



Australian National
Retailers Association

MEDIA RELEASE

ANRA is the voice of Australia's leading retailers

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Retail strong in November despite rising interest rates

"The strong November retail figures shows spending may be starting to realign with consumer confidence," ANRA CEO Margy Osmond said today. Retail sales grew 1.4 per cent in November, the strongest monthly rise since March 2009.

"Up until now we've seen confidence lift and yet spending has remained patchy. This result indicates the sector entered the Christmas period with the engine revving and potentially gathering momentum.

"However, it's clear that the full impact of the two rate rises is only partially captured in these numbers. There is a lag effect; it can take several months for the impact to filter through to shoppers' purses and pockets," Mrs Osmond said.

"The retail numbers are still volatile, the ABS is readjusting the way it produces seasonal estimates and has revised both the October and September numbers upwards. It's too early to suggest a spending recovery based on the November figures."

Household goods and department stores were solid, up 1.7 per cent and 1.1 per cent respectively. NSW and Victoria were also strong, up 1.3 per cent and 2.1 per cent respectively.

ANRA members report sales have been strong over Christmas and New Year but not spectacular. Results on a sector by sector basis have been patchy and shopper habits and behaviours are going against the trends of only a few years ago.

"Home entertainment, flat screen TVs, toys, sporting goods, BBQ's and back to school items like laptops have sold well in the post Christmas sales," Mrs Osmond said.

"Shoppers have been hungry for bargains and this has certainly pumped up the competition between retailers. The strong Australian dollar has helped retailers cut prices on imported items like flat screen TVs and gaming consoles. Australians appear to have put off purchasing major household furniture such as beds and bedroom furniture until the New Year and this sector appears to be doing well in the January sale period."

ANRA warned that 2010 is still going to be a challenging year for retailers.

"Last year interest rates were low and many people received cash handouts which lifted retail spending. This year we are facing strong headwinds driven by the potential for more interest rate hikes and a lingering uncertainty about the global economy and its impact on jobs here at home."

Access Economics expects retail sales will stay subdued until the end of 2010. Retail sales are expected to grow by just 2.1 per cent in 2009-10 (inflation adjusted) before dipping to 1.4 per cent in 2010-11.

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