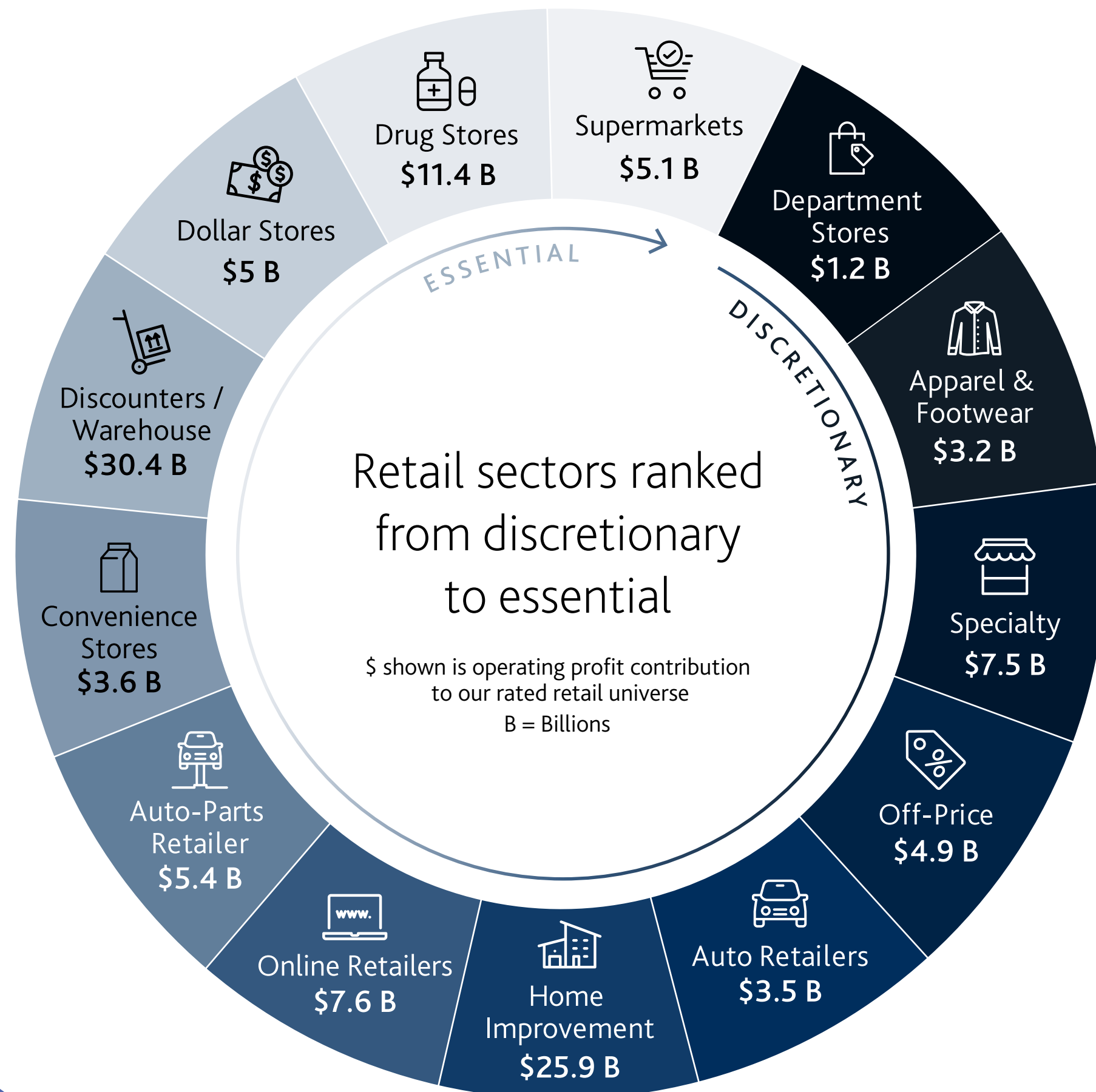


Discretionary retailers will lead US industry profit growth in 2021

US retail operating profit will grow about 20% in 2021, with growth most pronounced in hard-hit discretionary sectors. Our outlook is now stable based upon this stronger-growth trajectory, but downside risks remain high due to uncertainties related to economic growth and the trajectory of new coronavirus cases.

Operating profit growth for most essential retail sectors

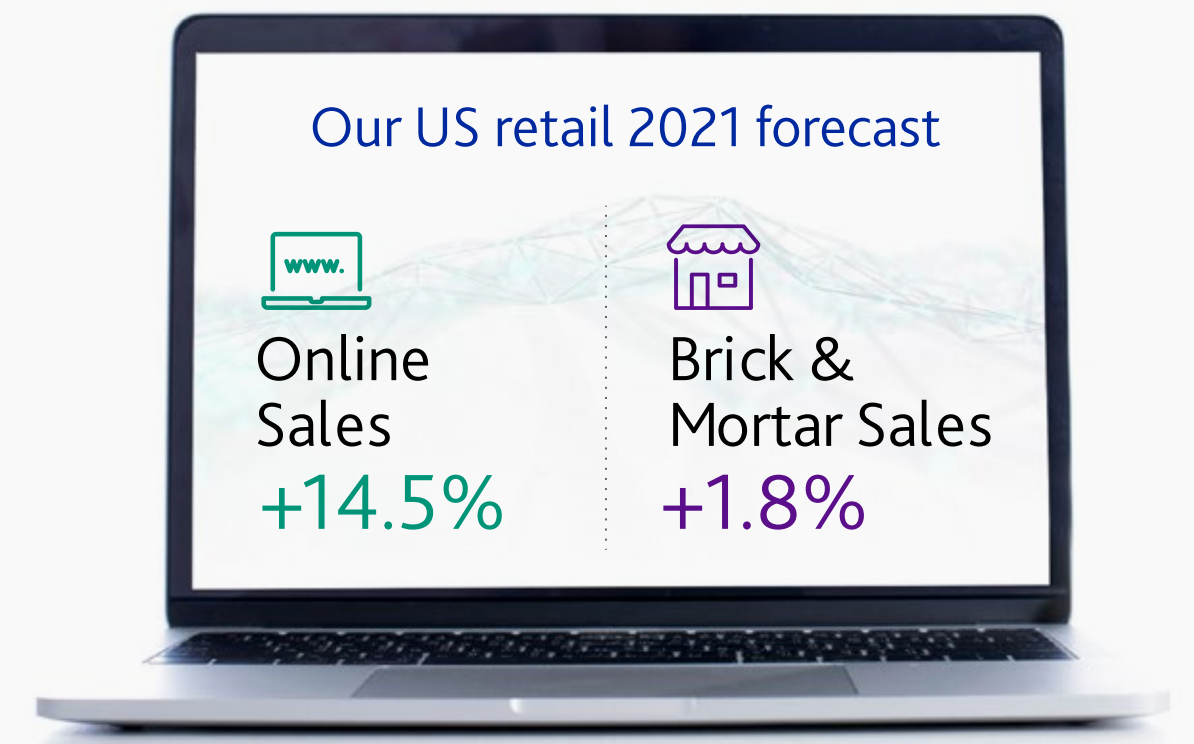
	2019	2020	2021
Shopping Cart	↑ 3%	↑ 60%	↓ -19%
Pharmacy	↓ -6%	↓ -10%	↑ 7%
Shopping Cart with Dollar Sign	↑ 0%	↑ 25%	↑ 1%
Shopping Cart with Truck	↑ 9%	↑ 7%	↑ 3%



Operating profit growth for most discretionary retail sectors

	2019	2020	2021
Shopping Bag	↓ -16%	↓ -223%	↑ 516%
Apparel	↓ -12%	↓ -108%	↑ 114%
Storefront	↓ -4%	↓ -27%	↑ 44%
Tag	↑ 7%	↓ -119%	↑ 489%

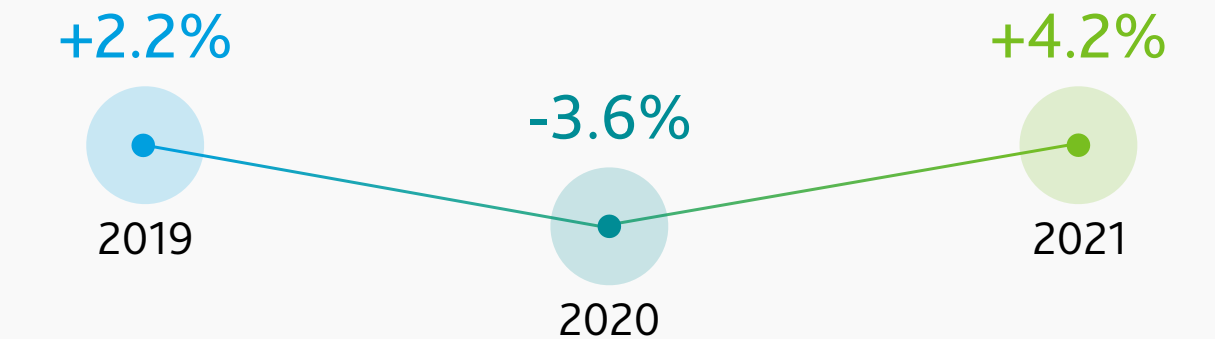
Retail's migration online is accelerating



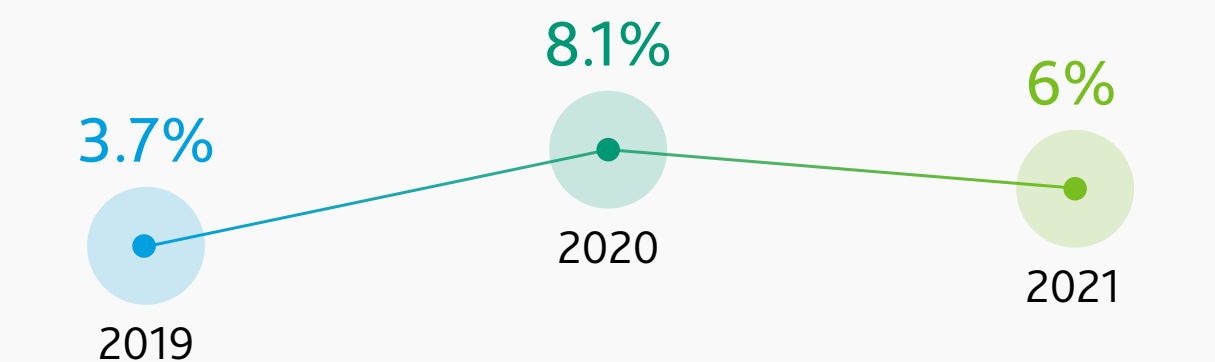
Source: Moody's Investors Service

Macroeconomic conditions are expected to improve in 2021

Real GDP growth



Unemployment rate



Source: Moody's Macroboard