LOOKING CRITICALLY AT THOSE U.S. COMMERCE DEPARTMENT STATISTICS …

Now that the hurrahs are fading in response to last Wednesday's release of the statistics in respect of US retail sales, TARGET would like to point out that, in reality, October's figures were anaemic, if viewed objectively and dispassionately.

The US Commerce Department announced, last week, that, for the month of October, Retail and Food Services sales had risen 7.10 percent, compared with the month of September when a negative 2.20-percent figure was recorded.

The US Commerce Department's figures are, of course, seasonally adjusted.

As every analysts appreciates, the October sales had a large motor-vehicle component because the Big 3 – General Motors, DaimlerChryler and Ford – had been offering zero-financing packages to US consumers in an effort to move stacked up inventories.

The Big 3's policy appears to have worked, very well, in spite of the fact that, probably, the Big 3 will, all, have to eat losses on the tail end of the year on account of this financing package.

Cutting out the motor-vehicle component from the equation, one is left with an increase, Month-on-Month, of about plus one percent.

This is, still, to be considered favourable if one is to compare that statistic with the September figure, which registered a negative 1.50 percent.

But one has to bear in mind that there were extraordinary events that took place in the month of September, the most important event, of course, being the Muslim extremists' attacks on New York and Washington, D.C.

However, if one compares like with like, then, one has to compare the October 2001 figures for retail sales, sans motor vehicles, with the statistics for October 2000 – when there were no attacks on the US homeland.

According to the US Commerce Department, retail sales for the month of October 2001, excluding the motor-vehicle component, Year-on-Year, seasonally adjusted, was an increase of about 1.60 percent, compared with October 2000.

That statistic, TARGET has been able to ascertain, represents the slowest rate of growth for the past 8 years.

Naturally, one has to factor into the equation the September 11 events and the subsequent action, taken by the US Government, following the attacks on New York and Washington D.C.

Even before the Muslim fundamentalists brought down the World Trade Center in New York, however, the US economy was on its economic knees.

As it is, today.

The rising joblessness in the world's largest economy continues, unabated, and the fear of future terrorist attacks continues to plague the commuting public.

While, thus far, much noise has been made about one category of sales in the US, dissecting the statistics into various sub-categories brings one to the conclusion that consumer spending in the US is disgustingly low, vis-à-vis just a few short years ago.

Sales of garments are shown to have risen 6.90 percent in October 2001, which is in sharp contrast to the September figure of negative 5.90 percent.

Comparing like with like, again, one sees that the October 2001 sales of garments, compared with sales of garments in October 2000, were flat: There had been no growth.

No growth, in economic terms, is retrogradation.

Again, factoring in even a one-percent inflation component, one sees that sales, in real terms, are receding, not advancing.

Despite stockbrokers, fanning stock-market embers in the hope of starting a fire, the facts about the US economy speak for themselves: The retail industry in the US is weak … and is quite likely to become weaker.

Having said that, one year later, things are almost guaranteed to turn because the US Government has made a determination that things will change – and so they must change.

The incentive programmes, being laid on by the Bush Administrative, will hit target, but it will take a year or so before the effects are felt, most pointedly.

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