

Retail sales – November’s contraction explained by a significant fall in durable goods sales

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- **INEGI just published its retail sales report for November**
- **Retail sales (November): -1.5% yoy; Banorte: -1%; consensus: -0.9%; (range of estimates: -1.5% to 0.5%); previous: -0.3%**
- **In seasonally adjusted terms, retail sales posted a 0.3% m/m contraction**
- **Durable goods sales edged-down, where we highlight the 1% m/m fall in vehicle sales and parts, and the significant 7.1% m/m reduction in household appliances**
- **Looking ahead, we believe that both private consumption and retail sales will marginally decelerate, as a result of inflation**

Retail sales declined 0.3% m/m in November. According to *INEGI's* report published today, the income generated by retail sales decreased 1.5% yoy nsa, below our -1% yoy forecast (consensus: 0.9%). Year-to-date, retail sales now add a 1.6% yoy expansion.

In seasonal adjusted terms, retail sales posted a 0.3% m/m contraction. Taking a look at the breakdown, and analyzing the seasonally adjusted figures, the headline index fell as a result of a decline in 5 out of 9 sub-indeces. However, durable-goods sales underperformed the headline index. In particular, vehicle and parts sales edged-down 1% m/m, while household appliances, computers, and interior decoration sales decreased 7.1% m/m (refer to the table on the next page).

By contrast, non-durable goods sales posted a better performance. Sales of food, beverages, and tobacco increased 0.6%, while supermarket, convenience, and departmental stores sales increased 0.3% m/m.

Retail sales will marginally decelerate as a result of inflation. We believe that the deceleration of retail sales was mainly explained by the upward trend in inflation during 2017, which discouraged the consumption of durable goods. Despite that inflation has fallen dramatically in January, it continues at significantly high levels. As a result, we believe that inflation will continue to explain the deceleration in both private consumption and retail sales during the first quarter of 2018.

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Retail sales: November 2017

% m/m, sa

	Nov-17	Oct-17	Difference
Retail sales	-0.3	1.0	-1.2
Food, beverages, and tobacco	0.6	0.4	0.2
Supermarket, convenience, and departmental stores	0.3	0.3	0.0
Clothing and shoes	-1.0	-1.2	0.1
Health care products	-0.6	1.3	-1.9
Office, leisure, and other personal use goods	-0.4	1.9	-2.3
Appliances, computers, and interior decoration	-7.1	4.9	-12.0
Glass and hardware shop	1.3	2.0	-0.8
Motor Vehicles, auto parts, fuel and lube oil	-1.0	2.0	-3.1
Internet sales	6.2	1.6	4.6

Source: INEGI

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