

## **KNAPP-TRACK™ OCTOBER/NOVEMBER 2012**

The estimated comparable restaurant sales change in November 2012 is 0.7% and -0.9% for guest counts. These estimates are vs. a November 2011 result of 0.6% for comparable restaurant sales – the 4th lowest month in 2011 - and -1.6% for comparable guest counts. The estimated comparable restaurant sales change in November 2012 is 0.1 percentage points better than November 2011. Please note that this November estimate is based on weekly data. The accounting number for the month of November will depend in large part, on shifts in results for individual concepts based on the specific weeks included in their accounting month. The 0.7% estimate for November 2012 is the 24th positive month of the past 29 months starting in July 2010.

In November 2012, 3 of 4 weeks had positive comparable sales results. 1 of 4 weeks had negative comparable sales results. 3 of 4 weeks had negative guest counts. 1 of 4 weeks had positive guest count results. The spread for comparable sales between the best week of the four weeks in November 2012 vs. the worst week is -3.5 percentage points, with the best week the third week and the worst week, the first week, which included Hurricane Sandy.

**KNAPP THOUGHTS:** As many of you know, I do all of the sales and purchase estimates for the National Restaurant Association Food Service Industry Forecast. There data were the only private restaurant industry data in the Statistical Abstract of the United States whose last publication, under government auspices, was 2012. The 2013 forecast involved a larger than usual condition of uncertainty due to the late date of the fiscal cliff negotiations and questions about the economic impact of the outcome.

The total sales projection for 2013 is \$660,479,255,000 with nominal growth of \$24,082,415,000 and real growth of \$5,251,967,000. This is a nominal growth rate of 3.8% and a real growth rate of 0.8%. This is a slowdown from the 4.2% nominal and the 1.3% real growth of 2012. Some contributing factors to the decline are the exceptionally strong first quarter of 2012 due to incredibly good weather. The first quarter made the year. I do not expect such luck in 2013 and the first quarter will be going against very strong comparisons. I assumed that the 2 percentage point cut in FICA tax will not be renewed in 2013 causing a drop of \$125 billion in consumer disposable income which is about \$1,000 for the median income household. There will be some fiscal drag due to a reduction in government spending in the attempt to start a deficit reduction program. The growth in hourly income will be very close to the increase in inflation so the basic

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increase in restaurant spending will be generated by new jobs, which is currently at a 1.4% annual growth rate. The current job growth pattern is for higher growth in lower paying jobs, which favors limited service restaurants vs. full service restaurants. Another factor is the very soft economic condition of Europe, which has caused our exports to decline and reduces manufacturing employment growth rates. I do expect some improvement in the growth rate in the last 4 months of the year due to easier comparisons and a possible improvement in the economy.

Full service restaurants will grow 2.9% nominal and 0.2% real growth. The increase in nominal growth is \$5,863,577,000 and real growth is \$404,385,000. Limited service restaurants will grow 4.9% nominal and 1.7% real growth. The increase in nominal growth is \$8,787,361,000 and real growth is \$3,048,676,000.

The good news in the longer-term outlook for the restaurant industry is that in the latest National Restaurant Association survey which asks the question “did you eat out as much as you would have liked last week”, 40% of the population did not eat out as much as they would have liked. This shows that there is a large unmet demand, which will be converted, to restaurant visits when incomes increase sufficiently. As this moment, 24% of households with incomes of \$100,000 plus are not eating out as much as they would like. Thirty six percent of households with incomes of \$50,000-\$74,999 did not eat out as much as they would have liked last week. People have not given up on the desirability of eating out as part of their preferred life style, the survey shows that even the higher income earners want to eat out more than they can currently afford.

**OCTOBER 2012** accounting period comparable restaurant sales were -1.2%. These accounting period results are -1.6 percentage points below October 2011 – tied with August for the 2<sup>nd</sup> lowest month in 2011 - comparable restaurant sales results of 0.4%. October 2012 comparable restaurant guest counts were -3.3%. October 2011 comparable restaurant guest counts were -1.7%.

**Year to date** comparable sales in October 2012 were 0.8% vs. 1.4% for October 2011. Year to date comparable guest counts in October 2012 were -1.5% vs. -0.3% for October 2011. Year to date all store sales through October 2012 were 3.0% vs. 3.0% for October 2011. Year to date all store guest counts through October 2012 were 0.5% vs. 1.2% for October 2011.

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The estimated comparable restaurant sales change for November 2012 of 0.7% was below the weighted average same-store chain (17 chains) retail industry performance at 1.6% as measured by Thompson Reuters vs. 3.5% a year ago. Please note that Wal-Mart last issued monthly sales in April 2009.

In the department store category, Nordstrom was down -1.1%. Macy's was down -0.7% and Kohl's was down -5.6%.

In the Wholesale Club store category, Costco excluding gasoline was up 6.0%. Among discounters, Target was down -1.0%.

Sales of cars and light trucks in November were at an annualized rate of 15.54 million vehicles (highest since January 2008) vs. October at 14.29 vs. September at 14.94 (the highest level in 4 years) vs. August at 14.52 vs. July at 14.09 vs. June at 14.38 vs. May at 13.95 vs. April at 14.12 vs. March at 14.14 vs. February at 14.50 vs. January 2012 at 13.98 million vehicles.

The actual full year vehicle sales for 2011 were 12,778,171, up 10.3% vs. 2010 at 11,588,783 vs. 2009 at 10,430,752 million vehicles, up 11.1%. 2009 was down 21.2% from 2008 and the lowest total vehicle sales since 1982.

The primary cause of weakness in sales is the severe financial recession, which is not yet resolved in terms of sustainable real growth, and which is now imbedded into the general economy as reflected by mortgage defaults and continuing high levels of unemployment and underemployment. There is a further burden on attitudes on spending as the uncertainty, generated by incompetent government institutions, freezes decision-making. The fiscal cliff is a real and present danger.

While consumer confidence is up **48.4** index points in November 2012 from the February 2009 level of 25.3, consumer spending is mixed. The increase in confidence is consistently due to a view that things will be better in 6 months from the date of the given monthly report. While the Expectations component of the Consumer Confidence Index is up **57.8** index points from the 27.3 of February 2009, the Current Outlook component of the Consumer Confidence Index increased a modest **34.3** index points from the February 2009 lows of 22.3.

Value propositions with meaningful products for the majority of concepts will

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continue to be very important. It is important to note that it is not just the quality of the value proposition but also the efficacy of the messaging. An additional element is the notion of affordability. If the offer is not affordable, it does not matter what a value it is. If customers can't afford the offer they will not buy it.

The personal savings rate had gone up but it peaked in June 2010 at 5.8%; declined to 4.7% in March 2011 and increased to 5.4% in June 2011. The 1st Q 2010 rate was 4.9%. The 2<sup>nd</sup> quarter rate was 5.6%. The 3<sup>rd</sup> quarter rate was 5.6%. The 4<sup>th</sup> quarter rate was 5.2%. The 1<sup>st</sup> quarter 2011 personal savings rate was 5.1%, the 2<sup>nd</sup> Q was 4.6%, the 3<sup>rd</sup> Q was 3.9% and the 4<sup>th</sup> quarter was 3.4%. The 1<sup>st</sup> quarter 2012 personal savings rate was 3.6%, the 2<sup>nd</sup> quarter was 3.8% and the 3<sup>rd</sup> quarter was 3.6%. For January 2012 it was 3.7% for February it was 3.5%, for March it was 3.7%; for April it was 3.5%, for May it was 3.9%, for June it was 4.1, for July it was 3.9%, for August it was 3.7% for September it was 3.3% and for October it was 3.4%

In contrast, the annual personal savings rate in 2005 was 1.5%, for 2006 it was 2.6%, for 2007, it was 2.4%, for 2008, it was 5.4%, for 2009 it was 4.7%, for 2010 it was 5.1% and for 2011 it was 4.2%. The past 50 year average savings rate is 7.0%.

There was a reduction in consumer credit. For 2005 it was 4.5%, for 2006 it was 4.1%, for 2007 it was 5.9% and for 2008 it was 0.8%. For the full year 2009, total consumer credit fell -4.5%, revolving credit declined -8.8% and non-revolving credit fell -1.8%. For the full year 2010 total consumer credit fell -1.3%, revolving credit fell -7.4% and non-revolving credit rose 2.5%. For the full year 2011, total consumer credit rose 4.0%; revolving credit rose 0.9% and non-revolving credit rose 5.7%. For the first quarter of 2011, consumer credit rose 3.5%; revolving credit was flat at 0.0% and non-revolving credit rose 5.5%. For the second quarter of 2011, consumer credit rose 3.4%; revolving credit rose 0.9% and non-revolving credit rose 4.7%. In the third quarter of 2011, consumer credit rose 2.3%; revolving credit was flat at 0.0% and non-revolving credit rose 3.7%. In the fourth quarter of 2011, consumer credit rose 6.7%; revolving credit rose 3.2% and non-revolving credit rose 8.6. In the 1<sup>st</sup> quarter of 2012, consumer credit rose 5.7%; revolving credit was up at 0.6% and non-revolving credit rose 8.1%. In the 2<sup>nd</sup> quarter, consumer credit rose 6.5%; revolving credit rose 1.3% and non-revolving credit increase 8.9%. In the 3<sup>rd</sup> quarter, consumer

credit rose 4.3%; revolving credit fell -0.6% and non-revolving credit rose 6.6%. In January 2012, consumer credit rose 8.4%; revolving credit fell -4.4% and non-revolving credit rose 14.5%. In February, consumer credit rose 4.0%; revolving credit was flat at 0.0% and non-revolving credit increased 6.1%. In March, consumer credit rose 6.1%; revolving credit rose 5.1% and non-revolving credit rose 6.6%. In April, consumer credit rose 4.0%; revolving credit fell -6.8% and non-revolving credit rose 9.6%. In May, consumer credit rose 8.7%; revolving credit rose 13.8% and non-revolving credit rose 6.3%. In June, consumer credit rose 6.0%; revolving credit fell -4.6% and non-revolving credit rose 10.9%. In July, consumer credit fell -1.1%; revolving credit fell -6.9% and non revolving credit rose 1.5%. In August, consumer credit rose 8.4%; revolving credit rose 7.1% and non revolving credit rose 9.0%. In September, Consumer credit rose 5.4%; revolving credit fell -3.1% and non revolving credit rose 9.2%. In October, consumer credit rose 6.2%; revolving credit rose 4.7% and non-revolving credit rose 6.9%. Seasonally adjusted outstanding consumer credit debt is \$2,753,500 billion in October 2012.

The Manufacturing Index, as measured by the Institute for Supply Management was 49.5 in November 2012, down -2.2 index points from 51.7 in October 2012. This November is the lowest Index number since July 2009. November is the first month of contraction following 2 months of expansion after three consecutive months of contraction, which followed 34 consecutive months of expansion following 18 months of contraction in manufacturing activity. An index above 50.0 indicates an expansion of manufacturing activity. The average Manufacturing Index for the past 12 months is 51.9. The recent bottom is an index number of 32.9 in December 2008. The ISM manufacturing index has averaged 52.8 since 1948.

The November 2012 index for new export orders at 47.0 index points is a decrease of -1.0 index points from October's 48.0 index points and puts the index into the 6th month of contraction after 35 months of expansion.

The Non-Manufacturing Index of the Institute for Supply Management was up 0.5 index points with an index of 54.7 in November 2012 vs. 54.2 in October 2012. This November 2012 is the 35th month of expansion in the index after a two-month contraction. The 12-month average of the Non-Manufacturing Index is 54.4. This series had contracted for 11 months through August 2009.

September and October were expansionary. The recent bottom is an index number of 37.4 in November 2008.

The Non-Manufacturing Business activity index is up 5.8 index points with November 2012 at 61.2 index points vs. October 2012 at 55.4 index points. This series is up 40 months in a row.

The annual level of Real GDP for 2006 was 2.7%, for 2007 it was 1.9%, for 2008 it was -0.3%, for 2009 it was -3.5%, for 2010 it was 3.0% and for 2011 it was 1.7%.

The 1<sup>st</sup> quarter 2011 real GDP estimate is 0.4%. Real exports of goods and services were up 7.9% in the 1<sup>st</sup> quarter 2011. Real imports were up 8.3% in the 1<sup>st</sup> quarter 2011. The 2<sup>nd</sup> quarter real GDP is 1.3%. Real exports of goods and services were up 3.6% in the 2<sup>nd</sup> quarter. Real imports were up 1.4% in the second quarter. The 3<sup>rd</sup> quarter real GDP estimate is 1.8%. Real exports of goods and services were up 4.7% in the 3<sup>rd</sup> quarter. Real imports were up 1.2% in the 3<sup>rd</sup> quarter. The 4<sup>th</sup> quarter real GDP final estimate is 3.0%. Real exports of goods and services were up 2.7% in the 4<sup>th</sup> quarter. Real imports were 3.7% in the 4<sup>th</sup> quarter. For the full year 2011, real GDP was up 1.7%. Real exports of goods and service were up 6.7% and real imports were up 4.9% in 2011. The 1<sup>st</sup> quarter 2012 final estimate is 2.0%. Real exports of goods and services rose 4.4% in the 1<sup>st</sup> quarter and real imports were up 3.1% in the 1<sup>st</sup> quarter. The 2<sup>nd</sup> quarter 2012 final estimate is 1.3%. Real exports of good and services in the 2<sup>nd</sup> quarter were up 5.3% and real imports were up 2.8%. The 3<sup>rd</sup> quarter 2012 second estimate is 2.7%. Real exports of goods and services in the 3<sup>rd</sup> quarter were up 1.1% and real imports were up 0.1%.

There is plenty of slack in the economy. Total annually revised industry industrial capacity utilization in is only 77.8% in October vs. September at 78.2% vs. August at 78.2 vs. July at 79.2% vs. June at 78.8% vs. May at 78.9 vs. April at 79.0 vs. March at 78.4 vs. February at 79.0 vs. January 2012 at 78.7 vs. December 2011 at 78.3%. The 40-year average capacity utilization rate is 80.6%.

From November 2011 through November 2012, the seasonally adjusted number of payroll jobs has increased a revised 1,889,000 jobs or an increase of 1.431%

in the number of jobs. The gain in private sector jobs growth is the number to watch for the underlying health of the job market.

The jobs increase from November 2011 to November 2012 of private sector jobs is 1,931,000, up 1.756%. This gain in private sector jobs is 102.2% of total job growth in the period. We are losing government jobs. It is highly probable that we will see increases in private sector job levels through the year 2012 and a smaller net decline in government jobs as stimulus money, which preserved many state and particularly local jobs last year, goes away. The Conference Board reported in November 2012 that 38.8% of consumers said, "jobs are hard to get", unchanged from October's 38.8%. In November 2012, 11.2% of consumers said jobs were plentiful vs. the 10.4% of October 2012, an increase of 0.8 percentage points.

The initial increase in September 2012 of 114,000 jobs was revised up by 18,000 jobs to 132,000 jobs. The initial increase in October 2012 of 171,000 jobs was revised down by -33,000 jobs to 138,000 jobs.

The seasonally adjusted job loss from the start of the recession in December 2007 through November 2012 (61 months) is **-4,130,000 or -2.993%**, which is, as of this November, now the 4th largest % drop since World War II, although at peak low employment in March 1012, the decline was 6.196%, the 2<sup>nd</sup> highest since World War II. In comparison, the worst post World War II decline in jobs was in September 1945 with a drop of -10.1% of jobs followed by a drop of -5.2% in October 1949. The drop in December 1982 was -3.1%, for May 1991 it was -1.5% and in August 2003 it was -2.0%.

There are sharp differences in unemployment rates by race. The unemployment rate in November 2012 for White was 6.8%, for Hispanic or Latino ethnicity 10.0% and for African Americans the rate was 13.2%. The White unemployment rate was down -0.2 percentage points from October 2012; the Hispanic unemployment rate was unchanged from October 2012 while the unemployment rate for African Americans was down -1.1 percentage points from October 2012. The adult men unemployment rate in November 2012 was 7.2% and was down -0.1 percentage points from October 2012. The adult women unemployment rate in November 2012 was 7.0%, down -0.2 percentage points from October 2012.

The unemployment rate for college degree and higher in November 2012 is 3.8%

vs. 4.4% in November 2011. The unemployment rate in November 2012 for some college or an associate degree is 6.5% vs. 7.6% in November 2011. The unemployment rate for High School graduates with no college in November 2012 is 8.1% vs. 8.8% in November 2011. The unemployment rate for less than a high school diploma in November 2012 is 12.2% vs. 13.3% in November 2011. The unemployment rate in November 2012 for teenagers (16-19 years old) is 23.5% vs. 23.7% in November 2011. **The unemployment rate in NOVEMBER 2012 at 7.7% is down -0.2 percentage points from OCTOBER 2012.**

The civilian labor force decreased by -350,000 in November 2012.

In November 2012, the number of individuals working part time, seasonally adjusted, because their hours had been reduced or because they were unable to find a full time job was 8,176,000. This level is -168,000 jobs lower than October 2012. The November 2012 level was -293,000 jobs lower than in November 2011 or a decrease of -3.46%.

The unemployment rate in the broadest sense is 14.4% in November 2012 vs. 15.6% in November 2011. This definition is total unemployed, plus all marginally attached workers plus total employed part time for economic reasons (data series U-6).

There is a difference in the Household Survey and the Payroll Survey in the increase in jobs in November 2012. The Household Survey, which is used to calculate the unemployment rate showed a job loss of -122,000. The Payroll survey showed a job gain of 146,000 jobs. There was an increase in private payrolls of 147,000 jobs in November 2012.

Gasoline prices bottomed on December 29, 2008 at \$1.61. On May 8, 2011 gasoline prices were \$3.965 per gallon, up 28.1 cents or 7.628% from April 4. On June 6, gasoline prices were \$3.781 per gallon, down -18.4 cents or -4.641% from May 8. On July 11, gasoline prices were \$3.641, down -14.00 cents or -3.70% from June 6. On August 8, gasoline prices were \$3.674, up 3.3 cents or 0.906% from July 11. On September 5, gasoline prices were \$3.674, no change from August 8. On October 10, gasoline prices were \$3.417, down -25.7 cents or -6.995% from September 5. On November 7, gasoline prices were \$3.424 per gallon, up 0.7 cents or 0.205% from October 10. On December 5, gasoline prices were \$3.290, down -13.4 cents or -3.913% from November 7. On January 9,



2012, gasoline prices were \$3.382 per gallon, up 9.2 cents or 2.796% from December 5. On February 6, gasoline prices were \$3.482 per gallon, up 10.0 cents or 2.9575% from January 9. On March 5, gasoline prices were \$3.793 per gallon, up 31.1 cents or 8.932% from February 6. On April 9, gasoline prices were \$3.939 up 14.6 cents or 3.706% from March 5. On May 7, gasoline prices were \$3.790 per gallon, down -14.9 cents or -3.783% from April 9. On June 11, gasoline prices were \$3.572 per gallon, down -21.8 cents or -5.752% from May 7. On July 9, gasoline prices were \$3.411 per gallon, down -16.1 cents or -4.501% from June 11. On August 6, gasoline prices were \$3.645 per gallon, up 23.4 cents or 6.860% from July 9. The price went up 13.7 cents in the week ending August 6. On September 10, gasoline prices were \$3.847 per gallon, up 20.2 cents or 5.542% from August 6. On October 9, gasoline prices were \$3.850 per gallon, up 0.3 cents or 0.078% from September 10. On November 5, gasoline prices were \$3.492 per gallon, down -35.8 cents or -9.299% from October 9. On December 10. Gasoline prices were \$3.349 per gallon, down -14.3 cents or -4.095% from November 5. Gasoline prices are up \$1.736 or 107.626% from the December 29, 2008 bottom of \$1.613. From the 2008 high on July 7 at \$4.114 per gallon to May 7, 2012, gasoline is down -\$0.765 a gallon or -18.595%. From a year ago, gasoline is up \$0.063 per gallon or 1.846%.

The economic impact of high gasoline prices is self-evident when you consider that a 1-cent increase in a gallon of gasoline is \$1.378 billion dollars on an annual Level. With gasoline prices up 6.3 cents per gallon from a year ago, the annualized increase in gasoline expenditures is \$8.7 billion.

Crude oil prices hit a high of \$147.27 a barrel in intraday trading on July 11, 2008 the highest price since trading started in 1983. The price per barrel settled at an all time high of \$145.29 on July 3, 2008.

The current closing low was recorded on December 19, 2008 at \$33.87 a barrel. This is the lowest closing price since February 10, 2004. Crude oil for the January 2013 contract closed at \$85.56 a barrel on December 10, 2012. Crude oil has fallen -\$59.73 a barrel or -41.111% below the July 3, 2008 high, but crude oil has risen \$51.69 per barrel or 152.613% from the December 19, 2008 low.

Inflation results were mixed in OCTOBER 2012, but most price indices were lower. The OCTOBER 2012 vs. OCTOBER 2011 increase in restaurant meals was a lower

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2.691%, alcoholic beverages away from home was higher at 2.984%, grocery inflation was higher at 0.982%, wholesale food inflation in OCTOBER 2012 was higher at 2.021% and the Consumer Price Index in OCTOBER 2012 was up a higher 2.162%. The Consumer Price Index peaked in SEPTEMBER 2008 at 5.600%.

The OCTOBER 2012 year to date increase in restaurant meals is 2.907%. For the same period, the increase in food at home is 2.707%. Grocery inflation is lower than restaurant meals by -0.200 percentage points. Alcoholic beverage away from home year to date increase is 3.237%.

The consumer price increase year to date through OCTOBER 2012 is 2.133%. Wholesale food inflation year to date through OCTOBER 2012 is up 2.233%.

In OCTOBER 2012, full service restaurant meals were up 2.302% vs. limited service restaurant meals at 3.211%. Year to date, full service restaurant meals were up 2.668 % vs. limited service restaurants at 3.252%.

The Consumer Confidence Index increased in **NOVEMBER 2012** by 0.6 index points to 73.7, the highest in more than 4 and one half years (76.4 in February 2008). (The Conference Board changed suppliers and re-benchmarked data from November 2010). The November 2012 Index is 18.5 index points above November 2011. The Present Situation fell -0.1 index points to 56.6 index points, which is 18.3 index points higher than November 2011. The Expectations Index (how people think the economy will perform in May 2013) increased 1.1 index points to 85.1 index points. The November 2012 number is an increase of 18.7 index points from November 2011. Expectations in November 2011 were 28.1 index points above Present Situation. In November 2012, Expectations exceeded Present Situation by 28.5 index points.

The unemployment rate in NOVEMBER 2012 was 7.7%, and was down -0.2 percentage points from October 2012. The total number of people working in non-farm jobs was 133,852,000. There was an initial increase in November 2012 of 146,000 non-farm jobs from October 2012. There was a twenty-two month decline as of October 2009 after fifty-one monthly increases in jobs – starting in September 2003. After a one month increase in November, the payroll numbers are negative in December 2009, negative in January 2010, negative in February, positive in March, positive in April, in May, negative in June, in July, in August, in

September, positive in October 2010 and positive through November 2012. The monthly average gains in employment were 176,200 jobs per month from January 2011 through May. May through December 2011 averaged 126,625 jobs per month. January 2012, February and March 2012 averaged 225,667 jobs. April, May, June July, August, September, October and November 2012 averaged 123,600 jobs per month. August, September, October and November 2012 averaged 152,000 jobs per month

The payroll numbers are subject to revisions for 2 months after the initial estimate. The initial jobs increase of September 2012 of 114,000 was revised up by 18,000 jobs to 132,000 jobs. The initial jobs increase of 171,000 jobs in October 2012 was revised down by -33,000 jobs to 138,000 jobs. The revised jobs decrease in January 2009 of -779,000 jobs is the peak monthly decline of the latest recession.

Prior total employment in the 21<sup>st</sup> century peaked in February 2001 at 132,530,000 jobs. Total non-farm employment fell -2,708,000 or -2.04% from February 2001 through August 2003. We are up 4,164,000 jobs or 3.211 from the recent jobs bottom of 129,688,000 jobs in August 2003.

In November 2012, 11,929,000 persons were unemployed with 4,786,000 persons unemployed for 27 weeks or more, 40.1% of the unemployment total. In November 2011 the percentage was 43.1%. This persistence in long-term unemployment is a drag on consumer confidence. It is also a structural problem for the fast food sector of the foodservice industry.

In November 2012, manufacturing jobs decreased by -7,000 jobs from October 2012. In the past 12 months seasonally adjusted manufacturing employment has increased by 174,000 jobs or 1.4771%. In November 2012, construction industry employment was down -19,500 jobs from October 2012 and down -5,300 jobs or -0.096% from November 2011. Employment in the service-providing sector – which includes among other sectors, retail trade, services and government – increased by 168,000 jobs in November 2012. The service-providing sector is up 1,702,000 jobs or 1.495% in the past 12 months. The service-providing sector accounts for 86.327% of all nonfarm jobs. Retail trade job count was up 52,600 jobs in October 2012. General Merchandise store employment was up 9,600 jobs from October. Food and beverage stores employment increased by 6,700 jobs.

Food services and drinking places employment increased 8,600 jobs in November. In the past 12 months, food services and drinking places employment increased by 260,900 jobs or 2.683%.

Hotels and other lodging places employment increased 400 jobs in November. In the past 12 months, hotels and other lodging places employment increased by 9,100 jobs or 0.506%. Professional and technical services' employment increased 15,300 jobs in November and increased 229,800 jobs or 2.951% in the past year.

Temporary help supply agency employment increased by 18,000 jobs in November. In the past 12 months, temporary help supply agency employment increased by 182,800 jobs or 7.688%. Finance, insurance and real estate had an increase of 100 jobs from October. In the past 12 months, finance, insurance and real estate employment increased by 73,200 jobs or 0.952%.

Amusements, gambling and recreation services were up 12,200 jobs from October. Health care rose 20,000 jobs from October and 313,100 jobs for the past 12 months or 2.211%. Transportation and warehousing jobs increased 3,500 jobs from October. In the past 12 months Transportation and Warehousing jobs increased 90,300 jobs or 2.092%.

Government jobs were unchanged from October to November. Federal employment had a decrease of -4,200 jobs from October. State government jobs were up 5,900 jobs. Local government employment decreased by -1,700 jobs. Over the past 12 months, local government jobs decreased -25,100 jobs or -0.178%.

Seasonally adjusted hourly earnings for all employees were up \$0.04 in November 2012 at \$23.63. Seasonally adjusted hourly earnings rose 1.722% from November 2011.

Seasonally adjusted average weekly earnings were up \$1.37 in November 2012 at \$812.87. Seasonally adjusted average weekly earnings rose 1.722% from November 2011.

Total private non-farm weekly hours worked in November 2012 at 34.4 hours are unchanged from October 2012. Manufacturing average weekly hours worked in

November 2012 at 40.6 hours are up 0.1 hours from October 2012. Factory overtime in November 2012 at 3.2 hours is unchanged from October 2012.

In **OCTOBER**, 3 of 11 **KNAPP-TRACK™** regions had positive comparable restaurant sales results. Eight of 11 regions had negative comparable sales results. Two of 11 regions had the same comparable restaurant sales results in October 2012 as in September 2012. Four of 11 regions had better comparable restaurant sales results in October than in September. Five of 11 regions had worse comparable restaurant sales results in October than in September 2012.

The spread between the high and low regions for comparable restaurant sales in **OCTOBER** 2012 was 4.2 percentage points. The best performing region was East North Central followed by Mountain, Pacific Northwest, Texas, California and West North Central. These 6 regions had better than or equal comparable restaurant sales results than the national average of -1.2% in **OCTOBER**. The worst performing region was Middle Atlantic followed by South Atlantic, East and part West South Central, New England and Florida.

In **OCTOBER**, the highest region for comparable sales results was East North Central. The lowest region was middle Atlantic. The spread between the regions was 4.2 percentage points. The median-concept comparable restaurant sales change was -0.610%. This is 0.588 percentage points above the October average of -1.198%. In October 2012, 14.0% of **KNAPP-TRACK™** participants had better comparable guest counts than comparable sales vs. September at 13.3 vs. August at 18.4% vs. July at 13.0% vs. June at 10.6% vs. May at 10.6% vs. April at 17.4% vs. March at 13.0% vs. February at 13.3% vs. January 2012 at 9.1% vs. December 2011 at 4.6% vs. November at 11.1% vs. October, at only 2.2% vs. September at 4.6%. In January 2010, 54.2% of concepts had better comparable guest counts than comparable sales.

With regard to the 61 ADI TV markets in **KNAPP-TRACK™**, the spread between the high and low comparable restaurant sales changes in **OCTOBER** was 15.2 percentage points. The high ADI TV market was Honolulu, Hawaii at 8.1%. The median TV market was Tampa, Florida at -0.4%. The low ADI TV market was Knoxville, Tennessee at -7.1%.

YTD through **OCTOBER** 2012, for comparable restaurant sales, the top three ADI TV markets were Honolulu, Hawaii at 8.0%, Ft. Meyers-Naples, Florida at 3.1% and Detroit, Michigan at 2.8%. The median ADI TV market YTD was a tie among

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Seattle, Washington; Milwaukee, Wisconsin and Phoenix, Arizona at 0.8%. The bottom performing three ADI TV markets were Omaha, Nebraska at - 2.6% followed by Richmond, Virginia at -2.2% and Baltimore, Maryland at -2.0%

Thirty-six of 61 ADI TV markets or 59.0% of the ADI TV markets were at or above the average comparable restaurant sales level of -1.2% for **OCTOBER**.

With regard to comparable restaurants in **OCTOBER** the spread between comparable restaurant sales and guest counts was 2.1 percentage points better for comparable restaurant sales. The national average for comparable restaurant guest counts in **OCTOBER** was -3.3%. All 11 of 11 regions had negative guest counts. The best performing region for comparable guest counts was Pacific Northwest. The worst performing region was Middle Atlantic. The spread between the best and worst performing region was 3.9 percentage points.

**All restaurant sales in OCTOBER were up 1.2%**. Nine of 11 regions had positive sales. Two of 11 regions had negative sales. The spread between all restaurants and comparable restaurants sales was 2.4 percentage points.

**All restaurant guest counts in OCTOBER were down -1.2%**. One of 11 regions was positive. Ten of 11 regions were negative. The spread between all restaurant sales and guest counts was 2.4 percentage points better for all restaurants sales results. The spread between all restaurants and comparable restaurants guest count gains was 2.1 percentage points.

**Comparable restaurant sales changes in 2012 were: 1Q 2.0%; 2Q 0.2%; 3Q 0.5%**

**Comparable restaurant guest count changes in 2012 were: 1Q -0.6%; 2Q -2.1%; 3Q -1.6%**

**All restaurant sales gains in 2012 were: 1Q 4.0%; 2Q 2.7%, 3Q 2.8%**

**All restaurant guest count changes in 2012 were: 1Q 1.2%; 2Q 0.2%; 3Q 0.5%**

**THE FOLLOWING DATA ARE THE MONTHLY DATA OF THE FAMILY KNAPP-TRACK™, WHICH CONSISTS OF 18 CONCEPTS WITH 6,000**

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**RESTAURANTS, AND SALES OF \$12 BILLION. THESE CONCEPTS INCLUDED THE TRADITIONAL FAMILY FULL SERVICE RESTAURANTS AND THE CAFETERIA, BUFFETS AND GRILL BUFFET RESTAURANTS, AS ALL SHARE A COMMON CONSUMER BASE.**

**THE DATA ARE IN THE SAME FORMAT AS THE CASUAL DINING KNAPP-TRACK™.**

**FAMILY DATA OCTOBER 2012** accounting period comparable restaurant sales were -0.4%. These accounting period results are 2.1 percentage points above the below trend October 2011 – tied for the 4th worst month in 2011 – comparable restaurant sales results of -1.7%. October 2012 comparable restaurant guest counts were -2.9%. October 2011 comparable restaurant guest counts were -4.5%.

Family data October accounting period all restaurant sales were 0.3%. These accounting period results are 1.3 percentage points better than the below trend October 2011 – the 4th worst month in 2011 – all restaurant sales results of -0.1%. October 2012 all restaurant guest counts were -2.2%. October 2011 all restaurant guest counts were -3.1%

**Year to date** comparable sales in October 2012 were 0.8% vs. -1.6% for October 2011. Year to date comparable guest counts in October 2012 were -1.7% vs. -4.5% for October 2011. Year to date all store sales through October 2012 were 1.7% vs. 0.4% for October 2011. Year to date all store guest counts through October 2012 were -0.7% vs. -2.4% for October 2011.

In **OCTOBER**, 4 of 11 **FAMILY KNAPP-TRACK™** regions had positive comparable restaurant sales results. 7 of 11 regions had negative comparable restaurant sales results. 4 of 11 regions had better or the same comparable restaurant sales results in October than in September. 7 of 11 regions had worse comparable restaurant sales results in October 2012 than in September 2012.

In **OCTOBER** for **FAMILY KNAPP-TRACK™** the best performing region was East North Central followed by New England, Pacific Northwest and California. These 4 regions had better than or equal comparable restaurant sales results than the national average of -0.4% in **OCTOBER**. The worst performing region was South

Atlantic followed by Middle Atlantic, Texas, Florida, Mountain, West North Central and East and part West South Central.

In **OCTOBER**, the highest region for comparable sales results was East North Central. The lowest region was South Atlantic. The spread between the regions was -3.4 percentage points. The median-concept comparable restaurant sales change was -1.350%. This is -0.903 percentage points lower than the October average of -0.447%.

With regard to comparable restaurants in **OCTOBER** the spread between comparable restaurant sales and guest counts was 2.5 percentage points better for comparable restaurant sales. The national average for comparable restaurant guest counts in **OCTOBER** was -2.9%. Eleven of 11 regions had negative comparable guest counts. The best performing region for comparable guest counts was East North Central. The worst performing region was South Atlantic. The spread between the best and worst performing region was 2.7 percentage points.

All restaurant sales in **OCTOBER** were up 0.3%. Eight of 11 regions had positive sales results. Three regions had negative sales results. The spread between all restaurants and comparable restaurants sales was 0.7 percentage points.

All restaurant guest counts in **OCTOBER** were down -2.2%. One of 11 regions was positive. Ten of 11 regions were negative. The spread between all restaurant sales and all guest counts was 2.5 percentage points better for all restaurants sales results. The spread between all restaurants and comparable restaurants guest count gains was 0.7 percentage points.

FAMILY Comparable restaurant sales changes in 2012 were: 1Q 1.5%; 2Q 0.1%; 3Q 1.1%

FAMILY Comparable restaurant guest count changes in 2012 were: 1Q -1.1%; 2Q -2.3%; 3Q -1.5%

FAMILY All restaurant sales gains in 2012 were: 1Q 2.5%; 2Q 1.1%; 3Q 2.0%

FAMILY All restaurant guest count changes in 2012 were: 1Q -0.1%; 2Q -1.2%; 3Q -0.5%

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