



National Retail Association

MEDIA STATEMENT

31 August, 2010

Mixed results for retail sector in today’s ABS data

Today’s retail trade data has revealed strong results in the dining and take-away categories, but also shows a mainstream retail trade sector continuing to struggle, the National Retail Association said.

NRA Executive Director Gary Black said an annual increase of 15.16 per cent in spending at cafes, restaurants and take-away food outlets was very welcome for a sector which had been badly hurt by the economic downturn of the last 12 months.

However, Mr Black said the strong result for hospitality masked the difficulties continuing to confront other areas of the retail industry. He urged the Reserve Bank to consider carefully the details of today’s ABS data – rather than simply the headline numbers – before making any further decision on interest rates.

“We’ve heard a lot about the two-speed economy, where some sectors have moved ahead while others – including retail – have languished,” Mr Black said.

“Today’s figures show that even within the retail sector there are areas performing well and areas continuing to struggle. The RBA needs to consider the impact another rates rise will have on those businesses and the people they employ.”

RETAIL SALES ANNUAL GROWTH – (seasonally adjusted excluding cafe and restaurants)

Category	Food	Household Goods	Clothing, Footwear & personal accessories	Department Stores	Other Retailing	Australia Total
Annual change to April 2010	0.28%	0.94%	-4.78%	-4.73%	1.51%	0.81%
Annual change to May 2010	2.37%	-0.22%	-3.62%	-5.82%	0.77%	0.24%
Annual change to June 2010	1.76%	-0.1%	-0.85%	1.6%	1.02%	0.83%
Annual change to July 2010	3.67%	0.46%	2.23%	0.29%	2.81%	2.44%

Mr Black said annual sales growth for July remained anaemic with average annual growth under 2.5 per cent.

“Retailers who depend on discretionary spending remain very vulnerable. There was no annual growth for the “household goods” and “department store” categories, while “clothing and footwear posted its first annual increase since February.

“Clothing retailers in particular are struggling to make headway. When ‘clothing’ data is extracted from the broader ‘clothing, footwear and personal accessories’ category data, it shows that New South Wales clothing retailers are 10 per cent down on July 2009 figures, and Victorian clothing retailers are 6 per cent down on the same month last year.

“Clearly conditions remain very challenging for the retail sector. If the RBA Board and others analysing these figures take out the results for ‘food’ and ‘cafe and restaurants’ they will see true state of retail sector. Stability in interest rate settings remains the imperative for retailers.

RETAIL SALES BY STATE \$ millions – (seasonally adjusted)

Category	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%	1.20%	-1.35%	5.50%	2.16%
Annual change to July 2010	4.88%	6.53%	2.49%	3.72%	0.07%	-1.05%	4.44%	1.92%

On a state basis, Mr Black said NSW and Victoria continued to be the strongest performing states while Tasmania is the weakest performing state - recording its fifth consecutive month of negative annual growth.

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 Malcolm Cole on 0408 612 603