



Heading into 2025, the US consumer is in very good shape with net worth at all-time highs, low unemployment, and real wage gains. (UBS)

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Holiday spending looks to have been at or above expectations given the available data so far. Although final numbers are not in, Mastercard estimates US retail sales rose 3.8% between 1 November and 24 December, higher than its own estimate of 3.2% heading into the holidays and above the 3.1% growth witnessed last year.

The National Retail Federation (NRF) hasn't come out with final numbers yet, but it had estimated 2.5-3.5% growth for the holiday period and has recently stated figures should come in at or above that level.

Of the small portion of retailers that have put out holiday sales updates, results have been as expected or better, with several others likely to put out holiday sales updates ahead of a major retail conference next week. Online sales outperformed in-store shopping. According to Adobe Analytics, online holiday shopping was up 8.7% year over year, accelerating versus last year's 4.9% growth rate, and reached a record of USD 241bn for 2024. Apparel seems to be an area of upside surprise with Mastercard data showing 3.6% growth y/y versus 2.4% growth in 2023, and Adobe data showing 9.9% yy growth online for apparel.

The cadence of spending seems to have gone along the lines of what we were anticipating, with a strong start around Black Friday and Cyber Monday, a lull thereafter, and a strong finish the back half of December. The growth rates of spending in 2024 are particularly impressive versus 2023 given this year's shortened time in between Thanksgiving and Christmas (five less days between the two holidays versus last year).

Heading into 2025, the US consumer is in very good shape with net worth at all-time highs, low unemployment, and real wage gains. Holiday spending reflects that and could have an even more optimistic lining in that it may be a sign that

goods spending could rebound in 2025 as services spending has been particularly strong while goods has lagged the last couple of years. Bottom line, the US consumer is healthy and continues to spend as we enter 2025.

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