

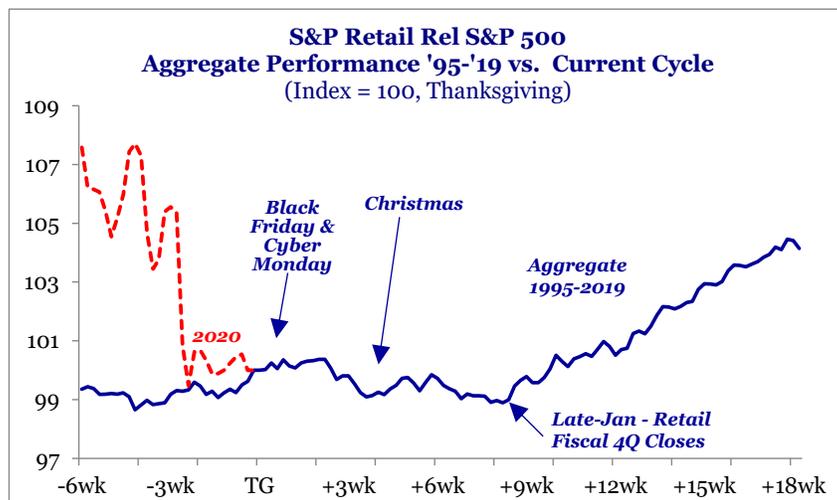
# Strategas Daily Macro Brief

Prepared by Strategas Securities, a Baird Company

## November 27, 2020

### WILL THE RETAIL SEASONAL PLAY OUT THIS YEAR?

Historically, retail shares would sell off from Thanksgiving through New Year's as disappointing results dominate the news only to rally against the market in January and outperform through the Q4 reporting period (which is typically the end of January for retailers). Only time will tell if the seasonal holds true in 2020, with retailers offering multiple days' of deals and customers managing their shopping through the pandemic.



### ELEVATED SAVINGS MAY BE A CATALYST FOR HOLIDAY SPENDING

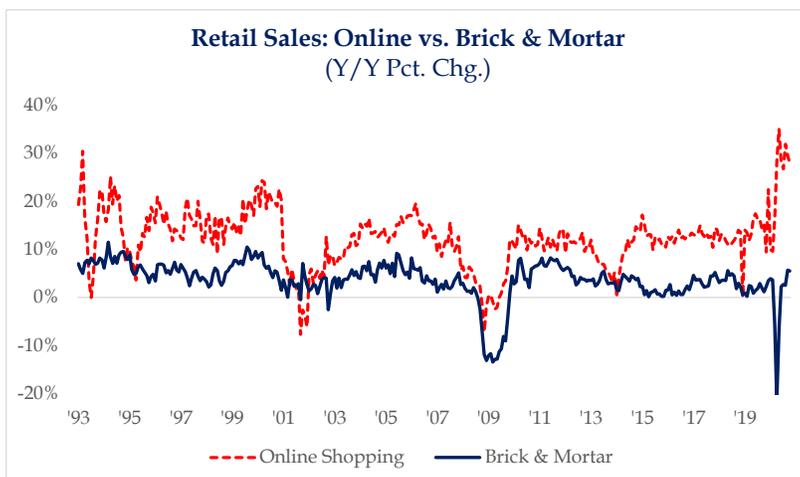
The National Retail Federation forecasts that 2020 holiday sales will increase over 2019 numbers by roughly 4%–5%. Despite higher unemployment, an elevated savings rate could be a catalyst for additional spending over the next few months. It's been a difficult year for all and consumers may be looking to spend simply to bring some holiday cheer.



Please see the Appendix on page 3 for important disclosures.

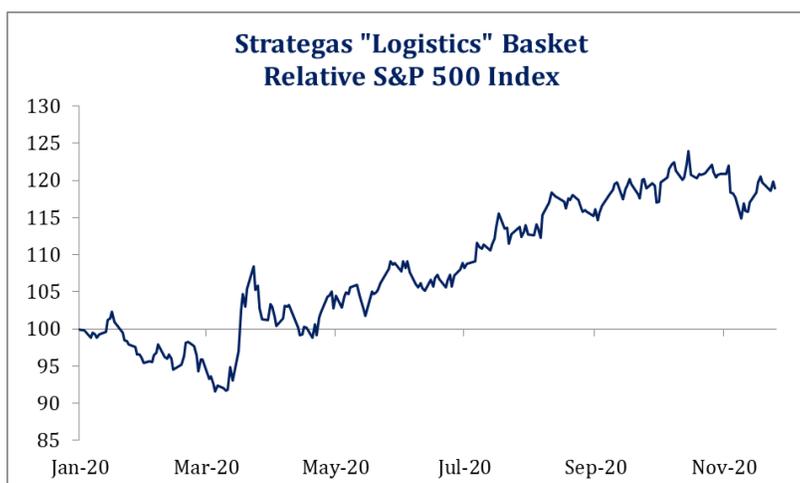
### ONLINE SHOPPING TO PLAY AN EVEN LARGER ROLE THIS YEAR

In December 2019, retail sales from online shopping were up 22% over 2018 numbers (versus the the 5-year average of about +13% year over year). In the March to October time period this year, online sales grew by 28% over that period in 2019, including two months that grew greater than 30% year over year, exceeding the previous record set in March 1993. Many households are expected to depend on digital shopping to make holiday purchases, as they have for much of this year because of the pandemic. We wouldn't be surprised by another record December for online shopping.



### LOGISTICS STOCKS MAY BE THE BIG WINNERS THIS RETAIL SEASON

Even before the holiday season, consumers saw delayed delivery times due to increases in online shopping. On recent earnings calls, retailers have said they are being told to move up their "cut-off" dates for delivery by Christmas, with some as early as December 14 for standard delivery and December 22 for one-day shipping. Add the potential for vaccine distribution beginning in that same timeframe, and it becomes even more clear just how much demand for shipping and logistics there is this holiday season.



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