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Retailers hopeful for Black Friday and Cyber Week

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In view of Black Friday and Cyber Monday, the stock exchanges are now focusing their attention on consumers' holiday season shopping, and particularly US consumers. On the two shopping days after Thanksgiving, many US retailers traditionally draw shoppers with discounts and special offers, and US consumers flock to physical as well as online shops in droves to buy presents. However, the practice is also gaining momentum in other countries.

Domestic consumption is of enormous importance for the US economy, and the holiday season is particularly significant. In view of high inflation and rising interest rates and their possible effect on consumer behaviour, the financial markets were therefore paying close attention to the two big holiday shopping days of this year.

Online Retailing Likely Growing Further in the US

The biggest hope lies in the further growing popularity of online retailers, where, according to experts, new records are expected despite the strong pressure on prices. More than 31 per cent of the consumers surveyed by S&P-Global said in advance that they would make more purchases online than in the previous year. 43 per cent of respondents plan to do most of their Christmas shopping online.

According to initial data from Adobe Analytics, US consumers are expected to have spent between USD 9bn and USD 9.2bn online on Friday alone. For the entire period from Thanksgiving to Cyber Monday, the so-called Cyber Week, Adobe projects online retail sales of USD 34.8bn, according to its surveys, a growth of 2.8 per cent compared to the previous year.

Consumer Sentiment Recovered Since the Summer

Overall, however, inflation is likely to continue to put a damper on US consumer spending. The National Retail Federation forecasts that 166.3 million consumers will do their Christmas shopping during Cyber Week, 8 million more than last year. However, they are likely to leave less money in the retailers' cash registers. 26 per cent of the consumers surveyed by S&P plan to spend less this Christmas than in 2021, only 7 per cent plan to increase their spending. Nearly 84 per cent of the respondents cited high inflation as the main reason for their planned spending cuts.

In the University of Michigan's consumer sentiment index, high inflation is also a likely driver of shoppers' reticence, although the index showed signs of recovery during the course of the year. After a record low of 50 points in June the indicator, which has a lot of followers in the stock markets, recovered, but in November it dropped again slightly by 5.2 points to 54.7. However, this may also have been due to the uncertainty caused by the now-concluded mid-term elections.

According to the University of Michigan, consumers' inflation expectations have recently risen slightly to 5.1 per cent over the next year and 3.0 per cent over the next 5 to 10 years. This is 0.1 percentage points more than in the previous month. In October, the inflation rate fell to 7.7 per cent, according to data released on Thursday.

Retail Giant Walmart Increased Recent Sales

Shares of many listed retailers saw bull runs during autumn. Shares of Walmart, for example, recovered in the autumn months and are up 5.8 per cent for the year. The US shopping giant experienced strong demand in summer despite high inflation. In Q3, sales increased by almost 9 per cent year-on-year to USD 152.8bn.

Despite high prices, US consumers spent a lot of money on food and clothing, according to Walmart. The group raised its sales target for the year and now expects its revenue to grow by 5.5 per cent. Walmart also raised its profit forecast, but still expects a significant decline compared to the previous year.

Online retailer Amazon on the other hand presented rather different figures: after losses in autumn, the share is down 44 per cent for the year. Amazon recently disappointed with a weak forecast for the holiday business when it presented its quarterly figures. The company also fell short of expectations in its increasingly important cloud division.

German Retail Sees Silver Lining After First Advent Weekend

In Europe, Black Friday and Cyber Monday are now also increasingly popular shopping days and in the corresponding focus of stock markets. In Germany, recent business has been slow, but initial survey data from the German Retail Association (HDE) on the first weekend of Advent give hope for new impetus. "Christmas business is impacted by the energy crisis. Retailers are feeling the consumers' uncertainty. However, a clear pick-up of business can also be seen from the first Advent weekend," said HDE CEO Stefan Genth.

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