

14 December 2017
Snap

Black Friday lifts UK sales, but was it really a bonanza?

It's worth treating the latest UK retail sales data with some caution

1.2% UK retail sales growth
(YoY%)

Better than expected

At 1.2%, UK retail sales grew at the fastest monthly pace since April as Black Friday saw another surge in sales of household and electrical goods. As is often the case though, it's worth treating these numbers with some caution. Black Friday is a relatively new and ever-changing beast, which makes it a nightmare for statisticians to seasonally adjust.

The British Retail Consortium and Visa have both suggested that this year's event wasn't quite the usual bonanza, as consumers continue to cut back on non-essentials. But even if this month's retail sales figures are accurate, it's fairly likely that there will be a reversal in December as many consumers simply do their Christmas shopping earlier to benefit from the discounts.

Temporary fluctuations aside, there are few reasons to expect consumer spending to improve as we head into 2018. True, the bulk of the pound's tumble has now passed through to prices, but for the time being real wages remain stagnant. Consumer confidence is still as low as it was in the immediate aftermath of the Brexit vote, and with [early signs](#) the jobs market is going through a rough patch, shoppers are likely to remain wary. This all means the economy could struggle to regain momentum through next year.

This gives the Bank of England a conundrum. The increased likelihood of a swift transition deal agreement in the first quarter could see some investment return - although there are still some [big Brexit questions looming in 2018](#). That might see the Bank strike a cautiously optimistic tone today - although they are unlikely to give any clear signals on the timings of a possible hike. However, with the economy struggling, we still stress that a rate rise next year is not a done deal.

James Smith

Developed Markets Economist

+44 20 7767 1038

james.smith@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("**ING**") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group NV and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. The producing legal entity ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is subject to limited regulation by the Financial Conduct Authority (FCA). ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.