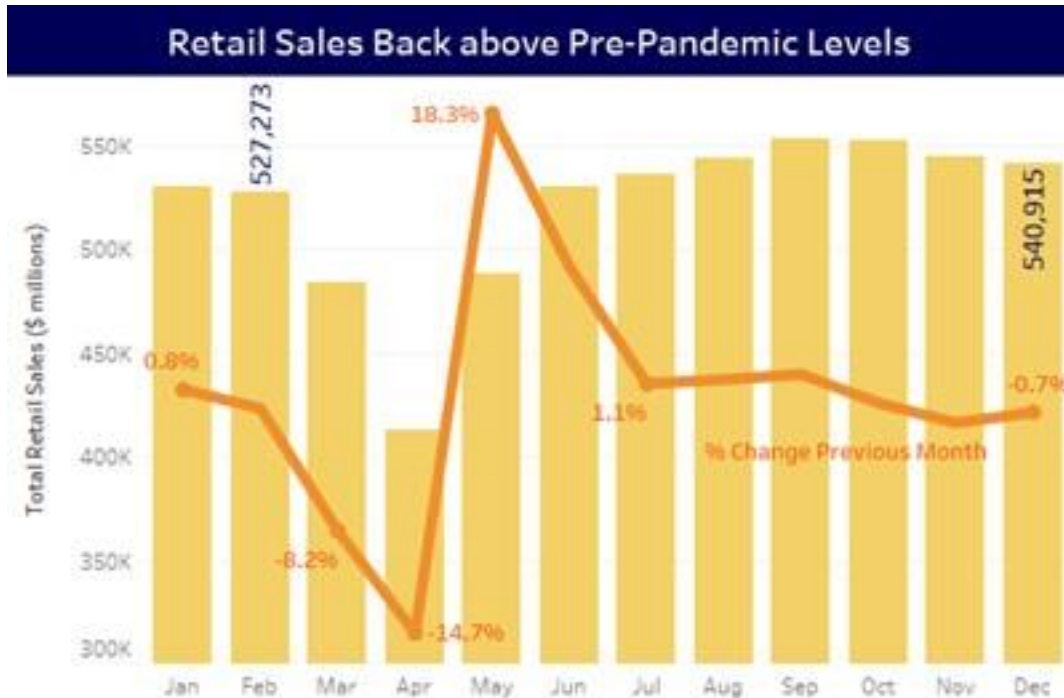


## Retail Sales Fell in December

Retail sales fell again in December, the third straight month of declines. They fell 0.7% last month, 1.4% in November, and 0.1% in October. That's the bad news.



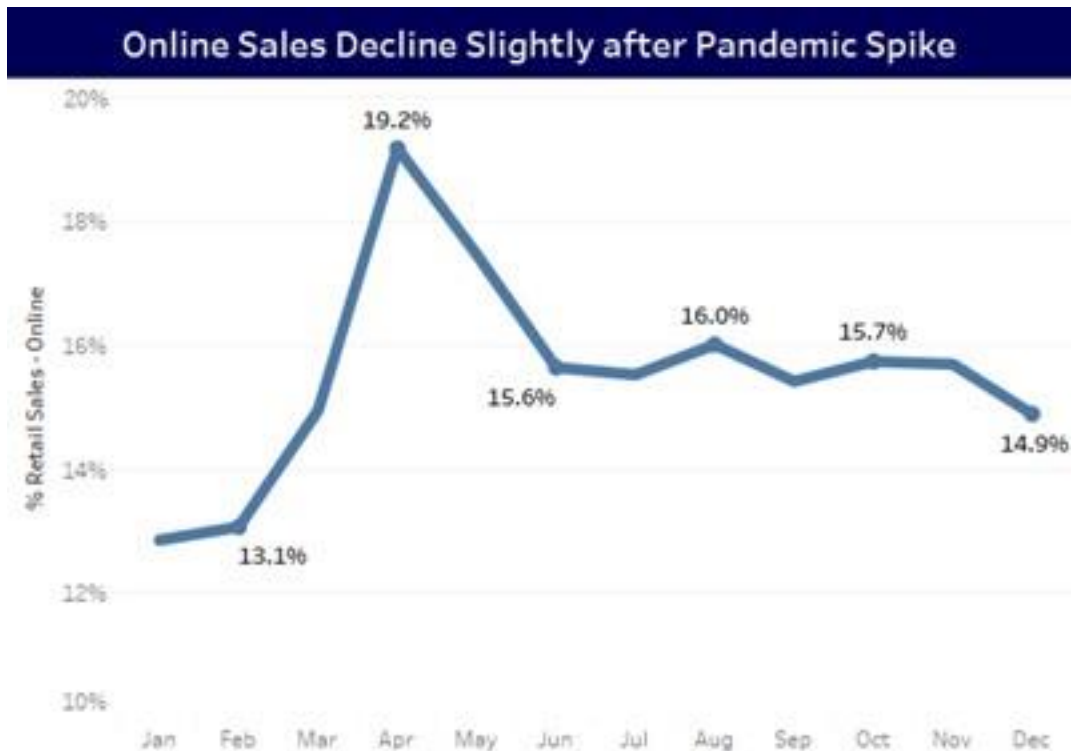
**The silver lining:** Despite these drops, retail sales remain above their pre-pandemic level on a monthly basis. Even though sales fell for October-December, they were still greater than the same period in 2019. For the entirety of 2020, they were greater than 2019 by 0.6%. The recovery of retail sales from their nadir in April has been impressive.

**The good news only goes so far:** Sales are undoubtedly soft. A strong holiday shopping season was supposed to buttress them, but that did not happen. The virus remains firmly in control of the economy. The surge in cases at the end of 2020, followed by the closures of certain businesses, lead to the economy losing jobs in December and is the main reason retail sales were down.

Sales were split depending on the type of store. They were down at furniture and home furnishing, electronics and appliance, food and beverage, general merchandise stores, and food and drinking places. They were up at motor vehicle and parts dealers, building material and garden supply stores, health and personal care stores, gas stations, and clothing and accessories stores.

The increase at these stores was actually greater than the decrease. The entire \$3.7 billion decline in December resulted from an almost \$5 billion decline in online sales. Online sales have been dropping since the height of the pandemic, but the enormous drop in December is unexpected.

The cause is hard to explain as it remains easier to shop online than in person. Revisions to these figures may give us a clearer picture of what happened.



**Bottom line:** The economic data is going to remain soft as COVID-19 cases remain elevated. Vaccines, vaccines, vaccines. The faster we get them administered the faster we will see the economy rebound. Until then, the economy's health remains at the whims of the virus, as it has since March 2020.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce