



Australian National
Retailers Association

MEDIA RELEASE

ANRA is the voice of Australia's leading retailers

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Retail sales roller coaster since October 2009 ***Reserve Bank urged to exercise caution in interest rate decision***

The Australian National Retailers Association (ANRA) today urged the Reserve Bank to resist the impulse to lift interest rates on April 6 following the release of figures that confirm sales for the sector have been on a roller coaster ride over the past four months.

Official ABS data shows retail turnover dropped by 1.4 per cent in the month of February (seasonally adjusted). Since July 2009, when ANRA believes the stimulus effect wore off, retail sales have grown by just 1.1 per cent.

The result follows on from a 1.1 per cent increase in January, a 0.8 per cent drop in the December peak shopping period and an increase of 1.5 per cent in November – an up and down sales environment that is creating a deal of uncertainty for the retail sector.

ANRA Chief Executive Margy Osmond said Christmas was not as strong as retailers hoped for and the post Christmas sales were patchy. There was unprecedented discounting both before and after Christmas which has certainly put pressure on retailers' margins

"But these latest figures provide further cause for concern in what remains a challenging retail operating environment. Despite strong jobs growth the impact of four interest rate rises in five months appears to be flowing through to consumer spending.

"A recent survey of 1000 Australians conducted by ANRA and American Express found that while 56 per cent of respondents believe the GFC is over only 39 per cent felt confident enough to spend on discretionary items like clothing, footwear, homewares and whitegoods.

"In this environment I would urge the Reserve Bank not to lift interest rates again too hastily and to adopt a wait and see attitude to fully assess the impact of previous increases.

"Apart from cafes and restaurants (which were up 1.8 per cent) all retail segments suffered falls in seasonally adjusted terms. Food retailing fell 1.7 per cent, department stores were down 3.9 per cent, clothing and footwear lost 3.9 per cent and household retailing fell 1.3 per cent.

Mrs Osmond warned that 2010 was going to be a challenging year for retailers with the prospect of further interest rates rises and more discerning and sales orientated consumer.

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