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DECADE STRONG CHRISTMAS SPEND

Peak retail industry body the Australian Retailers Association (ARA) said the 2007 Christmas period exceeded expectations with cash registers across the country ringing with \$36.5 billion in retail sales.

According to ARA Executive Director Richard Evans although the figures are in line with original projections, expectations for the 2007 Christmas period were lowered to \$35.4 billion after the interest rate rise in November.

"Retail sales from mid-November to Christmas eve are up 7.4% on last year, making it the largest increase in close on a decade," Evans said.

On a state basis, NSW sales accounted for \$12.1 billion (33%), Victoria \$8.8 billion (24%), Queensland \$7.4 billion (20%), WA \$4.1 billion (11%) SA \$2.6 billion (7%), Tasmania \$747 million (2%), ACT \$395 million (1%), NT \$390 million (1%).

"Obviously consumer confidence is still high across Australia and recent interest rate rises, which have perhaps been offset by recent tax cuts, did not dampen consumer spending over the Christmas period.

"Many home owners are also ahead of their mortgage payments thus reducing potential impact of the Christmas spend. We also don't see petrol prices affecting retail sales over this period," Evans said.

Key categories included food (\$13.5 billion), household / entertainment (\$5.3 billion), hospitality (\$5.1 billion), department stores (\$3.6 billion), clothing and footwear (\$2.5 billion) and recreational (\$1.7 billion).

"Retailers love their cash registers ringing loud and often. However, with the post-Christmas sales continuing until mid January we once again caution consumers to be realistic when it comes to discretionary spending and not to extend too far on credit.

"Right now we are at the top of the cycle when it comes to consumer spending, but if consumers rely too heavily on credit, it could be a very difficult time in February when the bills come in," Evans said.

The Australian Retailers Association (ARA) is the peak industry body in Australia's \$292 billion retail sector which employs over 1.2 million people. As an incorporated employer body under the Workplace Relations Act and with a range of member services including business consulting, policy development, advocacy and education, the ARA supports and represents over 5000 members throughout Australia. Visit www.ara.com.au or call 03 9321 5000 for more information.

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