

ECONOMY AT CHRISTMAS

Read the following article, look for the COMPOUNDS and other key words in bold type and try to explain them:

Deemed "the most wonderful time of the year," the Christmas season holds profound economic and financial implications that extend far beyond festive celebrations. For **consumers, retailers, traders, and investors** alike, the holiday period represents one of the most significant economic events of the calendar year, generating substantial market activity across multiple sectors and influencing **financial markets** worldwide.

Christmas consistently **accounts for** a disproportionate **share** of annual economic activity. In the United States alone, the National Retail Federation reported that the 2024 holiday season generated approximately \$973 billion in **retail sales**, representing nearly 19% of total **annual retail activity**. Meanwhile, the United Kingdom saw **retail spending** exceed £91 billion during the Christmas period, underscoring the holiday's far-reaching economic significance.

Several distinctive features characterise the economics of Christmas:

- First, the concentration of consumer spending creates pronounced **seasonality** in retail sales data, with November and December consistently accounting for the highest sales volumes of the year. According to the Office for National Statistics, UK retail sales typically **surge by** 15-25% during the Christmas period compared to the **monthly averages** for the rest of the year.
- Second, Christmas generates substantial employment effects. The retail sector alone creates hundreds of thousands of temporary positions to manage **increased consumer demand**. In 2023, US retailers hired approximately 543,000 **seasonal workers**, though projections for 2025 suggest this figure may decline to below 500,000, the lowest level since the **recession-impacted 2009 holiday season**.
- Third, Christmas exerts a measurable influence on **GDP growth**. The surge in consumer spending during **Q4** often contributes significantly to quarterly GDP figures. **Consumer expenditure**, which accounts for approximately 68% of US GDP and 60% of UK GDP, typically **reaches its annual peak** during the holiday season, creating **ripple effects** throughout the broader economy.
- Fourth, financial markets exhibit distinctive **seasonal patterns** around Christmas. The phenomenon known as the "Santa Claus rally," **the tendency for stock prices to rise** during the final trading days of December and the first trading sessions of January, has occurred in approximately 76-79% of years since 1950, generating **average returns** of 1.3% during this brief period.
- Finally, Christmas economics increasingly reflect the **structural shift towards e-commerce** and digital transactions. Online sales now represent a substantial and growing proportion of total holiday spending, with US online holiday sales reaching \$241.4 billion in 2024, an 8.7% increase year-over-year.

Logistics and Supply Chain

The logistics sector experiences extreme seasonal demand during the Christmas period. **Parcel delivery volumes** typically surge by 40-60% during November and December compared to monthly averages. Supply chain preparations for Christmas begin remarkably early. Major retailers typically **place orders** with manufacturers 6-9 months in advance, with logistics planning commencing in July or August. The **peak season for freight and shipping operations** spans from October to early January, during which spot rates for logistics services typically increase by 20-40%.

Hospitality and Travel

The hospitality sector benefits substantially from Christmas travel and celebrations. Hotels, restaurants, airlines, and **entertainment venues** experience elevated demand throughout December and early January.

Airlines typically implement **premium pricing** for peak travel dates surrounding Christmas, while **hotel occupancy rates** in major cities routinely exceed 85-90% during the holiday period.