

NEWS

# US holiday sales tipped to hit new record

28 Oct 2021

US holiday spending has the potential to shatter previous records, as the National Retail Federation (NRF) forecasts sales during November and December will grow between 8.5-10.5% over 2020.



The forecast from the NRF expects US holiday sales to range between US\$813.4bn and \$850bn. The numbers, which exclude automobile

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“There is considerable momentum heading into the holiday shopping season,” says NRF president and CEO Matthew Shay. “Consumers are in a very favourable position going into the last few months of the year as income is rising and household balance sheets have never been stronger. Retailers are making significant investments in their supply chains and spending heavily to ensure they have products on their shelves to meet this time of exceptional consumer demand.”

NRF expects that online and other non-store sales, which are included in the total, will increase between 11-15% to a total of between \$218.3bn and \$226.2bn, driven by online purchases. In comparison, that number is up from \$196.7bn in 2020.

Last year saw extraordinary growth in digital channels as consumers turned to online shopping to meet their holiday needs during the pandemic. While e-commerce will remain important, households are also expected to shift back to in-store shopping and a more traditional holiday shopping experience.

“The outlook for the holiday season looks very bright,” NRF chief economist Jack Kleinhenz notes. “The unusual and beneficial position we find ourselves in is that households have increased spending vigorously throughout most of 2021 and remain with plenty of holiday purchasing power.”

Kleinhenz adds pandemic-related supply chain disruptions have caused shortages of merchandise and most of this year’s inflationary pressure.

“With the prospect of consumers seeking to shop early, inventories may be pulled down sooner and shortages may develop in the later weeks of the shopping season. However, if retailers can keep merchandise on the shelves and merchandise arrives before Christmas, it could be a stellar holiday sales season.”

While it appears new Covid-19 infections and hospitalisations are down, a variant surge could potentially sidetrack the current trajectory of spending. Kleinhenz said strong household fundamentals provide optimism amid uncertainty. Income is growing from wage compensation, and household wealth has reached another record high. These together support strong spending this holiday season.

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encouraged households to shop early to avoid a lack of inventory and shipping delays. With the earlier start retailers have announced thousands of open positions in bricks-and-mortar stores and warehouse and distribution centres.

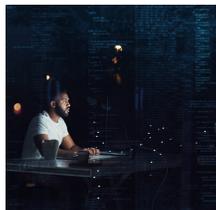
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Weather traditionally factors into holiday sales, and the National Oceanic and Atmospheric Administration is predicting a high likelihood of a La Niña pattern of cooler and wetter weather in the north and warmer and drier weather in the south. This climate phenomenon has in the past correlated with stronger retail sales and could be a factor in 2021.

NRF's holiday forecast is based on economic modelling that considers a variety of indicators including employment, wages, consumer confidence, disposable income, consumer credit, previous retail sales, and weather. NRF defines the holiday season as 1 November through 31 December.

The methodology used to calculate holiday retail employment in 2020 was changed to accommodate the sizeable impact of Covid-19 on overall industry employment. In 2021, NRF returned to a traditional employment buildup method.

[An annual survey released earlier this month by the NRF and Prosper Insights & Analytics found apparel is among the top items holiday shoppers are concerned about this festive season as supply chain challenges continue.](#)



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