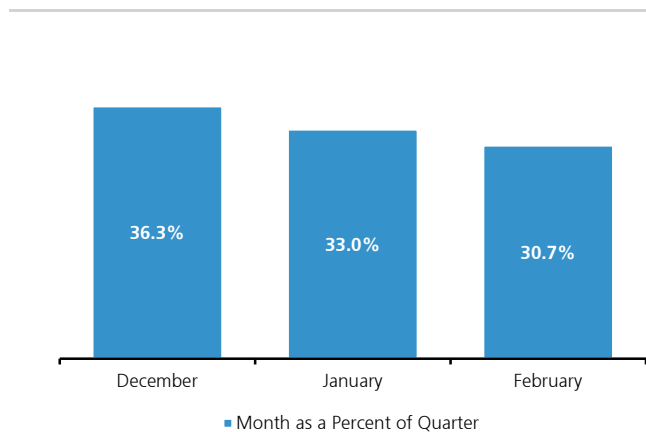


Source: U.S. Census Bureau

Historically, December has been the highest volume month for the period that corresponds to KR's 4Q, accounting for 36.3% of category sales during the period.

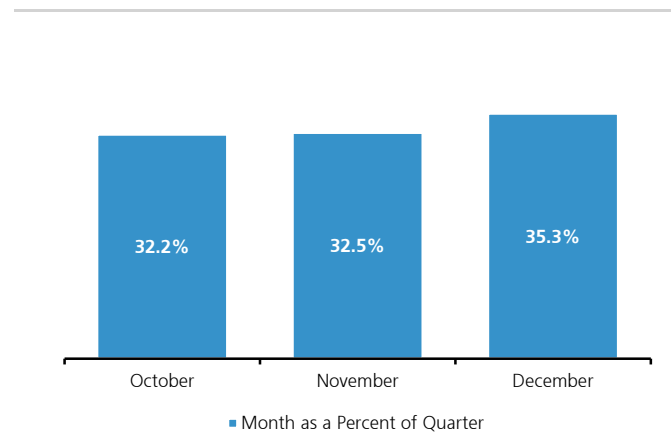
In the past, December has accounted for 35.3% of SFM and GO's total category volume for 4Q, making it the highest volume month for the quarter.

Figure 30: Food and Beverage quarterly sales composition by month (as a % of quarter) – KR's quarter



Source: U.S. Census Bureau

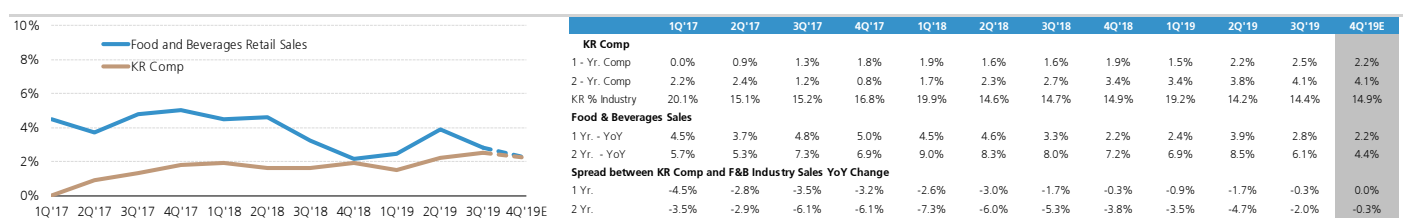
Figure 31: Food and Beverage quarterly sales composition by month (as a % of quarter) – SFM and GO's quarter



Source: U.S. Census Bureau

December represents the first month of KR's fourth quarter.

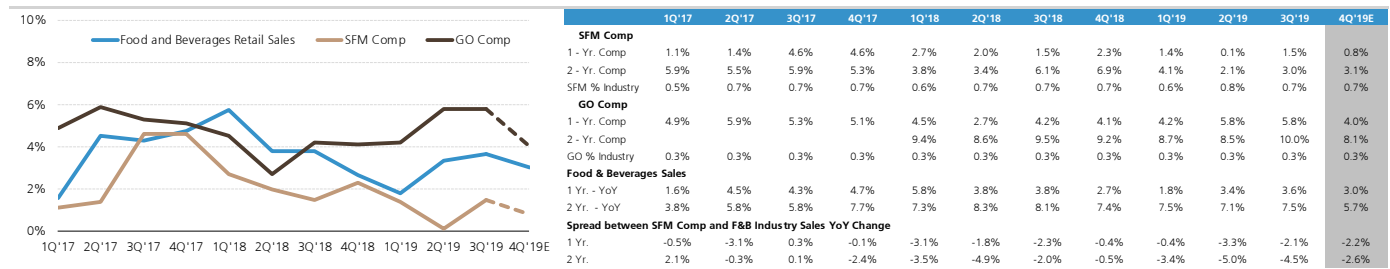
Figure 32: KR comparable store sales versus Food and Beverage retail sales



Source: U.S. Census Bureau, company reports, UBS estimates. KR's comp from 2Q'16-4Q'16 is under the old methodology

December represents the third month of SFM and GO's fourth quarter.

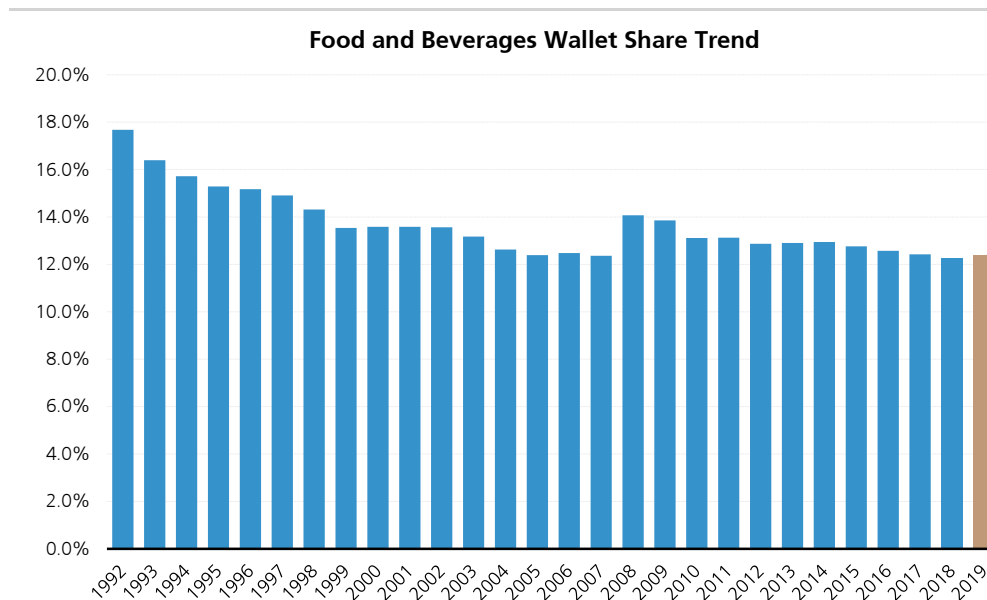
Figure 33: SFM & GO comparable store sales versus Food and Beverage retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

On a share of wallet basis, food and beverage store sales represented 11.7% of total retail sales in December 2019, below the December 2018's share of 12.2%. On average, since 1992, food and beverage spending has represented 12.9% of total retail sales for the month of December.

Figure 34: Food and Beverage Wallet Share Trends - December

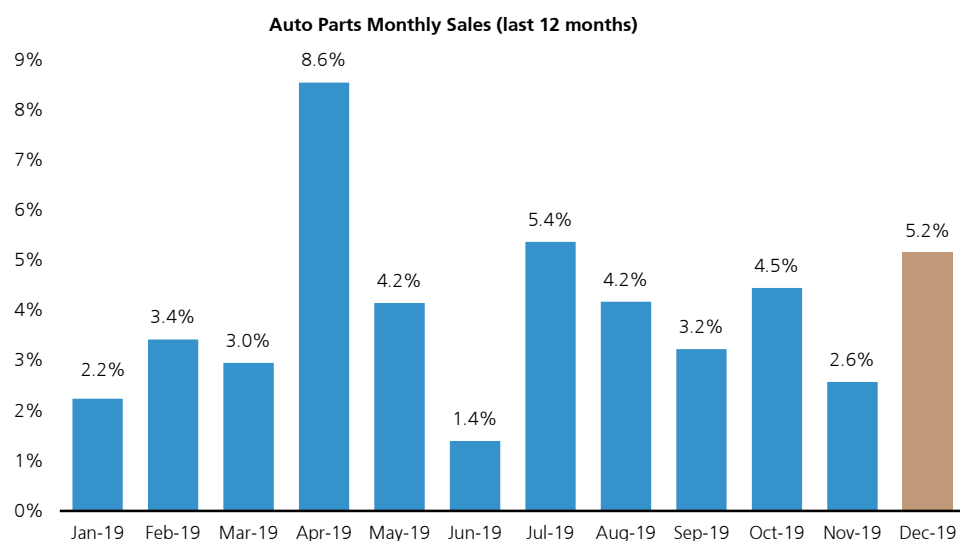


Source: U.S. Census Bureau

Auto Parts

Retail sales at automotive parts, accessory, and tire stores (NAICS code 4413) increased 5.2% in December. This compares to a 2.6% increase in November and a 4.5% increase in October. On a two-year stacked basis, this category increased 4.0% compared to November's increase of 5.1%.

Figure 35: YoY change in Auto Parts sales, last 12 months

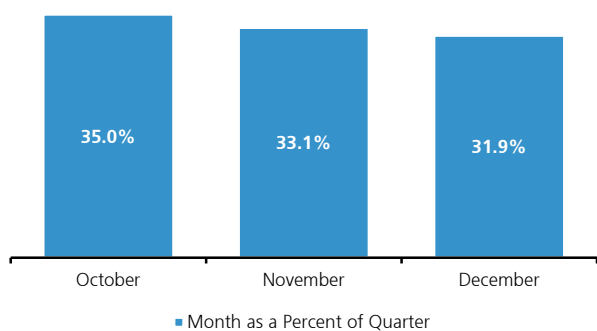


Source: U.S. Census Bureau

Historically, December has been the lowest volume month for the period that corresponds to ORLY and AAP's 4Q, accounting for 31.9% of category sales during the period.

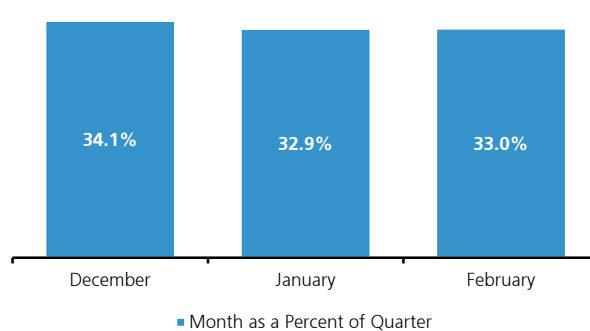
In the past, December has accounted for 34.1% of AZO's total category volume for 2Q, making it the highest volume month for the quarter.

Figure 36: Auto Parts quarterly sales composition by month (as a % of quarter) – ORLY & AAP's quarter



Source: U.S. Census Bureau

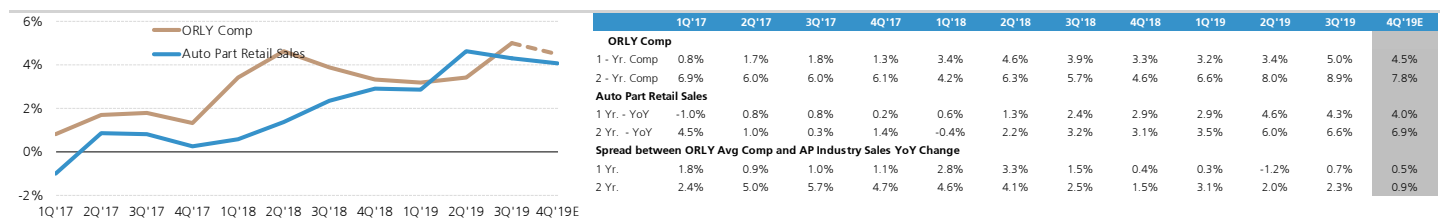
Figure 37: Auto Parts quarterly sales composition by month (as a % of quarter) – AZO's quarter



Source: U.S. Census Bureau

December represents the third month of ORLY's 4Q.

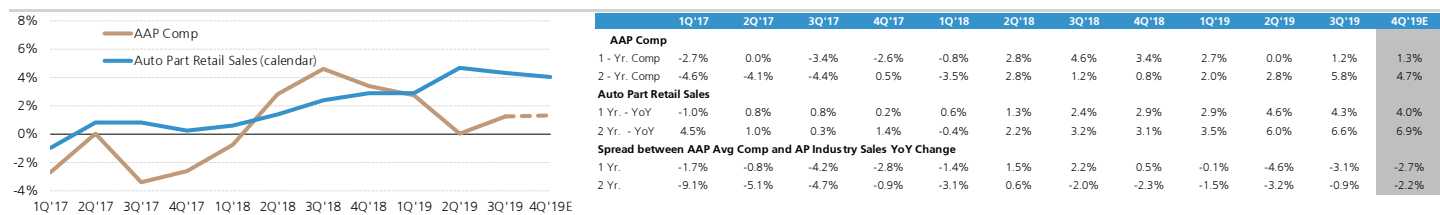
Figure 38: ORLY comparable store sales versus Auto Parts retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

December also represents the third month of AAP's 4Q.

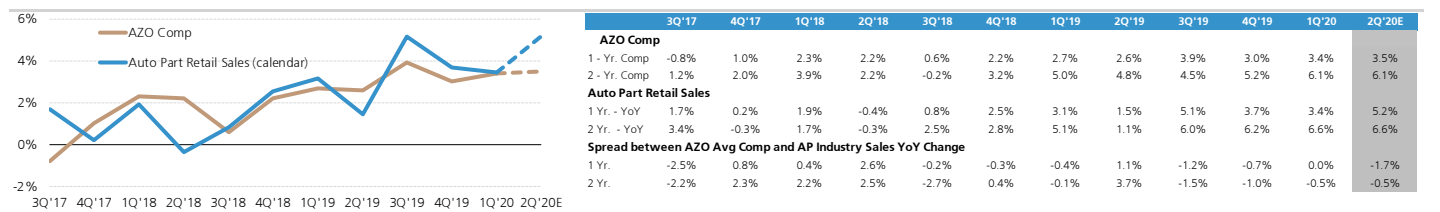
Figure 39: AAP comparable store sales versus Auto Parts retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

December represents the first month of AZO's 2Q.

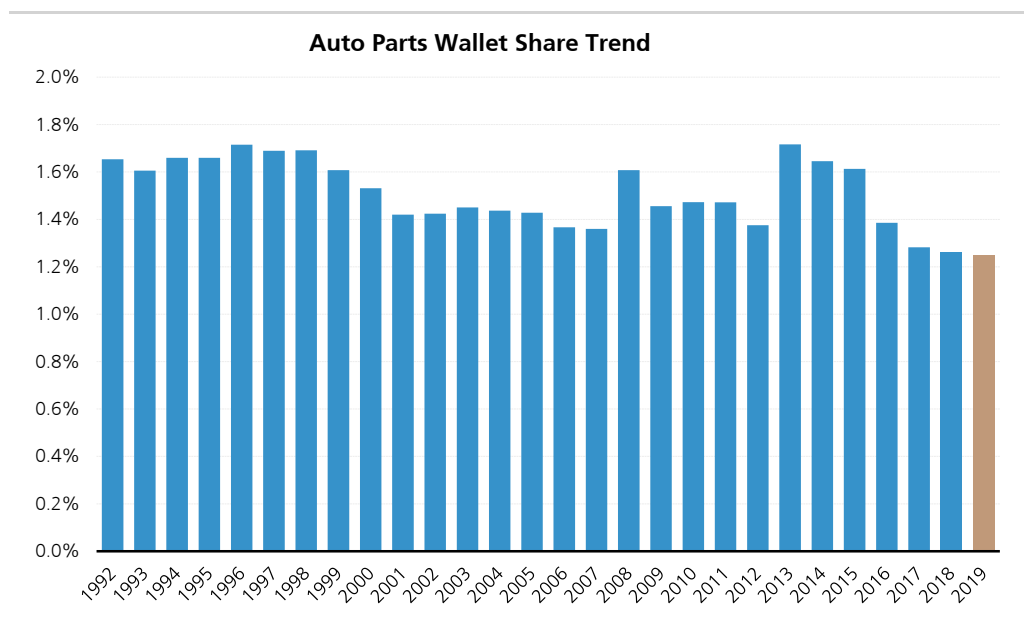
Figure 40: AZO comparable store sales versus Auto Parts retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

On a share of wallet basis, auto parts store sales represented 1.3% of total retail sales in December 2019, essentially in line with the December 2018's share of 1.3%. On average, since 1992, auto parts' spending has represented 1.5% of total retail sales for the month of December.

Figure 41: Auto Parts Wallet Share Trends - December

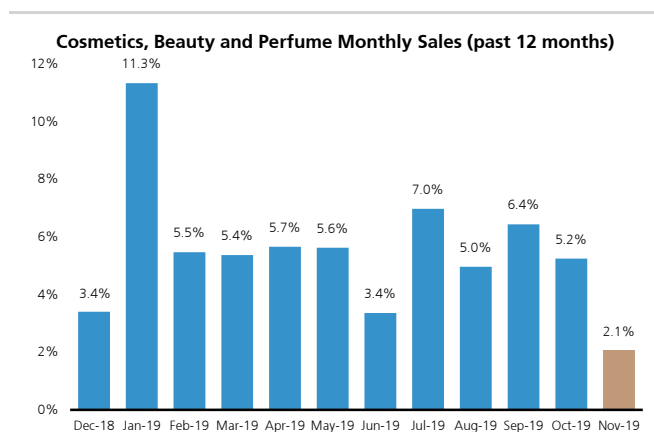


Source: U.S. Census Bureau

Cosmetics, Beauty Supplies and Perfume Stores

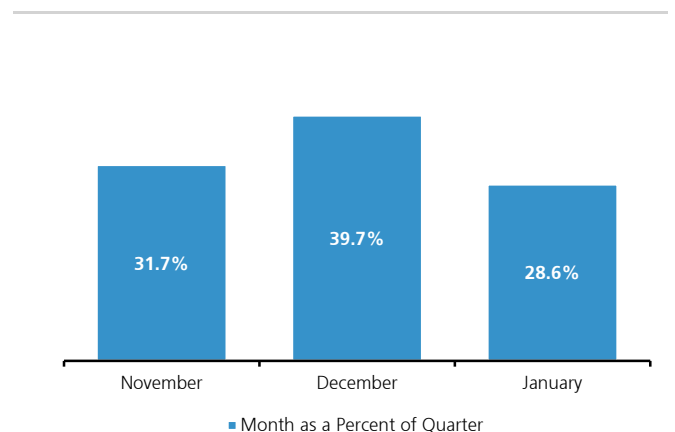
Retail sales at cosmetics, beauty supplies and perfume stores (NAICS code 44612) increased 2.1% in November (data is presented on a 1-month lag). This compares to a 5.2% increase in October and a 6.4% increase in September. On a two-year stacked basis, this category increased 10.2% compared to October's increase of 11.6%.

Figure 42: YoY change in Cosmetics, Beauty Supplies and Perfume store sales, last 12 months



Source: U.S. Census Bureau

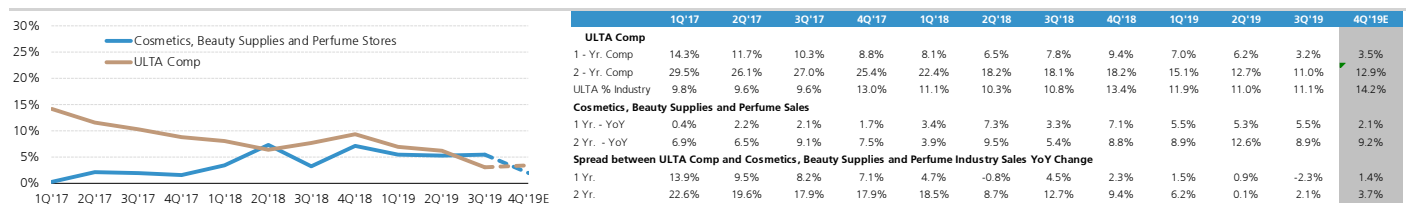
Figure 43: Cosmetics, Beauty Supplies and Perfume store quarterly sales composition by month (as a % of quarter) - ULTA's quarter



Source: U.S. Census Bureau

Historically, November has accounted for about 31.7% of ULTA's 4Q, making it the second highest volume month of the quarter. November represents the first month of ULTA's 4Q.

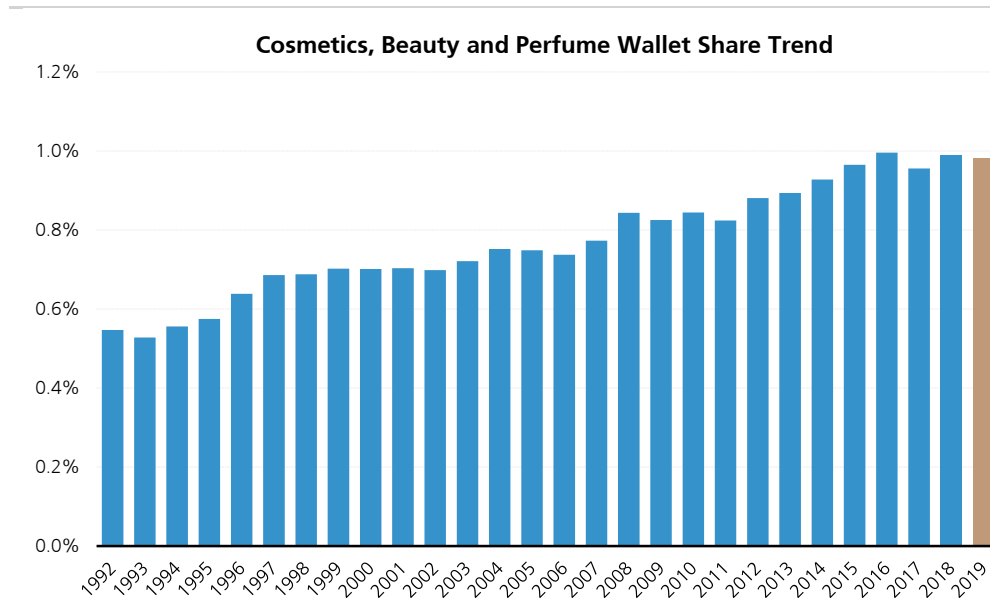
Figure 44: ULTA comparable store sales versus Cosmetics, Beauty Supplies and Perfume retail sales



Source: U.S. Census Bureau, company reports, UBS estimates

On a share of wallet basis, cosmetics, beauty supplies and perfume store sales represented 1.0% of total retail sales in November 2019, essentially in line with the November 2018's share of 1.0%. On average, since 1992, cosmetics, beauty supplies and perfume spending has represented an average of 0.8% of total retail sales in November.

Figure 45: Cosmetics, Beauty Supplies and Perfume Wallet Share Trends - November



Source: U.S. Census Bureau

Valuation Method and Risk Statement

Investing in retail stocks entails certain risks, including but not limited to changes in consumer spending and its components, retail industry competition and general market risk. All our PT's are based on a multiple analysis.

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Source: UBS. Rating allocations are as of 31 December 2019.

1: Percentage of companies under coverage globally within the 12-month rating category.

2: Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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