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HEADLINE Signs Herald Strong Holiday Shopping Season

Economy: Retail sales rose in November, inflation remained down and the number of delinquent consumer loans reached their lowest level since March, 1990.

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The economy showed increased signs of growth-as November retail sales rose for a fifth consecutive month, inflation remained subdued and the number of delinquent consumer loans fell to their lowest level since before the recession started-heralding what economists predict will be the best holiday shopping season in four years.

"There's a distinct possibility that December sales could be a bonanza," said economist Campbell Harvey, a professor at Duke University.

The strength of holiday buying is crucial to sustaining economic growth, which has shown signs of picking up in recent weeks after more than two years of sluggishness and outright decline.

Purchases of retail goods represent about a third of all economic activity, and many retailers regularly record about half of their sales in the weeks before Christmas.

"This sets up the possibility not just for a lackluster recovery but for a robust recovery," Harvey said.

Sales rose a modest 0.4% last month to a seasonally adjusted \$165.8 billion. That came on top of a healthy 1.9% gain in October, now the biggest in nine months and more than double the Commerce Department's original estimate of 0.9%.

Sales haven't declined since June, when they posted a tiny 0.1% drop.

Meanwhile, the Labor Department said inflation remained in check despite the pickup in buying demand. Its consumer price index rose 0.2% in November. For the year so far, inflation is running at a 3.1% annual rate, the same as the rate for all of last year.

At the same time, the American Bankers Assn. reported that 2.46% of consumer installment loans were 30 days or more past due at the end of September, indicating that economic pressures are easing on consumers.

That was the lowest rate since March, 1990, before the onset of the recession, and down from 2.60% three months earlier and 2.74% a year ago. Credit card delinquencies, however, increased.

The retail sales report sent many economists scrambling to revise upward their projections for overall economic growth in the fourth quarter. Generally, they had predicted a moderate 2% annual rate of growth in the gross domestic product. Now, in some cases, they expect nearly 3%.

In another sign that the economy has turned the corner, the University of Michigan's preliminary consumer sentiment index for December shot up to 91.4 from 85.3 in November.

The sentiment index stands at its highest since April, 1990, when it was 93.9. This year's low index, in January, was 67.5. The record is 97.9, set in January, 1989.

The increase was the second in the two months after the election

of Gov. Bill Clinton as President.

In November, sales were strongest at furniture stores, where they rose 1.7%, the best in four months, on top of a 1.3% gain in October.

Sales at general merchandise stores, including department stores, were unchanged after a 1% gain a month earlier. They rose 0.3% at clothing shops.

Auto dealers reported a 0.6% rise in sales. Excluding that volatile category, overall sales increased 0.3%.

Receipts at building supply, hardware and garden stores were down 1.7% after no change the month before.

Sales rose 0.7% at food stores and 0.1% at gasoline stations. Restaurant and bar sales edged down 0.1% after a 4% jump in October. Sales were unchanged at drugstores.