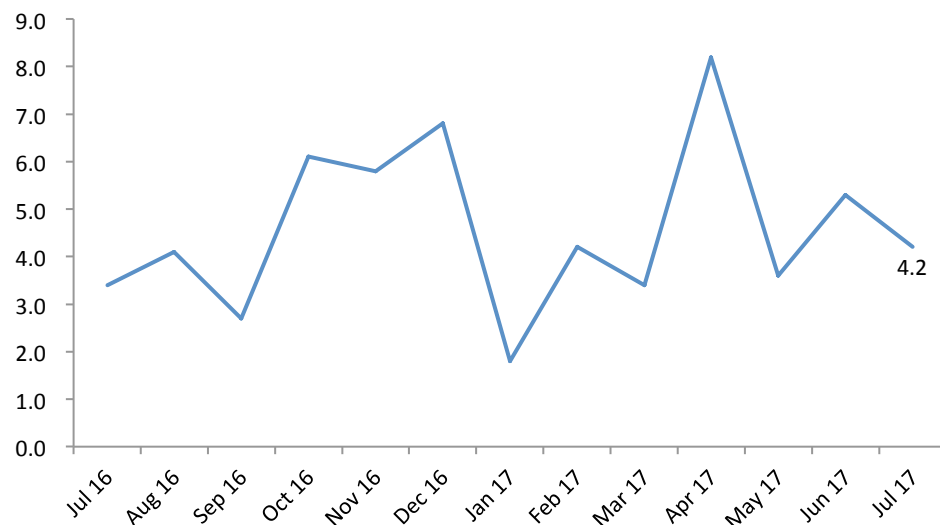


UK Monthly Retail Sales: Solid Growth Sustained in July 2017

- 1) July was another solid month for UK retail, with sales up 4.2% year over year.
- 2) The rate was comfortably ahead of sectorwide inflation of 2.7%, meaning that Brits continued to grow their retail spending in real terms.

Figure 1. Total UK Retail Sales (ex Automotive Fuel): YoY % Change



All data in this report are not seasonally adjusted.
Source: Office for National Statistics (ONS)/FGRT

Figure 2. UK Retail Sales: Notable Rising and Falling Sectors in July



Clothing specialists' sales were up 6.0%, seemingly supported by a reported boost from smaller retailers.

Internet pure plays and mail-order retailers enjoyed a 20.9% increase in sales.

Grocery retailers grew sales by 3.6%, ahead of sector inflation.



Footwear specialists saw a 6.1% decline in sales.

DIY and hardware stores posted an 8.5% slump in sales.

Source: ONS/FGRT

Retail In Detail

The 4.2% increase in total sales in July was well ahead of shop-price inflation of 2.7%, meaning that shoppers continued to grow their spending in real terms.

Grocery stores registered strong year-over-year growth of 3.6%. Inflation in the food retail sector stood at 2.8% in July, up from 2.5% in June, according to the ONS—meaning that the sector continued to grow volumes.



MONTHLY BRIEFING

Clothing specialists' growth was seemingly supported by a reported one-third leap in sales by small retailers—a figure so unlikely that it suggests methodological issues with the ONS survey. Large clothing chains saw 2.8% growth. Inflation at clothing and footwear stores climbed to 3.0% in July from 2.7% in June, implying minor volume declines among larger specialist chains.

DIY and hardware stores' weakness was reflected in trading updates from market leaders Kingfisher and Homebase/Bunnings on the same day as the ONS retail sales data were published. Kingfisher reported that total UK and Ireland sales were down 2.1% in the quarter ended July 31, with sales at its core B&Q chain down 7.8% in total and down 4.7% on a comparable basis. Homebase/Bunnings reported a 6.8% decline in sales in the quarter ended June 30; comps were down 4.3%.

Automotive fuel retailers saw growth soften to 1.2% in July, with sector inflation slowing to 2.1%, down from 4.0% in June.

Figure 3. UK Retail Sales, by Sector: YoY % Change

	May	June	July
Total (ex Automotive Fuel)	3.6	5.3	4.2
Grocery Retailers	3.3	2.3	3.6
Specialist Food Stores	2.5	(0.8)	2.2
Beverage and Tobacco Specialists*	(10.4)	(10.1)	(14.2)
Department Stores/Mixed-Goods Retailers	(1.1)	6.1	2.4
Clothing Specialists	7.5	9.5	6.0
<i>Large Clothing Specialists**</i>	5.2	7.4	2.8
<i>Small Clothing Specialists**</i>	29.6	27.5	32.7
Footwear Specialists	4.8	11.5	(6.1)
Furniture and Lighting Stores	(1.6)	5.6	10.0
Electrical Goods Specialists	(2.3)	6.0	8.5
DIY and Hardware Stores	(4.5)	(0.4)	(8.5)
Music and Video Specialists	(5.5)	2.7	5.4
Health and Beauty Specialists	9.7	17.6	7.0
Books and News Stores	(9.8)	4.8	7.4
Floor Coverings Specialists*	37.3	42.2	27.1
Computers and Telecoms Equipment*	(14.1)	(12.9)	0.1
Other Specialized Stores	3.7	3.2	0.0
Internet Pure Plays and Mail Order	17.4	24.6	20.9
Other Nonstore Retail*	(14.3)	(22.1)	(17.4)
<i>Automotive Fuel Retailers</i>	<i>10.7</i>	<i>6.6</i>	<i>1.2</i>

*A relatively small or fragmented sector, where reported figures have traditionally proved volatile.

**A small retailer is defined as one with fewer than 100 employees or with revenues of £60 million or less per year; all others are large retailers.

Source: ONS

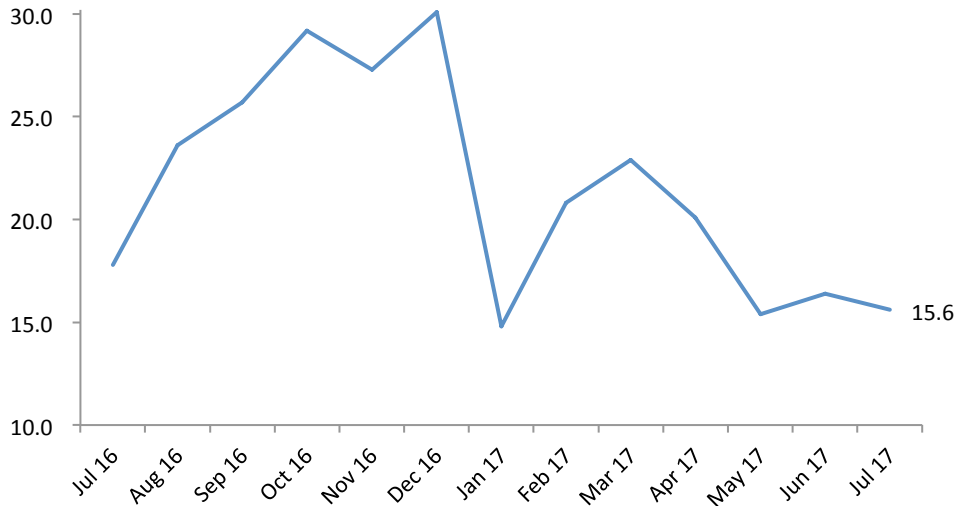


MONTHLY BRIEFING

Online Retail Sales

Total Internet retail sales were up 15.6% in July. The 20.9% growth for Internet pure plays noted above therefore represents a significant outperformance of total online sales.

Figure 4. UK Internet Retail Sales: YoY % Change



Source: ONS



MONTHLY BRIEFING

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