

### FORECASTING BRIEF

### ABOUT THE AUTHOR

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Before joining Ball State in 2007, Hicks held positions at the Air Force Institute of Technology's Graduate School of Engineering and Management and research centers at Marshall University and the University of Tennessee.

Hicks earned doctoral and master's degrees in economics from the University of Tennessee and a bachelor's degree in economics from Virginia Military Institute.

#### ABOUT THE CENTER

The Center for Business and Economic Research (CBER) is an economic policy and forecasting research center at Ball State University.

The Center produces the CBER Data Center and the Indiana Business Bulletin, a weekly newsletter with commentary on current issues and dozens of economic indicators.

In addition to research and data delivery, the Center serves as a business forecasting authority in Indiana's east-central region—holding the annual Indiana Economic Outlook luncheon and quarterly meetings of the Ball State University Business Roundtable.

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# 2012 Holiday Retail Sales Forecast

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Overall retail sales in 2012 will be distorted because of a longer holiday shopping season, thanks to an earlier Thanksgiving holiday and a major push by retailers to begin holiday shopping early. Overall, I forecast a 2.0 percent higher level of holiday shopping in 2012 than in 2011, a value that is roughly equivalent to inflationary growth over the year. Lower household incomes, a stagnant labor market and the lingering effects of Hurricane Sandy will make this a disappointing holiday season.

### THE RECOVERY AND CONSUMER SPENDING

The 2012 Holiday Retail Sales Forecast from the Center for Business and Economic Research predicts total growth in retail sales of 2.0 percent this season over the 2011 level.

Declining holiday sales are anticipated among automobile dealers and club stores. We expect declines of 2.46% and 1.3% respectively.

Slow growth will be concentrated among pubs/restaurants, general merchandisers, consumer electronics, and jewelry stores. Food sales, big box sales, and furniture will see better than average growth, with used goods purveyors seeing a significant rebound in growth of 11.24 percent this year. *Table 1* provides a detailed forecast of selected sectors.

## BEYOND THE FORECAST

Consumer sentiment remains poor, though has rebounded recently. Consumer incomes have continued to decline, with modest job growth and a nearly steady unemployment rate dominating labor markets. Gasoline prices in early summer weighted

upon later consumer durable purchases. Importantly, fears about a fiscal cliff combined with significant profit and income losses in the northeast due to Hurricane Sandy will slow general purchase of consumer durables this season.

### **METHOD**

The 2012 Holiday Retail Sales Forecast is produced employing historical data, independent forecasts of leading retail economic indicators and a series of interacting econometric equations that predict changes in retail sales over the specific sectors outlined in *Table 1*.

TABLE 1. FORECASTED GROWTH FOR THE RETAIL SECTOR, HOLIDAY SEASON 2012

Retail Sectors	% Change from Last Year	Trend
Automobile sales	-2.46%	•
Pubs/restaurants	0.01%	
Big box stores	1.63%	
Clothing	-	-
Club stores	-0.13%	•
Department stores	-	-
Consumer electronics	1.30%	
Food stores	2.96%	
Furniture	1.93%	
General merchandise	0.63%	
Jewelry	0.23%	<b>A</b>
Used goods	11.24%	
Total retail sales	2.00%	<b>A</b>