



Written by [Bob Adelman](#) on November 15, 2019

Economists Forecast GDP Growth Under Two Percent; Walmart Shoppers Disagree

Because of its enormous size, Walmart serves as a better proxy for the health of the U.S. economy than any other retailer. Employing more than 1.5 million workers in almost 4,800 U.S. stores, the company generated a third of a trillion dollars in sales in its latest fiscal year.

As a result, Walmart is proving to be a better indicator for the U.S. economy than most economic forecasters.



It reported [third-quarter results](#) on Thursday that exceeded expectations, with earnings smashing estimates and same-store sales rising 3.2 percent year-over-year. Its online sales growth spiked 41 percent, a jump from the 37-percent growth notched in the second quarter. This marks an uninterrupted five-year streak of quarterly sales growth for the world's largest retailer.

Walmart Chief Executive Doug McMillon was modest: "We continue to see good traffic in our stores." He added, "We're prepared for a good holiday season."

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Contrast that remarkable performance by the world's largest retailer with forecasters sitting in cubicles looking at algorithms and computer models. The Bureau of Economic Analysis (BEA) said the U.S. economy grew (on an annualized basis) at two percent in the second quarter and slowed slightly in the third, to 1.9 percent. Blue Chip forecasters' outlook ranges from 1.2 percent to 2.4 percent, while the Atlanta Fed's GDPNow estimate released last week came in at just one percent.

This miss reminds one of the scenes from the 1933 movie *Duck Soup* starring Margaret Dumont (playing Mrs. Gloria Teasdale) and Chico Marx (playing Chicolini):

Teasdale: Your Excellency! I thought you left!

Chicolini: Oh no. I no leave.

Teasdale: But I saw you leave with my own eyes.

Chicolini: Well, who are you gonna believe? Me, or your own eyes?

Those forecasters operating from cubicles providing their best estimates to the Fed really ought to get out more. The fresh air and exposure to what's really going on in the real world would do them some good, and help them improve their forecasts.

Happily the folks at the Commerce Department got it almost right. The department's Friday report showed not only that October retail sales showed a 0.3-percent gain from September, it also reported that U.S. retail sales were up 3.1 percent in the first 10 months of 2019 compared to the same period last year.

Those folks must be doing their shopping at Walmart.



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Image: [Walmart Corporate via Wikimedia Commons](#)

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