

RETAIL

NRF forecasts retail growth amid turbulent times

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Shoppers are expected to spend more this year. Image credit: Bloomingdale's

By STAFF REPORTS

The National Retail Federation is projecting retail sales growth in 2019 will be between 3.8 and 4.4 percent, as a healthy economy is able to make up for geopolitical upheaval and trade tensions.

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In 2018, the NRF expected retail sales to grow 4.5 percent, but the actual results surpassed this estimate, growing 4.6 percent year-over-year. Even with threats to business at both a local and international level, the organization has not seen consumer confidence take a hit.

"We believe the underlying state of the economy is sound," said Matthew Shay, president and CEO of the NRF, in a statement. "More people are working, they're making more money, their taxes are lower and their confidence remains high."

"The biggest priority is to ensure that our economy continues to grow and to avoid self-inflicted wounds," he said. "It's time for artificial problems like trade wars and shutdowns to end, and to focus on prosperity not politics."

Retail forecast

Last year, retail sales in the United States totaled \$3.68 trillion. Online sales grew faster than the average, with a jump of 10.6 percent.

NRF expects similar growth this year. While overall retail sales are projected to rise between 3.8 and 4.4 percent, online and digital sales are forecast to grow 10 to 12 percent.

If the organization's estimates hold, retail sales in the country would reach \$3.82 trillion to \$3.84 trillion in 2019, with between \$751.1 billion and \$764.8 billion attributed to online retail.



Online sales are growing faster than total retail sales. Image credit: Amazon

Among the issues that the retail industry is still facing is the impact from the government shutdown. Since the Commerce Department was closed during the shutdown, NRF's projections do not include figures from December.

NRF is also eyeing tariffs, as the ongoing trade dispute between China and the United States has yet to be resolved.

Meanwhile, unemployment is expected to fall slightly from 4 percent to 3.5 percent. Retail jobs are expected to grow, but at a slower pace than was seen in 2018, with about 170,000 jobs added per month compared to 2018's 220,000.

"We are not seeing any deterioration in the financial health of the consumer," said Jack Kleinhennz, chief economist at the NRF, in a statement. "Consumers are in better shape than any time in the last few years."

"Most important for the year ahead will be the ongoing strength in the job market, which will support the consumer income and spending that are both key drivers of the economy," he said. "The bottom line is that the economy is in a good place despite the ups and downs of the stock market and other uncertainties. Growth remains solid."

With the Dow Jones Industrial Average ending 2018 seeing the first weekly gains since the end of November, luxury investors should brace for more stock market turbulence in 2019.

A variety of factors, including rising interest rates, a government shutdown and the U.S.-China trade war, have adversely impacted Wall Street this December. As a whole, the stock market story of 2018 was one of fluctuations throughout the year ([see story](#)).

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