

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 Ben Bernanke.

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 the 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 with some needing more than Black Friday to turn their income statement positive. 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 8Ys, the day is no more or no less a reliable indicator than any other shopping day of the year. Last year, Black Friday sales were down 1.5%, but total sales for the holiday season finished up 0.4%.

All this said, Black Friday does hold some significance, as about 10% of the holiday sales do take place on this day and for some retailers that number is closer to 25%. This year, we have some advanced tools namely social media monitoring (chatter is up 6% over last year) and satellite parking lot "fill rates" that lets us know how many cars are in the parking lots at major malls (up 13%). Given all the data, we predict that sales will be slightly up (in the 2% range) for today and will also be up about 1% for the holiday season.

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 will be 3D TVs, netbooks, gaming systems (like the hot Kinect) and anything by Apple. In addition, every holiday season has that popular item and this year it is a "Sing A Ma Jig" (picture). This doll-like undefined character has a mouth that won't stop moving and blurts out random comments, laughter and automatically breaks out into song whenever it feels like it causing other Sing A Ma Jigs to join in. Since this is pretty much like having teenagers, we are foregoing that gift this year, but we will be buying something to stoke the economy. In fact, we are encouraging all to do their part 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

Payment System

A very rare 2+ hour shut down of Fed payment systems caused concern for banks on Wednesday as the movement of money and electronic balance verification was difficult. The systems came up without a problem, but there is still no word yet as to why.

Financial Market Utility

Under the Dodd Frank Act, the Financial Stability Oversight Council (FSOC) must designate which companies are a "financial market utility." The designation is assigned to companies where a failure or lack of functioning would create or increase the risk of significant liquidity or credit problems spreading among financial institutions or markets in the US. The FSOC issued advance notice of proposed rulemaking that included 10 questions designed to help develop the designation.

Basel III Impact

In looking at the top 35 US banks, it is estimated that they are \$100B to \$150B short of their equity once Basel III goes into effect.

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