



National Retail Association

MEDIA STATEMENT

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Rate respite much needed for struggling retail sector

The inflation figures released today were a welcomed reprieve for the nation's retailers, who had been fearing the Reserve Bank would raise interest rates next week.

National Retail Association Executive Director Gary Black said the CPI figures reflected evidence from the sector pointing to easing inflation in the period ahead.

"Deep discounting of prices not only underscores subdued trading conditions in the sector but should also provide the Reserve Bank with some degree of satisfaction that inflation will continue to ease in the period ahead.

"The retail sector has continued to shed jobs, in contrast to most other industries, and there's significant risk that if conditions do not improve further job losses will be unavoidable.

"The interest rate hikes delivered earlier this year helped hammer consumer sentiment back below its five year average, and although there was questionable volatility in the July figures, any further rate rises in coming months would have a significant impact on confidence given the current level of mortgage interest rates," Mr Black said.

Mr Black said that retailers consistently advised that unsustainable discounting and marketing spends were the main factors holding up activity in the sector.

"There's no year-on-year growth for many retailers. They're saying sales are down by five to 10 per cent, and that's reflected in the retail data," he said.

Mr Black said monetary policy should not be tightened further until prospects for a solid global recovery are clearer.

"Australia's fortunes are tied to the rest of the world and any sign of a slowdown in growth in China as a result of a stalling recovery in the North Atlantic economies would weigh on growth domestically.

"Importantly, it would carry strong implications for bulk commodity prices upon which our ticket to a solid, private sector led recovery has been written.

"We also need more confirmation that the transition from stimulus led growth to a private sector activity is actually taking place," he said.

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