



National Retail Association

MEDIA STATEMENT

6 July, 2010

RBA recognises retail trade is still in the doldrums

Today's decision by the Reserve Bank to leave interest rates on hold is recognition of the fact that many businesses, particularly retailers, are still doing it very tough, the National Retail Association said.

NRA Executive Director Gary Black welcomed the decision not to increase rates further, and said if there was no noticeable pickup in consumer spending in the next month the RBA should consider cutting rates again.

The May retail trade statistics released last week showed the sector was still in the doldrums, having experienced very little growth over the last 12 months.

Those ABS figures showed a contraction in spending in important sectors such as clothing, footwear and personal accessories (-3.62) and department store goods (-5.82).

"We've been saying for some time that retailers were continuing to struggle in the wake of the global financial crisis, and that any growth in the economy was patchy at best.

"We've also seen wildly differing results between states, with states such as New South Wales and Victoria achieving modest growth, but others such as Queensland still going backwards.

"Today's decision indicates that this message – one that we're hearing from our members all across Australia – is finally getting through to the top.

"There's simply no year-on-year growth for many retailers. They're telling us sales are down by five to 10 per cent, and that was reflected in the data from the ABS last week."

Mr Black said it was now time for the RBA to reassess its strategy, and consider easing interest rates once again.

"Six rate rises over the last nine months have put a major dent in consumer spending," he said.

"If the RBA didn't believe this when they were increasing rates as recently as May, they should believe it on the basis of the May trade data.

"We welcome the decision not to increase rates again, but we believe the time is fast approaching when the RBA needs to consider another cut."

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