



Australian National
Retailers Association

MEDIA RELEASE

ANRA is the voice of Australia's leading retailers

Thursday, February 04, 2010

Drop in retail sales shows that post stimulus economy is challenging

“The drop in retail sales in the all-important month of December confirms how challenging the Christmas trading period was for retailers in a post stimulus economy,” the Australian National Retailers Association CEO Margy Osmond said today.

Official ABS data shows retail turnover dropped by 0.7 per cent in the month of December (seasonally adjusted). Since July, when ANRA believes the stimulus effect wore off, retail sales have grown by just 1.5 per cent.

“Christmas was not as strong as retailers hoped for and apart from the burst of activity on Boxing Day, the post Christmas sales were pretty patchy too. There was unprecedented discounting both before and after Christmas which has certainly put pressure on retailers’ margins.”

Stock volumes were up 1.1 per cent in the quarter, however prices were only up by 0.1 per cent which confirms how heavily retailers were discounting and competing for the consumer dollar.

“We always knew Christmas was going to be tough as retailers were cycling through some big numbers from December 2008 when retail sales were up 4.2 per cent (seasonal adjusted).”

The impact of the three interest rate rises is beginning to show through in the December retail figures too.

“The Reserve Bank’s decision to keep rates on hold at their meeting this week was clearly a wise one,” ANRA CEO Margy Osmond said.

Apart from cafes and restaurants (which were up 2.5 per cent) all retail segments suffered falls in seasonally adjusted terms. Food retailing fell 1.3 per cent, department stores were down 3.5 per cent, clothing and footwear lost 1.9 per cent and household retailing fell 0.3 per cent.

ANRA warned that 2010 was going to be an uncertain year for retailers.

“Last year interest rates were low and many people received cash handouts which lifted retail spending massively. This year retailers are relying on the fundamentals of the market and there are some pretty strong headwinds including the prospect of more rate rises and a discount-orientated consumer,” Margy Osmond said.

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.

Media inquiries:
Liz Rodway
0417 817 970
lrodway@anra.com.au
www.anra.com.au