

## Holiday Sales Growth to Slow as Consumer Confidence Wanes



US holiday spending is expected to grow at a slower rate this season than over the past three years, as consumers fear an upcoming recession amid economic challenges.

Retail sales in November and December will rise between 3% and 4% year on year to a total of between \$957.3 billion and \$966.6 billion, the [National Retail Federation](#) (NRF) predicted last week. By comparison, sales in 2022 rose 5.3% to \$936.3 billion.

“Consumers remain in the driver’s seat and are resilient despite headwinds of inflation, higher gas prices, stringent credit conditions and elevated interest rates,” said NRF chief economist Jack Kleinhenz. “We expect spending to continue through the end of the year on a range of items and experiences, but at a slower pace. Consumers will be looking for deals and discounts to stretch their dollars.”

The growth is more sluggish than that of the past three years, when the US government issued stimulus checks to spur the economy, NRF explained. This year's spending is on par with the average increase of 3.6% recorded from 2010 to 2019, it noted.

The Consumer Confidence Index fell in October for the third consecutive month, according to The Conference Board. Concerns about rising prices for groceries, gas and other items, as well as worries about the political situation, higher interest rates and the war in the Middle East, have all affected the outlook among shoppers. Fears of a recession remain high, the provider of economic data said.

<https://youtu.be/C5F2D34t6lg>

Online and other non-store sales are set to grow 7% to 9% to reach between \$273.7 billion and \$278.8 billion, the NRF forecast. This year, spending will shift, with a larger portion moving toward services over goods.

“For all that the consumer has kept the economy afloat, the composition of spending from goods to services will also define holiday sales trends,” Kleinhenz added. “Service spending growth is strong and is growing faster than goods spending. The amount of spending on services is back in line with pre-pandemic levels.”

*Main image: A couple shopping for holiday gifts. (Shutterstock)*