Shoppers Set Records on Black Friday; Cyber Monday Records Likely As Well

The Conference Board released the results of its Leading Economic Index (LEI) from October on Wednesday, claiming that it reflected an economy that is beginning to slow. On Friday consumers ignored the report and went on a spending spree for the record books. Online shoppers spent more than $6 billion, while overall sales totaled $23 billion. That's almost 10 percent ahead of last year at this time.

And it's likely to get even better. Cyber Monday's online sales, even as consumers head back to the office, are expected to set a new record as well, at nearly $8 billion, a gain of almost 18 percent from last year. And MasterCard projects that overall holiday sales (from November 1 through December 24, Christmas Eve) should grow by five percent compared to last year.

Part of the bounce, according to naysayers looking for any reason to discredit the economy, is because Christmas falls on a Tuesday this year, giving consumers one more chance to do last-minute shopping on the Sunday before. Sales that day are expected to equal or exceed Black Friday's.

The Conference Board's report last Wednesday included not only its Leading Economic Index, but also its Coincident Economic Index (CEI) as well as its Lagging Economic Index (LAG). Not surprisingly, all three showed improvements in October.

But the performance of its LEI was hampered by three of its 10 components that suffered in October: stock prices, average weekly new unemployment claims, and consumer expectations for future business conditions. None of those 10 components included gas prices, expectations that tariff negotiations might reduce tariffs overall on a worldwide basis, or repatriation of capital from abroad that is likely to accelerate over the next year.

{modulepos inner_text_ad}

This is deliberately stretching a point to make a point. The Conference Board serves a useful, albeit short run, purpose, but those looking out beyond the next couple of months, other factors come into play when making prognostications about the U.S. economy into 2019. On December 6, for example, OPEC will hold a largely futile meeting in Vienna to discuss what the cartel can do about declining oil prices. *The New American* made the point on Friday that that meeting will probably come up with nothing, as the cartel has successfully painted itself into a corner. And oil prices are likely to continue to fall.

As those prices continue to decline, so will gas prices. The national average price for a gallon of gas has dropped nearly every day since early October. For the more than 200 million American motorists, this is a welcome tax-free bonus, just in time for Christmas, and those benefits are likely to continue well into the New Year.

As the Federal Reserve continues on its predetermined path to raise interest rates in order to fight its phantom "inflation" monster, repatriation of funds from overseas will become more and more attractive as an alternative to borrowing for companies' capital expansion plans in the New Year.

In addition, as China's economy slows and its leaders become increasingly intransigent in dealing with the American president, U.S. companies that were considering expanding in China are having second thoughts, with many of them expanding manufacturing facilities at home instead.

Yes, Black Friday's sales results were great. And Cyber Monday's sales results are likely to set records as well. And for the holiday season as a whole, the consumer appears to be determined to enjoy his wage increases and his improved confidence in the future by spending at record levels. Looking out into the New Year, other factors not considered by the Conference Board will be kicking in, adding additional legs to one of the longest economic expansions in American history.

Photo: AP Images

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American *magazine and blogs frequently at LightFromTheRight.com, primarily on economics and politics. He can be reached at badelmann@thenewamerican.com.*

Related article:

OPEC Impotent, Thanks to Saudi-orchestrated Killing