Retail sales growth prediction positive

3.4 percent forecast a vote of confidence, industry leader says

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The National Retail Federation said it anticipates retail growth of 3.4 percent this year despite continued high unemployment and economic uncertainties.

That growth would put U.S. retail sales at $2.53 trillion, excluding auto, gas and restaurant sales, the organization said. The growth also would be somewhat lower then the 2011 pace of 4.7 percent. The retail sales gain will be part of the 2.1 percent to 2.4 percent real U.S. GDP growth expected by many economists for 2012.

"Over the last 18 months, retailers have been on the forefront of the economic recovery — creating jobs, encouraging consumer spending and investing in America," said Matthew Shay, NRF president and chief executive. "Our 2012 forecast is a vote of confidence in the retail industry and our ability to succeed even in a challenging economy."

The NRF forecast was officially announced Monday at the organization's 101st annual convention and expo in New York.

Holiday sales nationwide and locally ended 2011 on a strong note as consumers decided to buy. U.S. sales for the two-month season increased 4.1 percent over 2010. Several retailers in the Greenville area reported sales were the best in years. Also, car sales were strong during the final months of 2011.

"The pace of growth in consumer spending has been choppy," said Mark Vitner and Tim Quinlan, economists with Wells Fargo. But the improvement in retail sales was presaged somewhat by a recent recovery in consumer sentiment. Consumer confidence, as measured by the Conference Board, increased every month in the final quarter of 2011, finishing the year at an 8-month high.

"It was a pretty good year overall," said Jim Anderson, who owns a small convenience store with his wife. "When people stopped for gas, they often came in to buy something. That's what makes our sales go — not the gas."

And several small businesses reported they hired employees during the holiday and expect to retain some of those temporary workers.

John Silvia, chief economist with Wells Fargo Securities, said the national media seem to focus solely on South Carolina's 9.9 percent unemployment, admittedly a big issue. But there's more to the state's economy, he said, than just the jobless rate.

"The Upstate, characterized by Greenville and Spartanburg, has benefited from the move to advanced, value-added manufacturing for Michelin, Fluor, GE and of course BMW," he said. "These are high-wage manufacturing jobs."

Other regions also have strengths, he said. Charleston benefits from the military presence, tourism and Boeing. Major defense cuts could be a problem there, he said. Columbia finds stability in health care and higher education.



Brad Cheskes of Chicago shops at the Macy's on State Street store in Chicago.
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