



MONTHLY BRIEFING

UK Monthly Retail Sales: Strong Real Growth, Even as Inflation Rises in August 2017

- 1) Retail sales grew strongly in August, with real-terms growth accelerating, even as shop-price inflation crept up.
- 2) Solid growth at grocery stores and clothing retailers underpinned total growth.

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 August



Clothing specialists' sales were up 9.2%, supported by a reported boost from smaller retailers.
Internet pure plays and mail-order retailers enjoyed a 20% increase in sales.
Grocery retailers grew sales by 3.5%, ahead of sector inflation.



DIY and hardware stores' sales fell 2.7%.
Computing and telecoms specialists' sales also fell 2.7%.

Source: ONS/FGRT

Retail In Detail

The 5.8% increase in total sales in August was well ahead of shop-price inflation of 2.9%, which was up from 2.7% in July.

Grocery stores registered strong year-over-year growth of 3.5%, representing volume growth. Inflation in the food retail sector stood at 2.6% in August, down from 2.8% in July, according to the ONS.



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Clothing specialists' growth was supported by a reported 42% jump in sales by small retailers—a figure that looks improbable and which suggests there may be methodological issues with the ONS survey of smaller retailers. Large clothing chains saw robust growth of 4.9% in August. Inflation at clothing and footwear stores rose to 4.2% in August from 3.0% in July.

Two big-ticket sectors reported now-typical volatility: electrical goods specialists' sales jumped 15% and floor coverings stores—which have long reported seemingly improbable numbers—reported an increase of 19%.

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

	June	July	August
Total (ex Automotive Fuel)	5.3	4.4	5.8
Grocery Retailers	2.5	3.9	3.5
Specialist Food Stores	(8.1)	2.7	0.0
Beverage and Tobacco Specialists*	(8.1)	(21.3)	(24.8)
Department Stores/Mixed-Goods Retailers	6.1	2.5	3.5
Clothing Specialists	9.5	5.8	9.2
<i>Large Clothing Specialists**</i>	7.5	2.8	4.9
<i>Small Clothing Specialists**</i>	27.2	31.0	42.3
Footwear Specialists	13.7	(0.8)	3.4
Furniture and Lighting Stores	6.4	9.6	0.1
Electrical Goods Specialists	6.0	8.5	15.0
DIY and Hardware Stores	(1.3)	(8.4)	(2.7)
Music and Video Specialists	0.3	5.9	2.1
Health and Beauty Specialists	11.7	4.5	5.0
Books and News Stores	3.4	5.0	7.5
Floor Coverings Specialists*	36.3	19.0	19.0
Computers and Telecoms Equipment*	(10.7)	0.4	(2.7)
Other Specialized Stores	4.3	1.3	11.8
Internet Pure Plays and Mail Order	24.4	20.1	20.0
Other Nonstore Retail*	(19.9)	(11.6)	14.9
<i>Automotive Fuel Retailers</i>	6.3	0.9	3.8

* 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

Online Retail Sales

Total Internet retail sales were up 15.6% in August, versus an increase of 17.0% in July. In August, online sales grew by 14.6% at food retailers, 25.3% at department stores/mixed goods retailers, 20.8% at clothing and footwear specialists and 5.8% at household goods stores (such as furniture and DIY retailers).



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