

## Business

FRIDAY, DECEMBER 21, 2018

**38** Ghosn could win bail as court quashes bid to extend detention**39** Lawsuit adds to Facebook woes on data protection**41** US Fed raises lending rate, signals slower pace ahead

LONDON: A woman walks in front of Christmas decorations outside retailers in central London. —AFP

# World gloom overshadows US holiday season

## American retailers hit by drop in British consumer confidence

**NEW YORK:** A slowdown in global consumer confidence threatens to overshadow the holiday shopping season in the United States, which despite a strong start is not immune to developments in Europe. Super Saturday, the last before Christmas and the biggest shopping day of the US holiday season, is likely to bring in more than \$26 billion in revenue, retail consultancy Customer Growth Partners (CGP) said, up from \$24.5 billion a year ago.

But shares in US retailers including Amazon.com Inc were hit on Monday after a profit warning from British online fashion retailer ASOS, showing that even previously high-flying, online-only retailers were vulnerable to deteriorating consumer sentiment.

The US Federal Reserve is expected to raise interest rates again on Wednesday and with European retailers reporting weaker sales and Chinese consumers holding back, there are concerns that US consumers could turn skittish too. US package delivery company FedEx Corp on Tuesday cut its

2019 profit forecast after Europe's economy weakened and the US trade row exacerbated a slowdown in China.

"Many people are worried that this is as good as it gets, when it comes to spending and consumer confidence," Shawn Kravetz, Esplanade Capital LLC's chief investment officer, said.

A global index of retailers has fallen by more than 17 percent in the past three months. European gloom deepened on Wednesday after Ceconomy, Europe's biggest consumer electronics retailer, said it expected profit to fall again. The continent's retailers are grappling with uncertainty over Britain's exit from the European Union, slow economic growth and protests over fuel taxes in France and other factors.

### Gas price fuels spending

Consumers in the United States continue to spend for now and despite a sharp rise in online orders hurting spending in stores during the Thanks-

giving weekend, bricks-and-mortar locations have since gained momentum.

Holiday traffic to J.C. Penney stores increased 10 percent year-on-year from Black Friday through Dec. 10, according to data from Orbital Insight, which analyses satellite imagery such as the number of cars in a retailer's parking lot.

Traffic was 7 percent higher at Target Corp stores for the period and up 5 percent at Walmart Inc. A drop in the price of gasoline could insulate US retailers from some of the pain felt elsewhere, with data from the American Automobile Association (AAA) on Dec. 17 showing the national gas price average of \$2.37 is the cheapest seen during the month of December since 2016.

"Consumers will definitely notice they have a little more money in their pockets and buy an extra gift or two," said James Bohnaker, associate director, US macro and consumer economics at financial data company IHS Markit. However, he expects the impact on retail spending to be limited.

Others expect a bigger bump. According to CGP, every dime of gasoline price increase or decline adds or takes away about \$1.5 billion every month in discretionary spending. Of this, about \$500 million, or a third, converts to retail spending.

Last year holiday spending was depressed by about \$2.5 billion after a rise in gas prices, but this year the drop in prices is likely to free up about \$3 billion in spending, Craig Johnson, president at CGP said.

Johnson said this was particularly a factor for those on lower incomes, adding that "for the first time in three years, gas prices are going to add to spending and not hurt it."

Many on social media expressed excitement at lower gas prices. "I'm an Uber driver, so with gas prices being lower, it's awesome," Keyhanna (@Keyhanna\_J) wrote in a Twitter direct message to Reuters. "I can save a lot more to travel home for the holidays and spend spend spend or pay off some debt before the new year," she said. —Agencies