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ViewPoint

Economic Hope Soars with Sales

Partisan politics, high unemployment, and European debt woes have cast a gloomy cloud over the economy this year. Stunning holiday sales over Thanksgiving weekend brought investors some much-needed sunshine.

Optimistic retailers kicked off the holiday shopping season a few hours early this year. Black Friday's "door buster" sales were available at most U.S. retailers at midnight.



Consumers responded. Compared to 2010 sales figures, early reports show a rise of 6.6 percent on Black Friday and 16.4 percent for the entire weekend. To put that in perspective, in 2010 sales only increased by 0.3 percent over 2009.

Online shopping rose 26 percent over last year and represented 38 percent of all sales. These figures do not include "Cyber Monday," the first Monday following Thanksgiving, which is one of the best Internet shopping days.

The Friday following Thanksgiving (Black Friday) has typically been one of the largest shopping days all year. **It is watched closely as a barometer for how well retailers will do over the rest of holiday season.**

The weekend numbers demonstrate that consumers will spend in the face of a struggling economy. This is good news for investors, especially for the next few months. **Higher spending could also be the catalyst to better employment numbers and improved wages.**

Keep in mind, these sales numbers estimate spending without regard to whether consumers can actually afford to pay for their purchases. Excessive debt is not a positive.

Nevertheless, positive momentum in sales could mean that a stronger economy is on the way. The best indicators to watch now will be December sales and employment figures. Of course, there are no guarantees. 

*Research by Smedley Financial Services, Inc.® Data provided by ShopperTrak, the National Retail Federation, and other public sources. Investing involves risk, including potential loss of principal. Diversification does not guarantee positive results. Past performance does not guarantee future results.

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