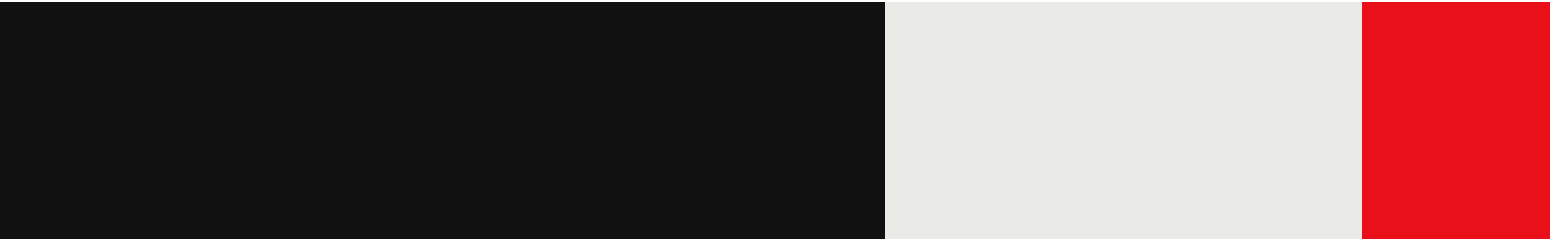



A positive sign for retailers: Consumer spending ticked up in October

Article



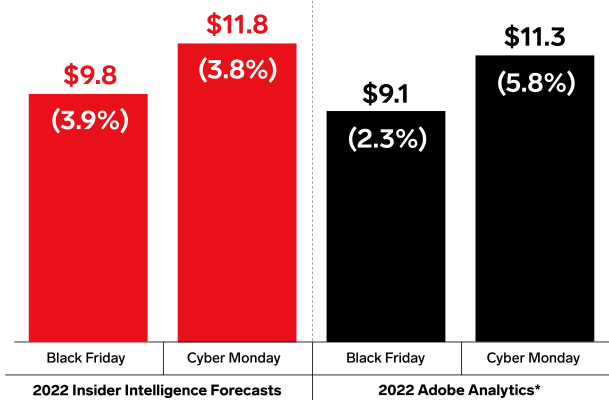
The trend lines: Several economic indicators released over the past few days suggest US households headed into the holiday season in a good position to spend.

- **US consumer spending ticked up in October.** The personal consumption expenditures (PCE) —a measure of consumer spending—rose 0.8% month-over-month (MoM) in October, or 0.5% MoM when adjusted for inflation, per the US Commerce Department. That likely reflects retailers' efforts to leverage high-profile sales to pull the holiday season into October.
- **Consumers have more money in their pockets.** American paychecks rose 0.7% MoM and 0.4% MoM when adjusted for inflation, up from 0.3% and 0.0% in September.
- **Inflation eased.** The PCE price index, the US Federal Reserve's preferred inflation gauge, without food and energy prices rose 0.2% MoM, down from 0.5% in September.
- **The US economy grew more than initially thought in Q3.** US GDP grew 2.9% from July through September, according to the Commerce Department, an upward revision of 0.3 percentage points from its previous estimate.

Other signs: Consumers have continued to spend over the past few months, even as prices and borrowing costs rose.

- Retail sales rose 1.3% MoM in October, a notable increase after spending in September was flat MoM, per the Commerce Department.
- Holiday sales during the Cyber Five appear to have outpaced inflation. Mastercard SpendingPulse reported that US retail sales on Black Friday rose 12.0% year-over-year (YoY) excluding automotive and 9.7% YoY on Cyber Monday. Adobe Analytics' results, which are focused exclusively on online sales, were slightly less rosy as they found retail ecommerce sales over the Cyber Five rose 4.0%.

Adobe Analytics Shopping Day Results vs. Insider Intelligence Forecasts, 2022
billions and % change vs. prior year, US



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; sales are for Black Friday of each year; *represents activity on Adobe's platform; broader industry metrics may vary
Source: eMarketer, Adobe Analytics, Nov 2022

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The big takeaway: Amid the positive signals, there are also some causes for concern.

- Retailers such as **Target** and **Walmart** recently cautioned that consumers have pulled back on discretionary spending.
- The personal saving rate, the portion of after-tax income that consumers don't spend, recently fell to its lowest level since 2008.
- Consumer sentiment remains near historic lows.

While it is difficult to draw too many conclusions from the complicated economic landscape, it is clear that a sizable share of consumers continue to spend.

Go further: Read our full [US Holiday Shopping 2022](#) report.