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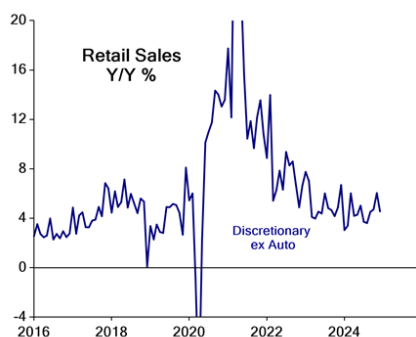
Mixed Economic Releases

KEY POINTS:

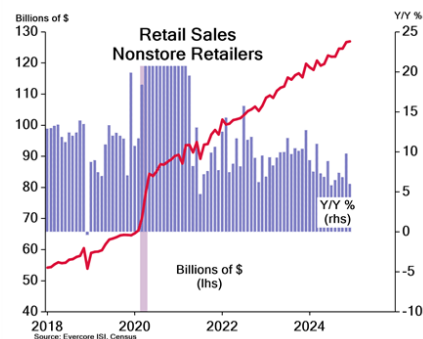
The economic indicators this morning – retail sales, claims, and Phil Fed – tempered the outlook for economic growth outlook. December's retail sales readings advanced a less-than-expected +0.4%, but the prior two months were revised higher. In real terms, this is down -0.1% m/m. Unemployment claims jumped to 217k after plunging in the prior week. The Phil Fed index surged to +44.3 in Jan. But we believe this is an aberrant reading. These releases should weigh down Treasury yields, the dollar and retail stocks.

- **December's retail sales advanced +0.4% m/m** and is up +3.9% y/y. Ex auto and gas and control group sales were about as expected. (see table). In real terms (volume), retail sales slipped, as we estimate they are down -0.1% m/m. Real consumer spending is on track to be up +3.2% in 4Q.
- **E-commerce sales were essentially unchanged in December.** Restaurant, drug store and building material sales surprisingly fell. But most other discretionary categories posted good gains. Vehicle sales were accelerated sharply.
- **Unemployment claims rebounded for the week ending January 11 to 217K after falling in the prior two weeks.** This was probably due to less than normal seasonal temp hiring in November and early Dec. That suggests less seasonal layoffs in early January.

Discretionary Retail Sales Gains Were Mixed in December.



E-Commerce Sales Were Sluggish.



Payroll employment should advance around +145K in January and average hourly earnings should climb around +0.3%. The unemployment rate should stay at 4.1%.

**December's Headline
and Core Retail
Sales
Were Somewhat
Softer Than
Expected.**

Retail Sales

	Percentage of Total M/M Y/Y %	
		Oct-24	Nov-24	Dec-24	Nov-24	Dec-24
Retail & food services	100	0.6	0.8	0.4	4.1	3.9
Ex. motor vehicle	80.4	0.2	0.2	0.4	3.4	2.9
GAFO		0.4	0.1			
Motor vehicle & parts dealers	19.6	2.2	3.1	0.7	7.4	8.4
Furniture & home furnishings	1.6	0.6	1.3	2.3	2.8	8.4
Electronics & appliance	1.1	3.0	0.9	0.4	2.1	5.8
Building material & garden eq.	5.7	-0.3	-0.8	-2.0	2.1	-1.8
Food & beverage	11.6	0.3	-0.2	0.8	2.2	3.1
Health & personal care	5.3	-1.3	0.3	-0.2	2.2	3.4
Gasoline stations	7.1	0.2	0.2	1.5	-3.7	-1.2
Clothing & accessories	3.6	1.1	-0.8	1.5	2.5	2.4
Sporting goods, hobby, book	1.1	-0.4	-0.3	2.6	-3.2	1.8
General merchandise	10.5	0.1	0.0	0.3	3.4	2.6
Miscellaneous store retailers	2.0	-1.0	-3.9	4.3	-0.2	3.7
Nonstore retailers	17.5	0.0	1.7	0.2	9.8	6.0
Food & drinking places	13.4	0.9	0.1	-0.3	3.1	2.4

Unemployment Insurance Weekly Claims

Thursday, January 16, 2025

	<u>Dec. 21</u>	<u>Dec. 28</u>	<u>Jan. 04</u>	<u>Jan. 11</u>
Initial Claims (SA)	220	211	203	217
Change		(9)	(8)	14
Initial Claims (NSA)	276	283	307	352
Change		8	23	45
4-Week Moving Average (SA)	226.8	223.3	213.5	212.8
Change		(3.5)	(9.8)	(0.8)
Insured Unemployment (SA)	1,834	1,877	1,859	
Change		43	(18)	
4-Wk Moving Average (SA)	1,869	1,868	1,867	
Change		(1)	(1)	
Insured Unemployment Rate (SA)	1.21	1.24	1.23	
Change		0.03	-0.01	
Covered Employment	151,637	151,637	151,637	
Total Continuing Claims	1,886	2,213		

[Heading One]

[Body text]

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