

Slow jobs recovery likely to impact holiday spending

By Renee Dudley and Lindsey Rupp, Bloomberg

Katie Smith plans to spend \$200 less on holiday gifts this year because of concerns that weak U.S. job growth will hurt her husband's home-remodeling business.

"We've scaled back," said the 51-year-old project manager for Wake Forest University's medical school as she perused cowboy boots for her 12-year-old daughter at a Salvation Army thrift store in Greensboro, North Carolina. Her family plans to spend about \$1,000 on gifts, down from \$1,200 last year.

With U.S. economic growth trailing the Federal Reserve's projections, shoppers have plenty of reasons to hoard their dollars this holiday season. This week the government said employers added 45,000 fewer jobs in September than August. The news came with consumers already absorbing the implications of stagnant wages, a cooling housing market and the government shutdown and debt ceiling debate.

Retailers from Macy's Inc. and Nordstrom Inc. to Wal-Mart Stores Inc. missed second-quarter sales estimates and cut their forecasts. To lure shoppers who have been shifting their dollars away from apparel and other general merchandise to cars and home-related products, chains are planning to introduce discounts early in the season.

In the past three months, job growth has averaged 143,000 per month, compared with 195,000 in the first half of the year. While consumer spending in November and December may rise 3.9 percent this year to \$602.1 billion, according to the National Retail Federation, that's only 0.4 percent more than last year and lower than 2011, when spending rose 5.1 percent.

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