

Is the retail sky falling?

Article

We talked with our [Reimagining Retail team](#) to see if they could provide a little insight.

The clouds are rolling in: The GDP fell for the second quarter in a row last week, and companies like Walmart are warning that profits will be down. Consumer confidence is down for the third month in a row, and their spending is down with it. And when they do spend, said principal analyst Suzy Davidkhanian, consumers are focusing on travel and experiences, rather than products. “This is a telltale sign that there’s trouble ahead,” she said.

Don’t panic yet: Some level of recession is inevitable as the huge gains from the last two years slow down, said principal analyst Andrew Lipsman, who uses unemployment rate to gauge economic health. “It’s 3.6% right now, historically low. If people have money in their pocket,

that fuels the consumer economy,” he said, noting that for now, “the foundation of the consumer economy is solid.”

Both Davidkhanian and Lipsman agree that the most important factor in measuring economic strength, whether through consumer confidence or unemployment rates, is how long the trends sustain. A couple of bad months doesn't mean the world is ending, but six months or more could be a serious indication that something is wrong.

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