

Footwear Distributors and Retailers of America (FDRA) released its monthly Shoe Price Report. U.S. consumers are currently seeing shoe prices increase the fastest in over 20 years, and may increase further as products come available for the holidays. 2 major reasons for this trend are:

1. A growing number of retail job openings are pushing wages to record highs and driving consumer prices sharply higher

The Bureau of Labor Statistics is reporting the number of retail workers quitting their jobs jumped in August, an issue FDRA sees as contributing to rising inflationary pressures. Quits are generally voluntary separations initiated by the employee. Therefore, rising quits can serve as a measure of workers' willingness or ability to leave jobs. Often, these workers may quit for other, higher-paying jobs elsewhere. Indeed, the BLS also recently reported average hourly earnings rose in September to an unprecedented \$22.27. These higher wages in turn are prompting employers to raise prices. Already, YTD retail footwear prices are up 3.2% versus the same period last year and are on pace to rise in 2021 at the sharpest rate in 22 years. FDRA Chief Economist Gary Raines says "Shoppers typically accustomed to modest inflation may be surprised this holiday season to find limited staff in stores to explain why prices are appreciably higher."

2. Soaring import charges & duties are contributing to higher footwear prices

Soaring import charges and duties paid on US footwear imports are underlying factors driving retail footwear prices higher this year. Import charges—the aggregate cost of all freight, insurance, and other charges (excluding U.S. import duties)—on footwear imports soared to an unprecedented \$146.3 million in August, the seventh straight double- or triple-digit year-over-year increase. Duties paid on footwear imports similarly rose at a double-digit year-over-year rate for the sixth straight month in August to \$320.6 million, by far the highest August on record. Combined, these issues are contributing to push the average landed cost of footwear higher this year, in turn raising retail prices. Already, YTD retail footwear prices are up 3.2% versus the same period last year and are on pace to rise in 2021 at the sharpest rate in 22 years. FDRA Chief Economist Gary Raines says "Footwear shoppers are feeling the repercussions from both higher duties from China and surging demand that are pushing retail footwear prices dramatically higher. We expect these gains to last well into next year."

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About FDRA: FDRA is the footwear industry's voice in Washington. It represents and advocates for nearly 500 companies and brands worldwide, or 95% of total U.S. footwear sales, making it America's largest and most respected footwear trade association.