

# United Kingdom

## Promotions help drive November retail sales surge

- Retail sales up 1.7% in November
- Sales running 1.5% higher in Q4 so far compared to Q3
- Shopping boosted by 'Black Friday' promotions

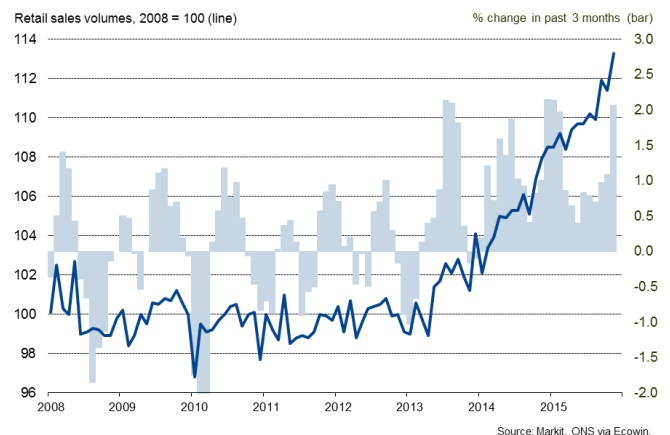
UK retail sales surged as shoppers took advantage of 'Black Friday' discounts. Sales were up 1.7% in November, smashing expectations of a mere 0.5% rise, according to the Office for National Statistics. The increase pushes sales 1.5% higher in the fourth quarter so far compared to the third quarter, adding to signs that the economy has enjoyed a strong end to the year. GDP looks set to rise by 0.6% in the final three months of the year.

Retailers may see some pay-back after the Black Friday promotions led shoppers to bring forward spending that would otherwise have taken place in December, but the underlying sales trend looks set to remain strong as we head into 2016.

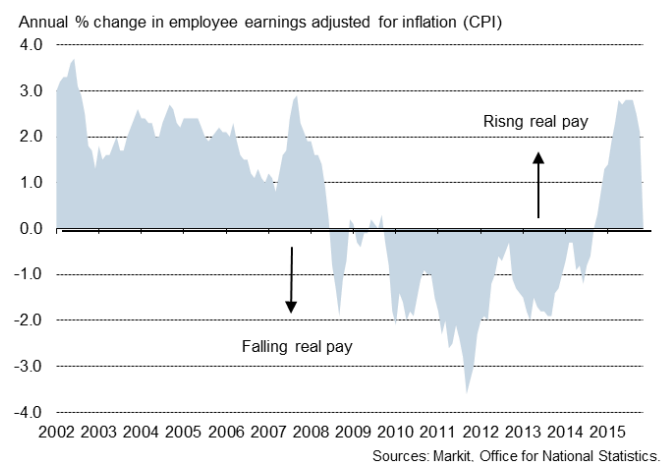
As well as discounts (store prices were 3.3% lower than a year ago in November amid aggressive Black Friday promotions), consumer spending is being driven by a host of other tailwinds. Households are benefitting from improved job security – which is now running at a post-crisis high according to [December survey data](#) – low inflation and falling energy prices, the last of which is helping free up more income to boost retail sales, as well of course from ultra-low interest rates. All of these tailwinds show no signs of fading.

The Bank of England has made it clear that they are not prepared to follow the US in hiking interest rates until wage growth shows definite signs of picking up. With the latest data showing pay growth slowing rather than accelerating, the first hike still seems a long way off. However, if this strong consumer spending trend continues, it's hard to see how some policymakers will be comfortable with holding off with rate hikes next year.

### UK retail sales



### Pay growth adjusted for inflation



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