November 2026

SPENDING UP, CONFIDENCE DOWN

Retail sales continue to rise despite inflation, higher interest rates, consumer anxiety, and global uncertainty.

CORE RETAIL SALES UP 4.9%

Core retail sales totaled an estimated **$427.6 billion in September 2026**, representing a YOY increase of 4.9%. Sales have been supported by:

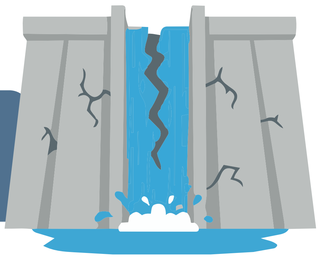


- **Inflation driving sales in dollars**
- **Healthy employment levels**
- **Wage growth**
- **Spending by higher-income households greatly exceeding that of other groups**

CRACKS IN THE DAM

While core retail sales are up, pressure is building for consumers.

Falling consumer confidence: Consumer confidence decreased 6.7 points to 81.9 in September 2026.



- **Higher inflation and fuel costs:** The U.S. Core Consumer Price Index for September 2026 was up 2.6% YOY. U.S. **gasoline prices were up 34.2% YOY.**
- **Continued tariff/trade uncertainty:** Duties of 10% to 12.5% still apply to most imports.
- **Conflict in Middle East:** The total consumer burden for energy costs is approximately **$140.0 billion** since the U.S.-Iran War began on February 28, 2026. The impact has driven retailers to raise consumer prices.

Rising consumer debt and lower savings rates: Total U.S. household debt reached $18.77 trillion in Q2 2026. The personal savings rate dropped to a national average of 3.6%.

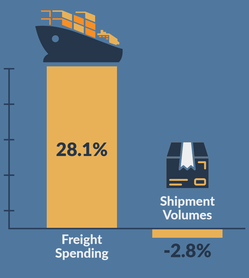


RETAILERS REMAIN CAUTIOUS

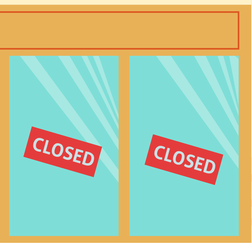
Retailers are protecting profitability amid rising costs and an uncertain outlook.

Mounting cost pressure from freight/shipping:

- Shippers have paid significantly more for freight in 2026 despite flat or decreasing volumes. Within Q2 2026, national shipment volumes dropped 2.8% YOY while shipper spending increased 28.1%.
- Retailers are tightening inventory management to avoid markdowns if demand weakens.
- **70%** of retailers are increasing promotional activity and expanding value assortments and private-label products to attract value-seeking consumers.



CLOSED



STORE CLOSURES

Store closures have dropped significantly in 2026 compared to 2025, though high-profile bankruptcies continue to reshape specific sectors like apparel and specialty retail.

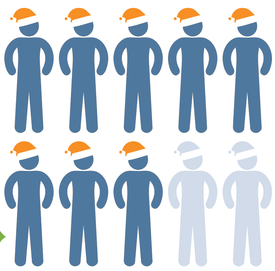
- In the first half of 2026, store closures **fell 44.1%,** dropping to approximately 3,321 locations compared to the 5,941 recorded at the same point in 2025.
- Retailer bankruptcies **dropped 69%**, from 32 at midyear 2025 to 10 by midyear 2026.
- Even with The Children's Place's November bankruptcy putting nearly 500 additional stores on the chopping block, full-year closures are still expected to finish well below 2025's pace.



HOLIDAY OUTLOOK

Holiday spending is expected to increase YOY between 4.0% and 5.5%, with growth stemming from inflation rather than higher unit volumes.

Consumers are taking advantage of deals. 8-in-10 shoppers plan to take advantage of Black Friday/Cyber Monday sales. **71% of consumers plan to start holiday shopping before Black Friday.**



HOW LONG CAN CONSUMER RESILIENCE LAST?

Consumers are worried. Retailers are cautious. Yet spending continues to rise. Resilience, not optimism, has defined 2026, but confidence is weakening, savings are shrinking, and inflation remains a threat. It remains to be seen whether consumer spending remains strong into 2027.



Sources:
U.S. Census Bureau
U.S. Bureau of Labor Statistics
U.S. Department of Treasury
The Conference Board Consumer Confidence Index
Federal Reserve Bank of New York
Alterative Consumer Pulse
National Retail Federation
Deloitte
Bain & Company
Mastercard