



National Retail Association

MEDIA STATEMENT

3 August, 2010

Retail sector still struggling – rates must remain on hold for 2010

Today’s ABS data on retail trade confirmed conditions are very tough for Australia’s shopkeepers, the National Retail Association said.

NRA Executive Director Gary Black said the fourth consecutive month of anaemic retail data indicated the sector had been hammered by the series of interest rate hikes.

“With the fourth month of near zero year-on-year growth confirmed, retailers fear the Reserve Bank may have gone too far in lifting the cash rate by 150 basis points in late 2009 and early 2010.

“While we welcome the Reserve staying its hand today, we would urge the Board to very carefully consider the reality of the tough conditions in the retail sector in its upcoming monthly meetings.

“If anything a rate reduction may be necessary in to kick start the sector, which really hasn’t recovered from where it was at the height of the financial crisis,” he said.

Key sectors such as clothing, footwear and personal accessories (-0.85%) and household goods (-0.1%) had gone backwards the last 12 months in seasonally adjusted terms.

“What we’re seeing in these figures confirms what we’ve been told by retailers Australia wide over the course of this calendar year – that trading conditions are very difficult,” Mr Black said.

“There’s no year-on-year growth for many of them. They’re saying sales are down by five to 10 per cent, and that’s reflected in the data.”

He said the poor result for June followed disappointing figures in March, April and May.

RETAIL SALES \$ millions – (seasonally adjusted – excludes cafe and restaurants)

| Category | Food | Household Goods | Clothing, Footwear & personal accessories | Department Stores | Other Retailing | Australia Total |
|-----------------------------|-------|-----------------|---|-------------------|-----------------|-----------------|
| Annual change to March 2010 | 0.73% | -0.92% | -3.96% | -2.80% | 2.36% | -0.14% |
| Annual change to April 2010 | 0.28% | 0.94% | -4.78% | -4.73% | 1.51% | 0.81% |
| Annual change to | 2.37% | -0.22% | -3.62% | -5.82% | 0.77% | 0.24% |

| | | | | | | |
|-----------------------------------|-------|-------|--------|------|-------|-------|
| May 2010 | | | | | | |
| Annual change to June 2010 | 1.76% | -0.1% | -0.85% | 1.6% | 1.02% | 0.83% |

Mr Black said the rebound in department store sales (1.6%) was welcome but no doubt the result of widespread and ongoing discounting.

“The kind of massive discounting and marketing spends that are holding up the sales in department stores are unsustainable in the longer-term.

“For smaller retailers operating on the tightest of margins conditions are also tougher than ever,” he said.

Mr Black said the data had confirmed the Queensland retail sector continues to struggle as the worst performing mainland state.

“Queensland retailers are experiencing some of the toughest trading conditions in the country. The fear is that further job losses in the sector will be unavoidable,” he said.

\$ millions – seasonally adjusted

| State | NSW | Vic | Qld | SA | WA | Tas | NT | ACT |
|------------------------------------|-------|-------|--------|-------|-------|--------|--------|-------|
| Annual change to March 2010 | 3.29% | 1.21% | -1.91% | 0.41% | 2.37% | -1.08% | -0.09% | 4.24% |
| Annual change to April 2010 | 1.84% | 2.67% | -1.04% | 3.63% | 4.27% | -0.32% | 5.22% | 2.70% |
| Annual change to May 2010 | 2.32% | 2.81% | -2.40% | 1.83% | 0.86% | -0.87% | 3.96% | 1.31% |
| Annual change to June 2010 | 2.83% | 3.57% | 0.72% | 1.46% | 1.2% | -1.35% | 5.5% | 2.16% |

The NRA is Australia’s largest and most representative retail organisation with more than 3000 members and affiliates located across all states and territories. Its membership includes the majority of Australia’s national retail chains and extends across the retail take-away food and fast food sectors.

Gary Black is available for interviews. Contact Brad Burke on 0458 291 234