

Happy Black Friday

by [Steve Brown](#)

Now that Thanksgiving is out of the way, it is time to be thankful for one more thing - namely, you are at work reading this and not out shopping. Today is, of course, Black Friday - one of the most intense shopping days of the year and the day that law enforcement reports the most fights over parking. Started in 1966 by the same group that came up with "Grandparent's Day" and "Valentine's Day" for Hallmark, Black Friday is the day that consumers, whipped into a frenzy by months of advertisements, will buy anything including cars, small children and figurines of both Edward and Jacob.

If Black Friday sounds somewhat manufactured, it's because it is. Traditionally, Thanksgiving was either celebrated on November 30th (in some states) or when the President would declare it by proclamation which was usually the last Thursday in November. However, in 1939, the Retail Dry Goods Association warned Franklin Roosevelt that they were going to lose a week of shopping because of how the days fell. Wanting a post-Depression economic headline boost, Roosevelt solved the problem by moving Thanksgiving up a week to the next-to-last Thursday of the month in order to help the data. Soon after, retailers started promoting that Friday after Thanksgiving as a way to get consumers to buy early.

This year, Black Friday holds particular significance as the holiday season is said to hold the key to consumer sentiment. Because inventories have been kept lean, strong consumer buying will provide the catalyst for businesses to start stocking up, which in turn will mean they need to hire which in turn will keep us from sliding back into a recession. Before we get to our forecast, first we need to dispel a couple of myths.

The first myth is that Black Friday is the day when retailers finally turn a profit on a year to date basis. While this myth does have some grounding in fact, most retailers historically make money throughout the year. Target and Walmart, two of the Nation's largest retailers, are already well into the "black" of positive earnings. Other retailers like Saks, Macy's and Bloomingdale's will need more than Black Friday to turn them positive for the year.

Another myth is that Black Friday is the busiest shopping day of the year. Here to, while traffic is at near records, Black Friday usually doesn't produce the most sales. The busiest day of the year for retailers is usually the Saturday before Christmas, followed by the Friday before Christmas. While Black Friday has at times been the busiest, usually it is ranked 3rd or 4th.

Finally, the myth that Black Friday will portend how the holiday season will go is also weak in terms of support. In looking over Black Friday's performance for the last 7Ys, the day is no more or no less a reliable indicator than any other shopping day of the year. Last year, sales were down 1%, but total sales for the holiday season finished down 6%.

All this said, Black Friday does hold some significance, as about 10% of the holiday sales do take place on this day. This year, we predict that sales will be slightly up (in the 2% range), but the holiday season will be down about 2%, as consumers move forward their purchases in an effort to capture greater discounts.

In case your wondering what the consumer will be buying today, they are the same as they are every year - clothing (the most given gift for the holidays). However, if the question is what big ticket items are the most sought after and purchased, they are flat panel TVs, GPS systems and netbooks in that order. In addition, every holiday season has that must-have item and this year it is the Zhu Zhu Pet Hamsters.

Personally, we think a pet hamster with "artificial intelligence" is a little creepy, but so is having a poor holiday season. In order to stoke the economy, we encourage all to go out and buy something - we just think you shouldn't go in person, as that would be risking life, limb and a parking space.

BANK NEWS

World Markets Slide

News of Dubai World seeking a deferral of \$3.5B debt repayment due in Dec. (may owe as much as \$90B in liabilities) has sparked major sell-offs in the world's equities, commodities and oil markets.

Card M&A

BMO Financial Group has entered a deal to purchase Citigroup Inc's credit card unit, Diners Club America, for an undisclosed sum. The deal will increase BMO's corporate credit card arm by more than double, adding nearly \$1B in net receivables and nearly \$8B in transactions.

Thriffs 3Q

The industry reported \$1.3B in net earnings, turning a profit for the first quarter in 2Y. Troubled assets increased by 13bp to 3.63% or \$38.9B. C&D noncurrents rose to a record 13.07% of assets and commercial noncurrents jumped to 3.18%.

CU 3Q

Overall, these financial institutions saw lending grow 1.7% to 575.5B with deposits (or shares) increasing 8.4% to \$738.4B. Net chargeoffs rose to 1.17% and delinquent loans bumped up to 1.68%. CUs stayed well above 10% in net worth.

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