



FOOTWEAR SALES ANALYSIS

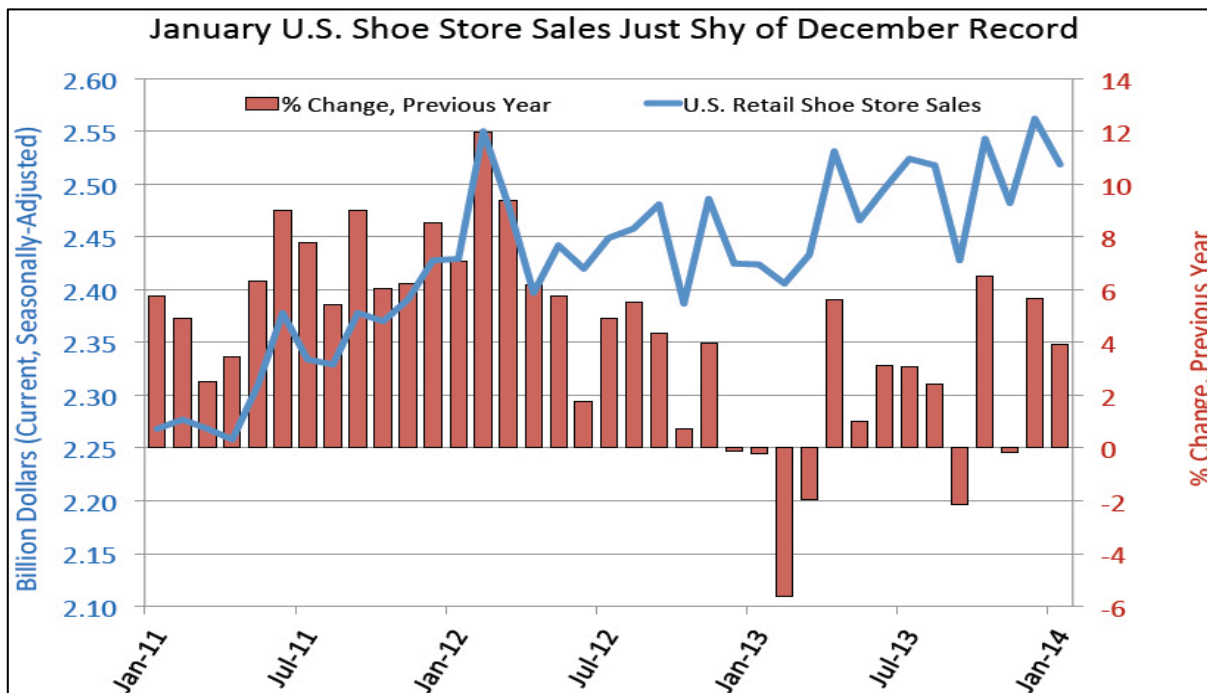
With the recent release of the latest retail sales data from the U.S. Census Bureau, we have our first look at **January shoe store sales, and February overall retail sales.**

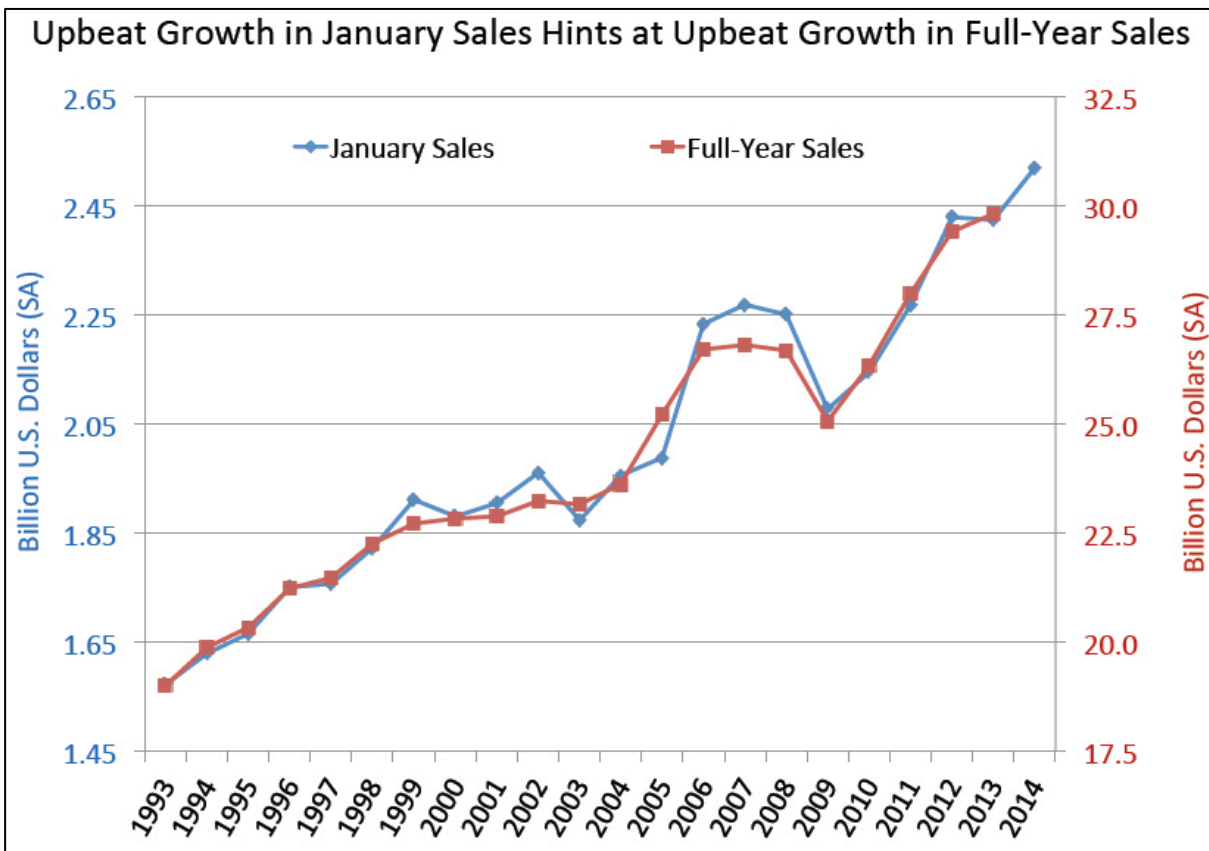
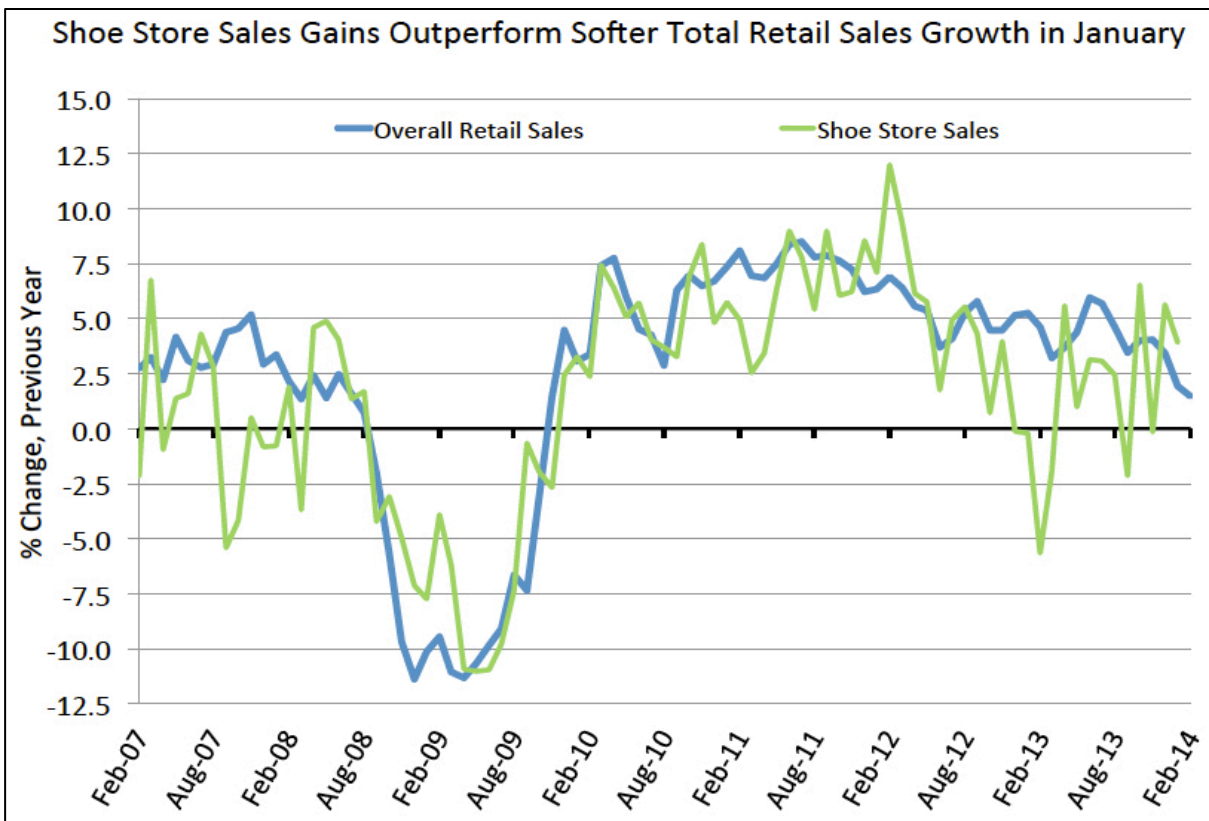
To begin from a broader perspective, overall seasonally-adjusted retail sales in February rose a year-over-year 1.5%, the slowest in more than four years. Many were quick to blame the weather again for the disappointing reading. A mid-month winter storm brought heavy snow and ice to the eastern US. Persistent cold caused 91% of the Great Lakes to be frozen by early March, the second-largest ice cover on record. States affected by this harsh winter account for more than 57% of America’s economy, and about the same share of total retail sales. As a result, cold over much of the East likely kept would-be shoppers inside and away from stores and disproportionately slowed growth in nationwide retail demand again last month, similar to January.

Aside the momentary weather issue, we note the slowdown in sales growth extends a worrying trend witnessed over the last 2.5 years, as the blue line on chart 2 demonstrates.

Closer to home, US shoe store sales again fared relatively better, stretching a seasonally-adjusted 3.9% year-over-year in January. Sales climbed to a seasonally-adjusted \$2.519 billion for the month, just shy of the December SA record (see chart 1).

Chart 3 shows how this January reading may portend another year of growth—to another annual record—for U.S. shoe store sales. While it is premature to extrapolate full-year trends with only January data, the relationship is certainly there: Over the last two decades, January sales grew fifteen times. And of those fifteen times, full-year sales grew *all fifteen years*. What’s more, of the six times in the last two decades that January sales grew *at least* as fast as this year’s 3.9% advance, full-year sales grew *all six times*, up an average 4.3%. If this pattern repeats itself again in 2014, this retail sub-sector will enjoy its fifth straight year of expansion to a record, approaching a \$31 billion year.





Source: U.S. Commerce Dept.
Both series in current, seasonally-adjusted dollars.