Stimulus-Free Holiday Sales to Grow 3% to 4%

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By Richard Berger

With trillions of federal stimulus money in the past, and no more on the way, this year's holiday sales are expected to return to more typical growth, according to the National Retail Federation (NRF), which forecasts a 3% to 4% increase compared to 2022.

Holiday spending during November and December, hence, is expected to reach between $957.3 billion and $966.6 billion.

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From 2010 to 2019, holiday sales grew by an average of 3.6%.

In early October, Adobe Analytics forecast holiday sales to increase by 4.8% year-over-year (YoY).

Meanwhile, NRF expects retailers will hire between 345,000 and 450,000 seasonal workers, in line with 391,000 seasonal hires in 2022. The shopping season could be disrupted, unexpectedly, in some parts of the country, due to residual effects from El Niño, depending on the strength and persistence of the weather phenomena, NRF said.

Overall household finances remain in good shape and will continue to support the consumer's ability to spend, so it's not surprising that sales would reach record levels, according to NRF President and CEO Matthew Shay in a prepared statement.

NRF Chief Economist Jack Kleinhenz said in a prepared statement that consumers remain in the driver's seat, and are resilient despite headwinds of inflation, higher gas prices, stringent credit conditions, and elevated interest rates.

"We expect spending to continue through the end of the year on a range of items and experiences, but at a slower pace," Kleinhenz said. "Solid job and wage growth will be contributing factors this holiday season, and consumers will be looking for deals and discounts to stretch their dollars."

An NRF's holiday survey conducted by Prosper Insights & Analytics, which differs from the holiday sales forecast, shows 43% of holiday shoppers planned to start making purchases before November and consumers plan to spend $875 on core holiday items including gifts, decorations, food and other holiday-related purchases this year.

NRF's holiday forecast is based on economic modeling that considers a variety of indicators including employment, wages, consumer confidence, disposable income, consumer credit, and previous retail sales. NRF's calculation excludes automobile dealers, gasoline stations, and restaurants to focus on core retail.