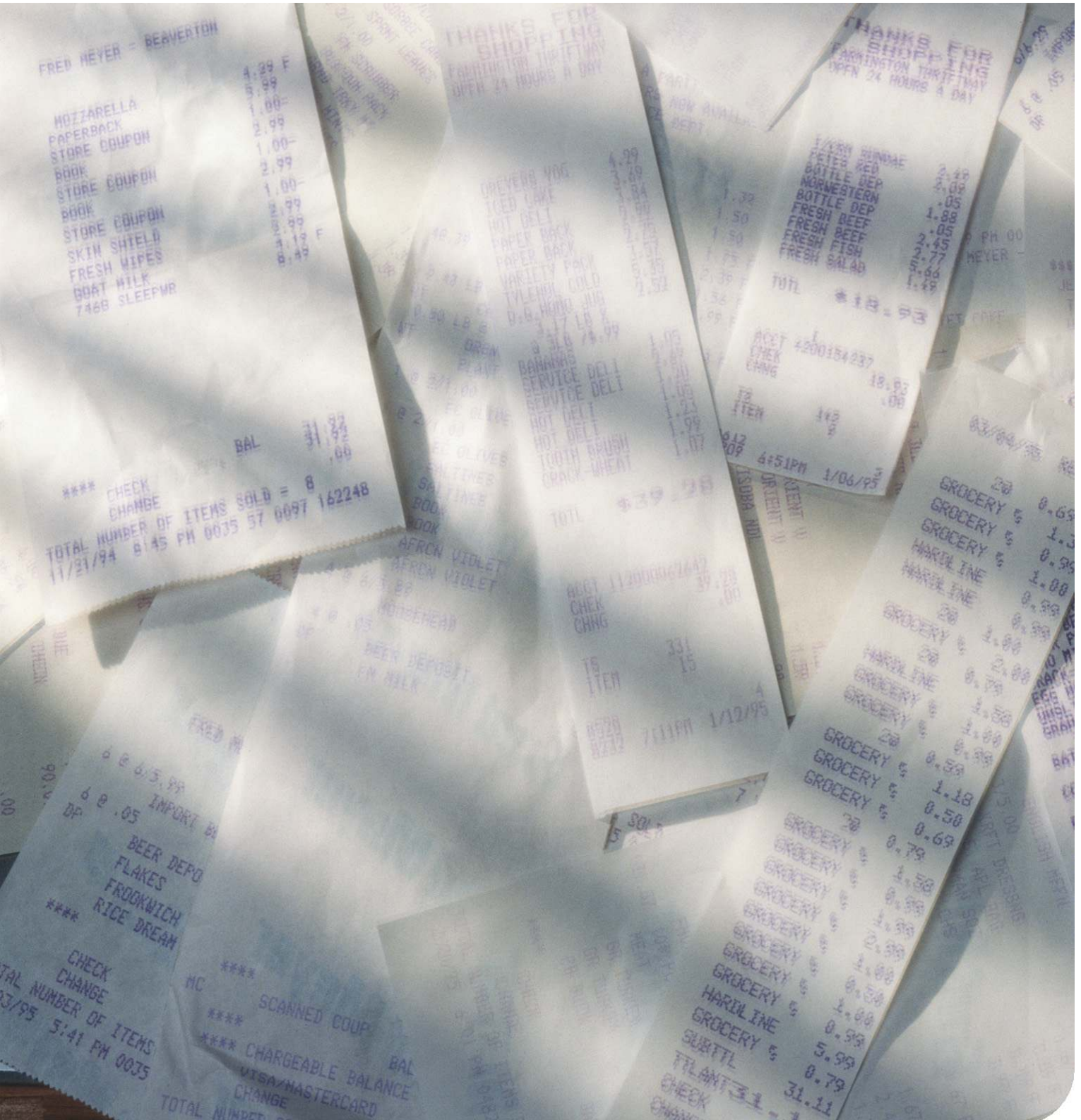


Retail Trends

ABS Retail Trade Data for February 2007



ABS Fact Sheet – February 2007

Released 2nd April 2007

OVERVIEW

Trend Estimates	January 2007	February 2007	% Change
Turnover at current prices (\$ million)	18570.7	18720.9	0.5
Seasonally Adjusted Estimates	January 2007	February 2007	% Change
Turnover at current prices (\$ million)	18621.1	18795.0	0.9
	February 2006	February 2007	% Change
	17599.5	18795.0	6.8

Moving Annual Total (MAT) Figures

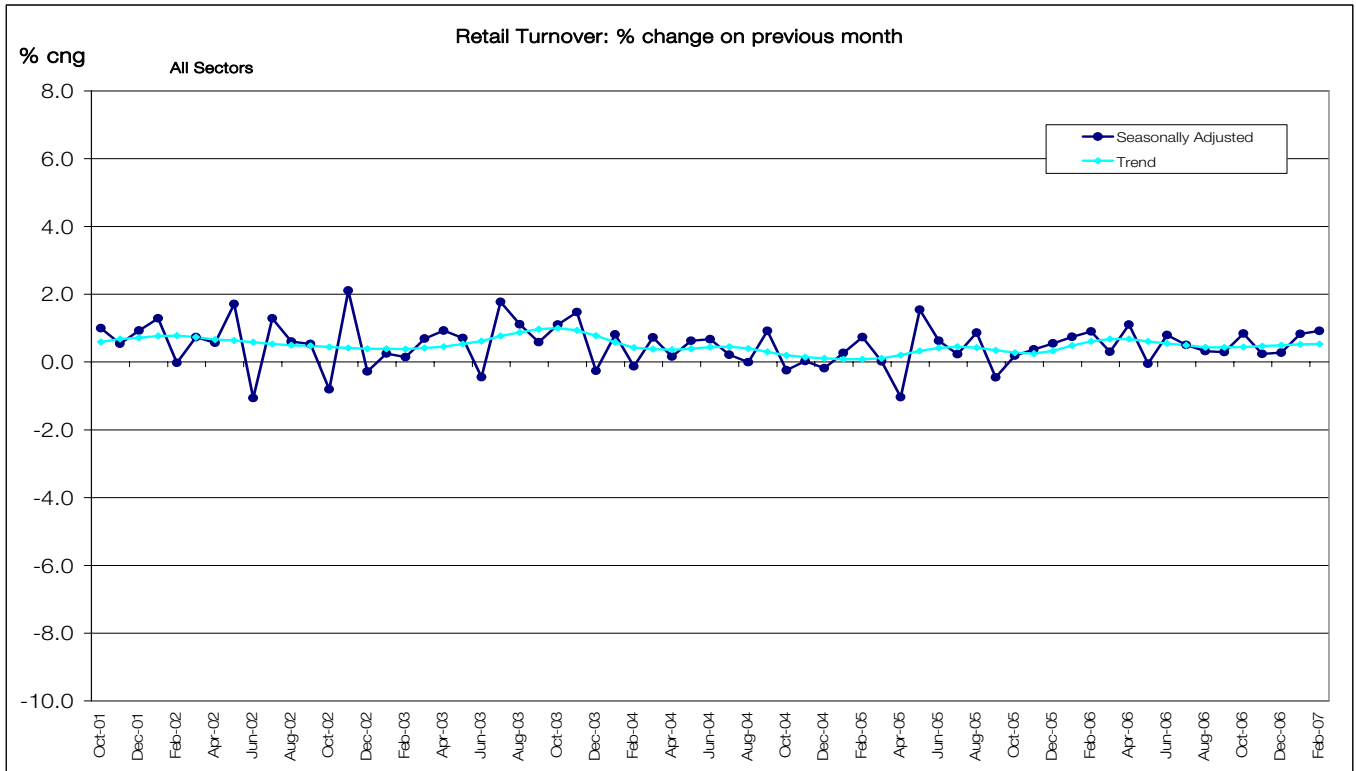
Trend Estimates	February 2007	% change over February 2006	% change over January 2007
Turnover at current prices (\$ million)	218625.0	6.2	0.5

The Australian Bureau of Statistics (ABS) figures show that in February 2007, there was a 0.5 percent monthly increase in the turnover trend estimate for the Australian Retail and Hospitality/Services sector. This follows revised increases of 0.5 percent in both January 2007 and December 2006.

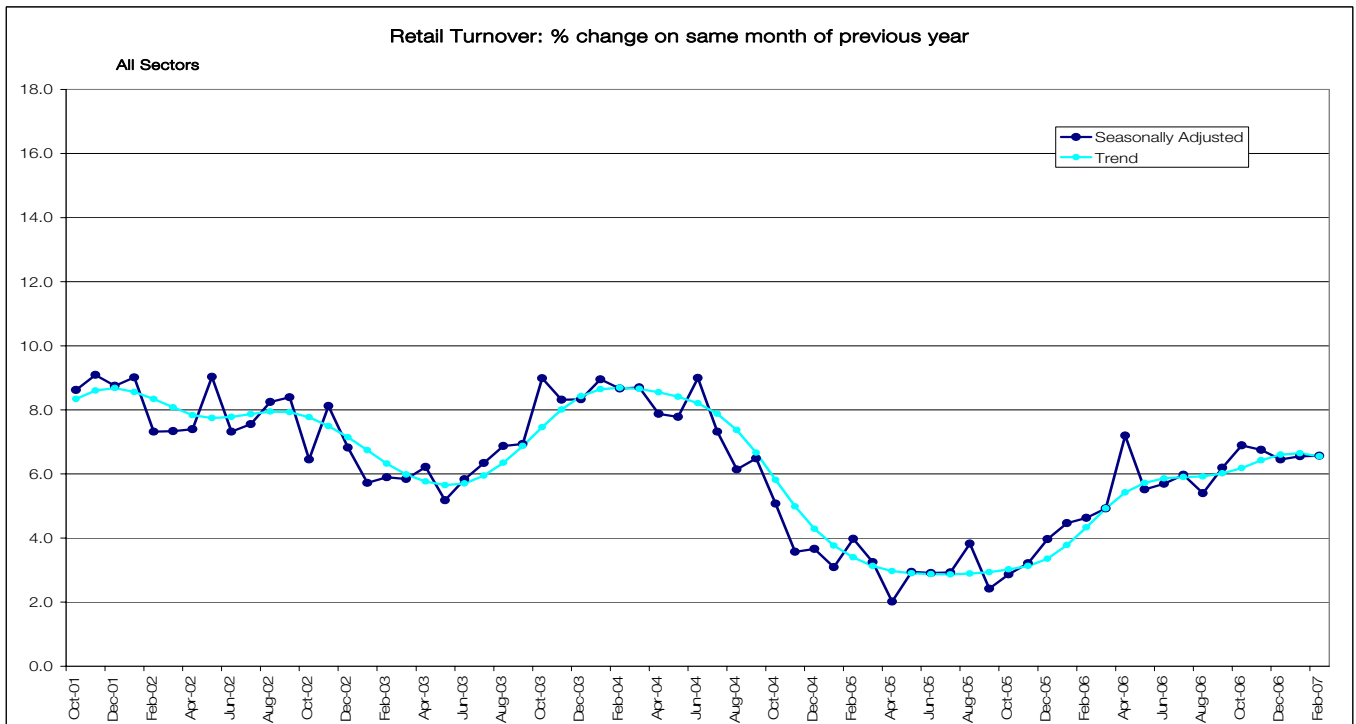
In seasonally adjusted terms, retail turnover increased by 0.9 percent in February 2007, followed by revised increases of 0.8 percent in January 2007 and 0.3 percent in December 2006. Mirroring the previous month, retail turnover growth in February 2007 exceeded market expectations of 0.4 percent, with strong numbers coming on the back of stronger than expected private sector credit data.

Much of the growth in retail spending in February 2007 stemmed from outlays on clothing and soft goods sales, which jumped 2.4 percent, as well as a 1.1 percent increase in household good retailing, and a 1.0 percent rise in food retailing. However, department store spending fell by 0.9 percent.

Two months of very strong growth in retail sales is a noteworthy result considering the three interest rate rises between May and November last year. Consumer spending is being boosted by the strong labour market, sustained solid growth in household incomes and improved cash flows, as fuel prices and the initial impact of higher interest rates ease. However, economists say the results may be a signal that the Reserve Bank of Australia is about to raise interest rates again.



NOTE – Graph and estimates, compared to the previous year have been modified to remove the effects of GST on 2001 figures



TREND and SEASONALLY ADJUSTED ESTIMATES

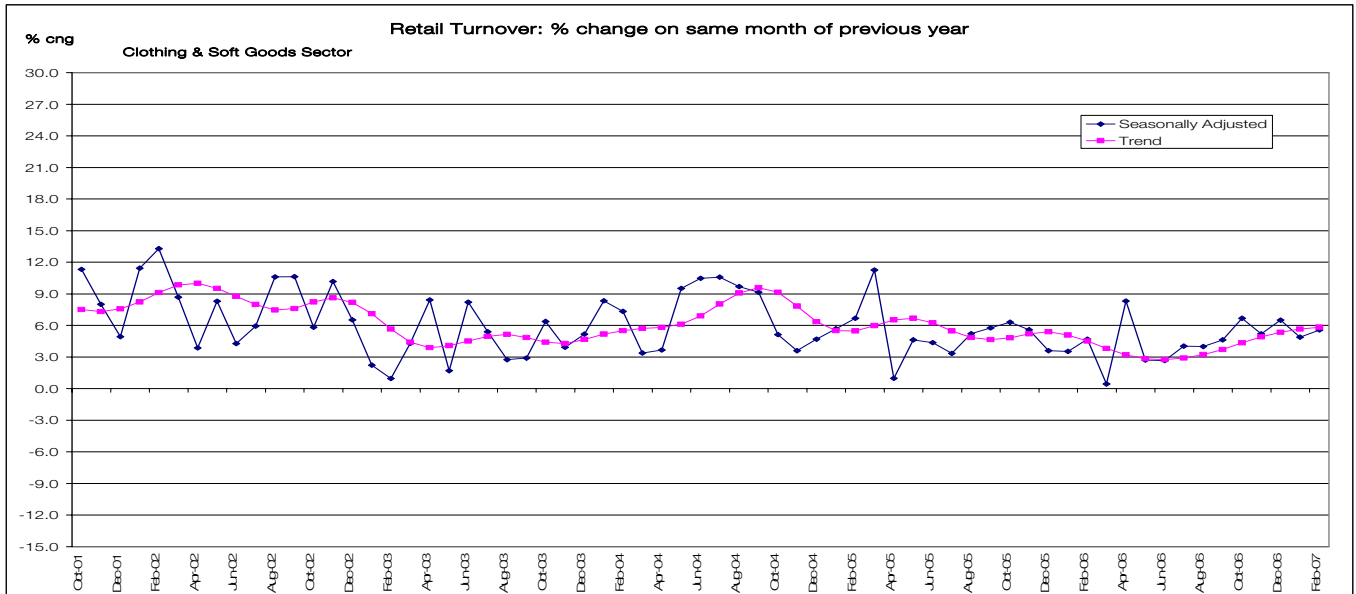
February 2007 Seasonally Adjusted Figures

	% change from same month of previous year						% change from previous month
SECTORS	September	October	November	December	January	February	February
Food	7.0	7.1	7.3	7.7	8.0	8.1	1.0
Department Stores	-4.6	4.6	3.9	5.7	4.1	1.7	-0.9
Clothing and Soft Goods	4.6	6.7	5.2	6.5	4.9	5.6	2.4
Household Goods	8.2	8.4	9.3	6.5	10.4	11.5	1.1
Recreational Goods	-2.7	3.5	5.3	4.9	3.6	5.8	0.8
Other Retailing	11.3	9.2	8.3	7.0	4.7	2.5	0.1
Hospitality and Services	7.4	5.7	4.4	3.6	3.1	3.7	1.2
Total Turnover	6.2	6.9	6.8	6.5	6.6	6.6	0.9
	% change from same month of previous year						% change from previous month
STATES	September	October	November	December	January	February	February
New South Wales	4.9	4.8	4.0	4.7	4.8	5.4	1.1
Victoria	5.3	7.3	8.0	8.0	7.3	6.5	0.1
Queensland	6.5	6.3	6.5	4.7	5.5	5.8	1.3
South Australia	6.4	8.8	7.8	6.2	6.6	7.1	1.4
Western Australia	11.1	12.1	12.5	12.4	13.3	12.0	0.8
Tasmania	5.2	3.4	2.7	1.3	0.8	1.2	0.8
Northern Territory	10.2	12.0	13.2	13.4	11.7	12.9	1.2
Australian Capital Territory	7.7	9.8	9.0	8.1	6.3	8.7	2.0

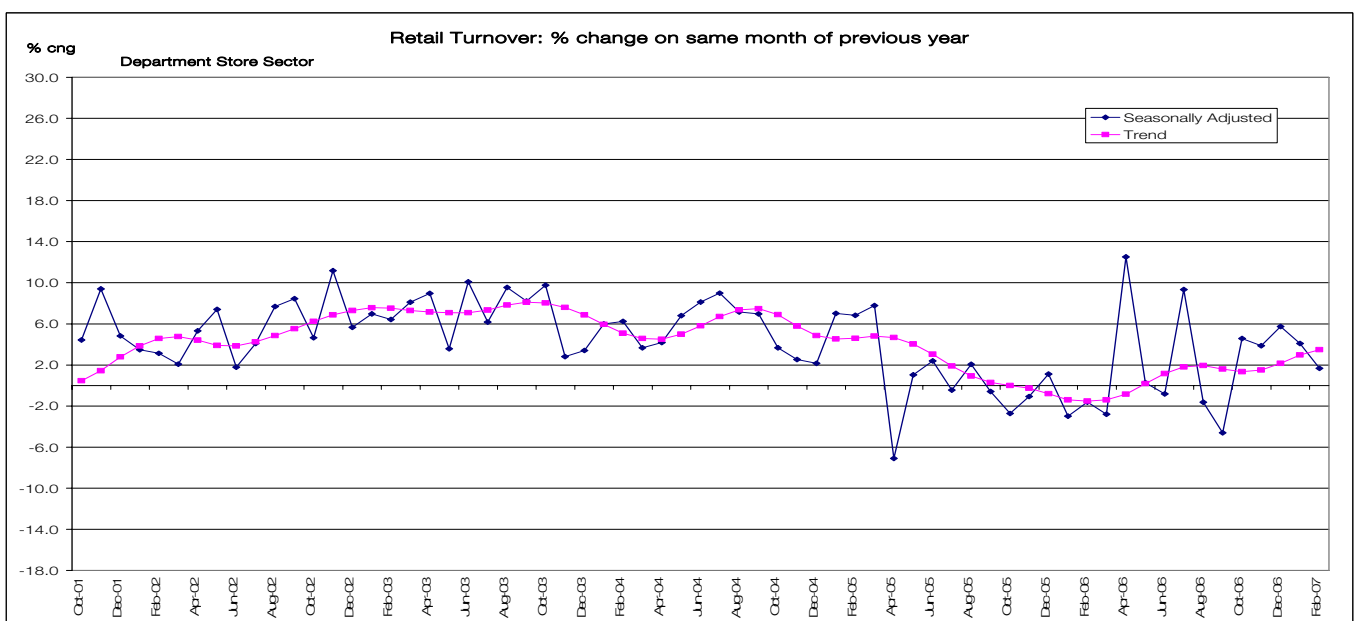
In February 2007, month-to-month retail sales growth was the same as that of the prior month at 0.9 percent. Most sectors experienced an increase in sales growth, with the exception of the **Department Stores** sector. The **Clothing and Soft Goods** sector led the industry with a solid 2.4 percent in monthly sales growth. The **Hospitality and Services** sector also achieved considerable improvement with February's growth at 1.2 percent, as did the **Household Goods** and **Food** sectors with 1.1 and 1.1 growth respectively. In contrast, the **Department Stores** sector had the weakest sales, recording a decline of 0.9 percent from January 2007.

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A look at Australian states performances reveals that all states and territories reported sales growth increases from the previous month in the seasonally adjusted estimate. The strongest performing state in February 2007 was the **Australian Capital Territory** with 2.0 percent growth, followed by **South Australia** and **Queensland** with 1.4 and 1.3 percent growth respectively.



Examining year-on-year turnover, all sectors experienced positive sales growth, with the **Household Goods** retailing sector reported the strongest growth for the second consecutive month of 11.5 percent, followed by the **Food** retailing sector with 8.1 percent growth. The **Household Goods** sector made the greatest improvement in yearly retail sales growth, while the **Clothing and Soft Goods** sector recorded the most significant monthly growth. The **Department Stores** sector was the weakest performing sector in terms of both monthly and yearly sales growth.



State & Sector Analysis

February 2007 Seasonally Adjusted Figures, compared to February 2006

Sector by state	% change from same month of previous year							
	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Food	5.1	9.3	10.6	10.2	8.5	4.1	18.2	7.4
Department Stores	0.5	0.3	5.4	-1.6	6.8	N/A	N/A	1.3
Clothing & Soft Goods	6.8	8.3	-5.0	3.9	18.1	1.3	21.7	14.6
Household Goods	8.4	10.1	17.0	18.9	11.3	2.9	14.8	10.0
Recreational Goods	7.1	8.5	9.3	-6.9	-3.0	4.8	47.9	8.9
Other Retailing	1.5	0.4	-4.8	8.8	23.4	N/A	N/A	-1.3
Hospitality & Services	6.8	0.8	-3.6	-3.2	23.9	-13.6	1.7	20.3

For state and sector performance in February 2007, the strongest yearly sales in the **Hospitality and Services, Other Retailing, and Clothing and Soft Goods** sectors were experienced in *Western Australia*, making it the strongest yearly sales performer among the larger states. The *Northern Territory* emerged as the strongest performer for **Recreational Goods** retailing. *Tasmania* was again the weakest performing state in February 2007 for yearly sales growth as a result of very weak sales in the **Hospitality and Services**. The second weakest performing state was *Queensland* as a result of negative sales growth in the **Clothing and Soft Goods, Other Retailing, and Hospitality and Services** sectors.

ORIGINAL FIGURES – SUBSECTOR SALES

Examining original figures, Australian Retail and Hospitality/Services turnover decreased by 8.9 percent in February 2007 compared with January 2007. Chains and other large retailers decreased by 11.2 percent in February 2007, while the estimate for smaller retailers decreased by 5.6 percent. In contrast, Australian retail turnover increased by 6.9 percent in February 2007 compared with February 2006. Chains and other large retailers increased by 6.8 percent, as did smaller retailers by 7.0 percent.

Similar to January 2007, most sub-sectors in February 2007 reported negative growth with relatively smaller figures. *Total Department Stores* appeared to be the weakest performing sub-sector, followed by *Other Clothing Related* and *Total Clothing and Soft Goods*. Compared to other sub-sectors, *Other Retailing* was the best performing sub-sector for the period of February 2007.

Observing year-on-year sales, most sub-sectors reported positive growth, except for *Selected Services*. *Other Recreational Goods* experienced the strongest year-on-year sales growth of 19.6 percent, followed

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by strong growth in *Domestic Appliance and Recorded Music*. *Selected Services* was the weakest performing sub-sector with a decrease of 7.1 percent in sales growth. *Newspaper, Book and Stationery, Hotels and Licensed Clubs*, and *Other Retailing* sub-sectors also experienced declines in sales growth in February 2007 compared to February 2006.

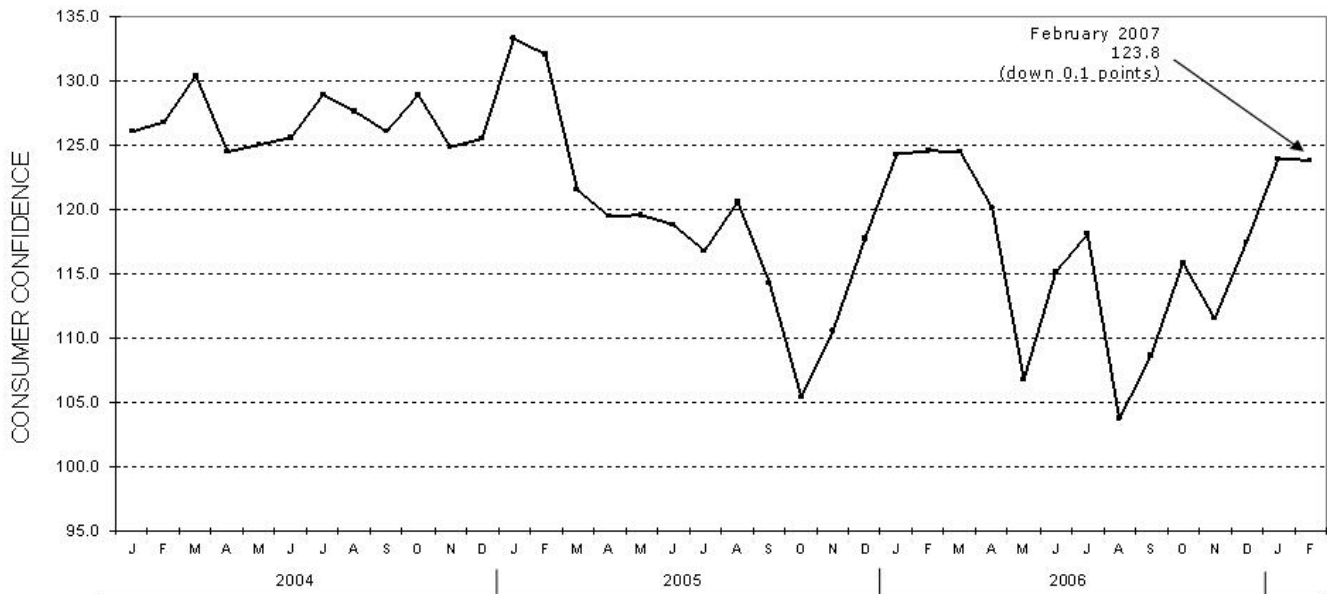
SUB-SECTOR	February 2006 Turnover (\$mill)	February 2007 Turnover (\$mill)	% change from February 2006	% change from January 2007
Supermarkets and Grocery Stores	4701.8	5029.5	7.0	-7.4
Takeaway Food	688.0	735.2	6.9	-10.0
Other Food	1201.9	1375.5	14.4	-5.2
Total Food	6591.7	7140.3	8.3	-7.3
Total Department Stores	1003.3	1023.6	2.0	-17.5
Clothing	665.2	721.1	8.4	-16.0
Other Clothing Related	252.6	258.7	2.4	-17.0
Total Clothing and Soft Goods	917.8	979.8	6.8	-16.3
Furniture and Floor Covering	530.6	599.5	13.0	-13.1
Domestic Hardware and Houseware	718.6	749.7	4.3	-8.2
Domestic Appliance and Recorded Music	1018.5	1181.4	16.0	-12.2
Total Household Goods	2267.7	2530.6	11.6	-11.3
Newspaper, Book and Stationery	413.0	408.1	-1.2	-6.3
Other Recreational Goods	190.5	227.9	19.6	-11.2
Total Recreational Goods	603.6	636.0	5.4	-8.1
Pharmaceutical, Cosmetic and Toiletry	657.7	697.6	6.1	-3.4
Other Retailing	888.7	887.7	-0.1	4.6
Total Other Retailing	1546.4	1585.3	2.5	-4.1
Hotels and Licensed Clubs	1465.5	1454.0	-0.8	-8.5
Cafes and Restaurants	926.1	1056.0	14.0	-5.3
Selected Services	212.8	197.6	-7.1	-5.1
Total Hospitality and Service Industries	2604.4	2707.7	4.0	-7.0
Total all Industries	15534.8	16603.2	6.9	-8.9

ROY MORGAN CONSUMER CONFIDENCE – FEBRUARY 2007

The Roy Morgan Consumer Confidence Rating remains steady in February 2007. There was a slight decrease of 0.1 points to 123.8 in the February rating, however this figure is 12.2 points above the February average of 111.6.

The main driver behind the February decrease was short-term expectations of good economic conditions in Australia over the coming year which are unchanged at 44 percent. Expectations of bad economic conditions over the coming year were also unchanged at 21 percent.

The number of Australian expecting good economic times over the next five years remains unchanged at 37 percent compared to 20 percent of Australians who expect bad economic times over the next five years. Currently, 34 percent say their personal financial situation is better now than it was last year, while 26 percent say they are now worse off. Fifty-six percent of Australians consider now a good time to buy major household items compared to 16 percent who say it is a bad time. Looking ahead, 46 percent expect to be better off financially this time next year, while only 15 percent expect to be worse off.



Source: Roy Morgan Consumer Confidence Poll

NOTES

TURNOVER includes retail sales, wholesale sales, takings from repairs, meals and hiring of goods, and commissions from agency activity and takings from gaming machines. From July 2001, turnover also includes GST.

SEASONALLY ADJUSTED ESTIMATES are derived by estimating and removing systematic calendar related effects from the original series. (e.g. Increased spending in December as a result of Christmas) and trading day influences (e.g. varying length of each month and varying number of Sundays, Mondays etc.)

TREND ESTIMATES have been obtained by smoothing seasonally adjusted series. Trend estimates are used to analyse the underlying behaviour of the series over time. As a result of the introduction of The New Tax System, a break in the monthly trend series has been inserted in July 2000. Care should be taken when comparing the series over time.

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