Economic report

RetailEconomics

Retail Sales

1.4%

Retail sales rose by 1.4% in June, year-on-year, according to Retail Economics.

Online Retail Sales

7.8%

Total online retail sales rose by 7.8% in June, value and non-seasonally adjusted, according to ONS.

Confidence

-13

Consumer confidence fell three points to -13 in June, according to GfK.

Online Penetration

18.2%

Online accounted for 18.2% of total retail sales in June.

Footfall

-3.9%

Footfall fell by 3.9% in June, according to Ipsos.

UK Retail Sales

July 2019

Period covered 26 May – 29 June 2019

Contents

RetailEconomics

Tough comparisons make for challenging growth

Sector Growth Rankings	Jun-19	3 month avg.	6 month avg.	12 month avg.
Homewares	3.2%	0.7%	-0.4%	-1.0%
Furn & Floor	3.1%	1.1%	0.6%	-0.1%
Electricals	1.7%	-1.5%	-1.6%	-0.7%
Food	1.2%	3.0%	2.7%	2.9%
Health and Beauty	0.5%	1.4%	1.3%	1.3%
Footwear	0.5%	-0.6%	-0.4%	-0.9%
Clothing	-0.3%	0.3%	1.1%	0.9%
DIY and Gardening	-2.7%	1.3%	1.9%	2.6%

Source: Retail Economics

EXECUTIVE SUMMARY

July 2019

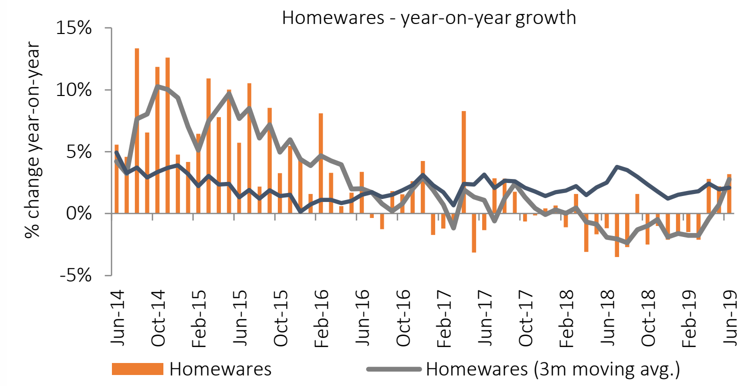
Sales Growth

- Total retail sales rose by 1.4% in June 2019, compared with a 3.6% rise in June 2018.
- Annual comparisons were set against a tough backdrop of influential seasonal and one-off factors such as the FIFA World Cup 2018 in addition to significant weather variation.

Homewares boost

- Grey skies benefited homewares and furniture retailers as consumers focused on the inside of their homes.
- In the three months to June, Homewares rose by 2.8%, outpacing total sales growth for the first time since June 2016.
- Given the slow housing market, consumers have adopted an 'improve, not move' mentality.

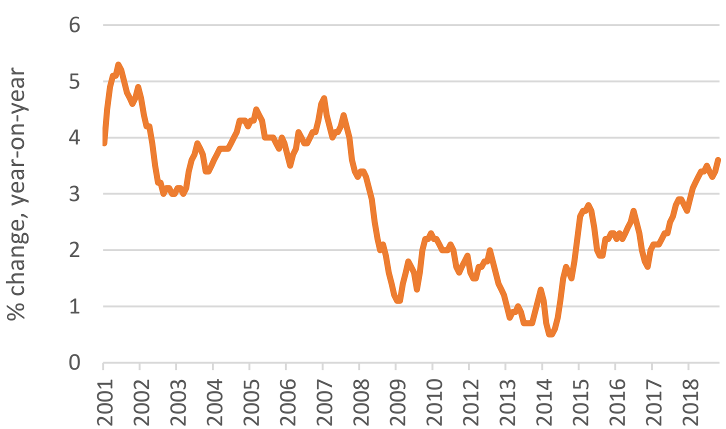
Home categories performed well as consumers' attentions turned to home interiors



Source: Retail Economics

June's story

Earnings rise at fastest pace in over 10 years



Source: ONS

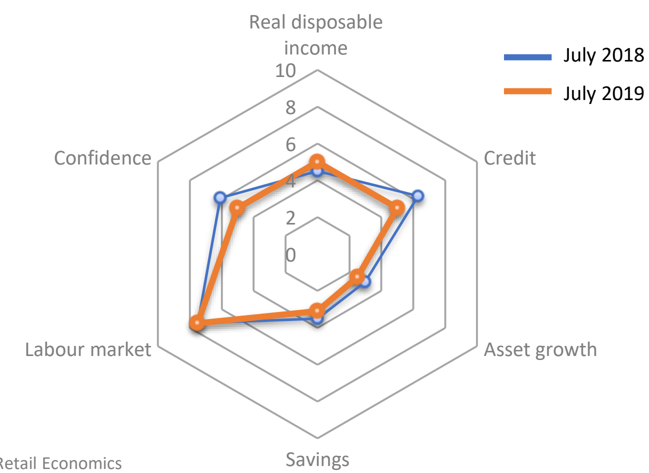
Earnings growth gains traction

- The backdrop for household spending power has improved considerably over the last 12 months. Average weekly earnings (regular pay) rose by 3.6% in the three months to May, the fastest growth for over 10 years.
- Real earnings rose by c.1.6% in June which is the strongest growth in over two years.

Household Cashflow Model

- Consumer confidence remains fragile. Our data shows that over the last three months, over half of households suggest increased caution in discretionary item spend.
- Perceptions towards their own personal finances has also weakened on the previous quarter, despite a rise in real wages – this suggests creeping levels of anxiety about the future.

Consumers' propensity to spend remains weak as concerns over the strength of the economy grow



Source: Retail Economics

Retail Sales Comparison: June 2019

Index	June 2019	Summary	Description of measure	Period covered
Retail Economics Sales Index	• +1.4% • +1.2% (Food) • +1.5% (Non-Food)	• Total sales rose by 1.4% as tough comparisons last year held back growth. • Homewares (+3.2%) and Furniture & Flooring (+3.1%) were the strongest growing non-food categories. Food sales rose by 1.2%.	• Value and non-seasonally adjusted, annual growth, year-on-year, excluding automotive fuel. • Retail sales as defined by ONS Standard Industrial Classification. • Econometric model to include multiple sources of retail sales data. • Includes consumer survey panel data.	26 May – 29 June 2019
Office for National Statistics Retail Sales Index	• +4.0% value, non SA • +3.4% volume, non SA • +7.8% Online, non SA (all exc. Fuel)	• Total sales rose by 4.0% year-on-year, against a rise of 4.5% last year. • Food sales rose by 1.7% against a rise of 5.4% last year. Non-Food rose by 3.6% against a rise of 2.0% last year. Online sales rose by 7.8% and accounted for 18.2% of total retail sales (value, NSA).	• Value and non-seasonally adjusted, annual growth, year-on-year, excluding automotive fuel. • Retail sales as defined by ONS Standard Industrial Classification.	26 May – 29 June 2019
BRC-KPMG Retail Sales Monitor	• -1.3% (total) • -1.6% like-for-like • +4.0% (online, non-food)	• Total retail sales fell 1.3% in June 2019, year-on-year, as tough comparisons held back growth. • Home Accessories, Computing, Furniture and Household Appliances all saw LFL growth against the previous year. H&B, Clothing, Toys and Other Non-Food (including DIY, Gardening) all fell against last year.	• Value and non-seasonally adjusted, annual growth, year-on-year, excluding automotive fuel. • Retail sales as defined by ONS Standard Industrial Classification. • Sample of c.70 retailers, sales data collected directly from retailers.	26 May – 29 June 2019
BDO High Street Sales Tracker	• +3.5% Total • +0.6% Lifestyle • +4.8% Fashion • +7.7% Homewares	• Overall sales rose 3.5% in June against a subdued 0.4% rise in the previous year. • In-store LFLs fell by 0.8% year-on-year, while non-store sales rose 16.5% against a relatively weak rise (+10.9%) a year ago. • Homewares was the fastest growing category, up 7.7% on the previous year, but against a 0.9% decline a year earlier.	• Like-for-like sales values, non-seasonally adjusted, excludes non-store sales. Results based on adjusted averages which exclude outliers. • Sample of c.85 mid market retailers covering 10,000 individual stores. • Annual LFL growth figures collected directly from retailers.	27 May – 30 June 2019
John Lewis Weekly Sales	• 1.7% Total • +5.9% Fashion • -1.5% Electricals • 0.2% Home	• Fashion (+5.9%) was the strongest performer, driven by own-brand, particularly Accessories and Menswear. • Improvement seen in: Home (+0.2%), Gifting (supported by Father's Day) and Outdoor Living and Furniture when the weather improved towards the end of the month.	• Weekly sales provided by John Lewis. • Value and non-seasonally adjusted, annual growth, year-on-year.	26 May – 29 June 2019
Visa Consumer Spending Index	• -1.4%	• Visa's Consumer Spending Index, which reflects overall consumer spending, fell by 1.4% in June. • Household Goods (-5.0%), Transport & Communication (-4.9%) and Clothing & Footwear (-4.1%) reported the deepest declines.	• Consumer spending – volumes, seasonally and trade day adjusted. • Data for all Visa debit, credit and prepaid cards held by UK cardholders • Spending by product categories consist of the Classification of Individual Consumption According to Purpose (COICOP) groups.	1 – 30 June 2019
CBI Distributive Trade Survey - Retail	• -42%	• Volume of sales fell in June with a balance of -42%, the weakest since the financial crisis. • Grocers were the largest contributors to the fall in sales volumes. Hardware & DIY and Footwear & Leather sub-sectors also disappointed.	• The DTS is a qualitative survey which aims to capture short and medium-term trends in the UK Retail Sector. • Sample of c.70 retailers who account for approximately a third of total employment in the retail sector, responded to the survey.	28 May- 14 June 2019

Note: For a more detailed explanation of the various methodologies and comparisons between measures, please contact us and ask to speak with one of our analysts.
Where possible, comparisons are made with consistent methodology, or as near as possible. For example, our base line is to use retail sales that are value, non-seasonally adjusted, excluding fuel and covering the ONS trading calendar period. In addition, the Visa Consumer Spending Index measure includes all parts of consumer spending, not just retail, and so is not directly comparable to other measures of retail sales.

UK Overview

RetailEconomics

Retail Sales – June 2019

Retail sales rose by 1.4% in June, year-on-year, according to the Retail Economics Retail Sales Index (value, non-seasonally adjusted, exc. Fuel). However, it is worth noting that June's trading period is up against tough comparisons with last year when sales rose by 3.6%.

Significant seasonal factors also supported sales growth last year such as FIFA World Cup and warmer weather conditions.

Consequently, consumers shunned apparel, DIY and gardening in June, focusing attention on home-related products instead (e.g. furniture, flooring and homewares). Indeed, Homewares (3.2%), Furniture & Flooring (3.1%) and Electricals (1.7%) were the strongest performing categories. Albeit, home categories were against softer comparisons from last year.

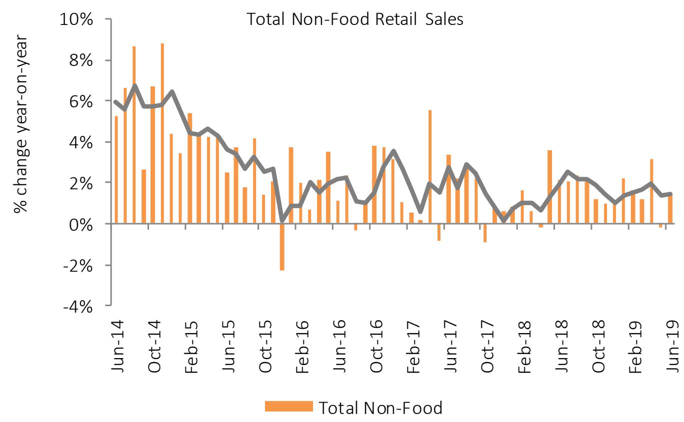
DIY & Gardening (-2.7%) and Clothing (-0.3%) sales fell on last year's levels, while Health & Beauty and Footwear showed a glimpse of positive growth.

Food sales remained under pressure, rising by just 1.2%. Given food inflation was 1.6% over the same period, volumes fell buy 0.4%. Data from Nielsen suggested that the grocery market saw growth of just 0.4% in the four weeks to 15 June, blaming 'monsoon' like conditions restraining consumers, resulting in fewer items purchased than last year during sunnier weather. In the 12 weeks to 15 June, the 'big four' supermarket sales were flat or in slight decline, with strongest sales at The Co-operative (+1.9%), Iceland (+2.2%), Aldi (+9.4%) and Lidl (+15.2%).

BRC-KPMG Retail Sales Monitor

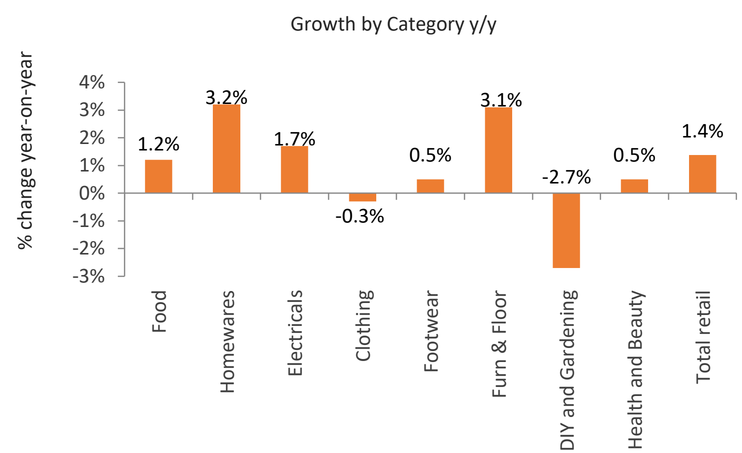
The BRC-KPMG measure reported total sales falling by 1.3% in June, the worst June since records began. The fall dragged the 12-month rolling average to just 0.6%, the weakest since records began in December 1995.

Retail Economics Retail Sales Index – Non-Food Sales
(value, non-seasonally adjusted)



Source: Retail Economics - Retail Sales Index

Retail Economics Retail Sales Index – by category
(value, non-seasonally adjusted)



Source: Retail Economics - Retail Sales Index

Retail Sales

1.4%

Retail Economics Retail Sales Index shows sales rose by 1.4% year-on-year in June.

Food

1.2%

Food sales rose by 1.2% year-on-year.

"Food sales remained under pressure, rising by just 1.2%. Given food inflation was 1.6% over the same period, volumes fell buy 0.4%"

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UK Overview

Sector data from the BRC also showed a similar trend to our own. Home Accessories, Computing, Furniture and Household Appliances all showed positive growth in the period. The weakest performing categories, which saw sales fall on the previous year, included: Toys & Baby Equipment, Stationery, Clothing, Footwear, Health & Beauty and Other non-food (containing some electricals and DIY/Gardening products).

Online non-food sales rose by 4.0% in June, improving on the previous month when sales rose by just 1.5%. However, the measure lags behind other surveys significantly. For example, the ONS reported online non-food sales growth of 13.0%, while the BDO reported growth of 16.5%, over four times the rate of growth of the BRC. As we have noted in previous months, the BRC's online non-food measure has notable omission from their sample including Amazon, eBay, Boohoo, Apple, Missguided, FarFetch, Etsy and others.

BDO High Street Sales Tracker

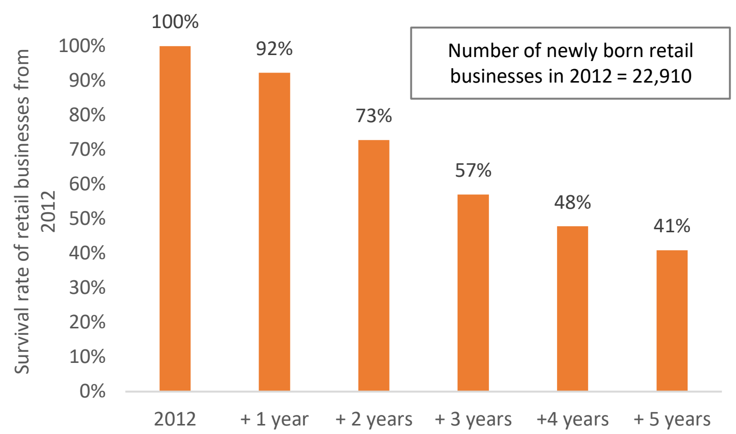
The BDO High Street Tracker reported overall growth of 3.5% in June, up from 0.4% last year. However, in-store sales reportedly fell by 0.8%, falling in 16 of the last 17 months. They also reported that footfall was down for every week of June compared with the previous year (data supplied by Springboard). The high street saw the greatest decline, down 4.5% year-on-year.

Homewares (7.7%) was the strongest performing category in June, followed by Fashion (4.8%) and Lifestyle (0.6%). Interestingly, BDO reported that in-store fashion sales were flat on the previous year, showing no growth in four of the last six months.

ONS Retail Sales Index

Predictably, the ONS retail sales index reported the strongest data, suggesting retail sales rose by 4.0% on the previous year (value and non-seasonally adjusted). However, there was a dubious disparity in the performance of small and large retailers.

More than half of newly-born retail businesses fail within 4 years



Source: ONS, Retail Economics analysis

Indeed, the ONS reported that large retailers saw growth of 2.6%, much more closely aligned to Retail Economics' estimate. Whereas, their estimate for small retailers reported growth of 9.1% during the same period. Small non-food businesses reportedly saw growth of 10.4%, compared with 1.2% for their larger counterparts, driven by strong growth in small clothing retailers (+19.9%) and Non-specialised stores (+26.9%).

The Survivorship bias

As we have outlined in previous months, inefficient survey collection methods could contribute to the volatile reporting of the ONS small retailer series. However, we also believe that the sample suffers from 'survivorship bias'. Over 95% of retail businesses are classed as SMEs (under 250 employees) and a significant number of these businesses fail. Indeed, the latest data from the ONS showed that around 23,000 retail businesses were born in 2012. Within two years, almost 30% of them had failed and within four years over half of them ceased trading. The ONS' survey records a moving sample of currently active small retailers, thereby only capturing a cohort of 'surviving' businesses, introducing selection bias. By excluding failing businesses, we believe it leads to an overly optimistic assessment in the performance of small retail businesses, thereby skewing the growth of this part of the market.

DIY & Gardening

-2.7%

Annual retail sales growth, value and non-seasonally adjusted.

Clothing

-0.3%

Annual retail sales growth, value and non-seasonally adjusted.

"The ONS estimate for small retailers reported growth of 9.1%, during the same period. Small non-food businesses reportedly saw growth of 10.4%, compared with 1.2% for their larger counterparts"

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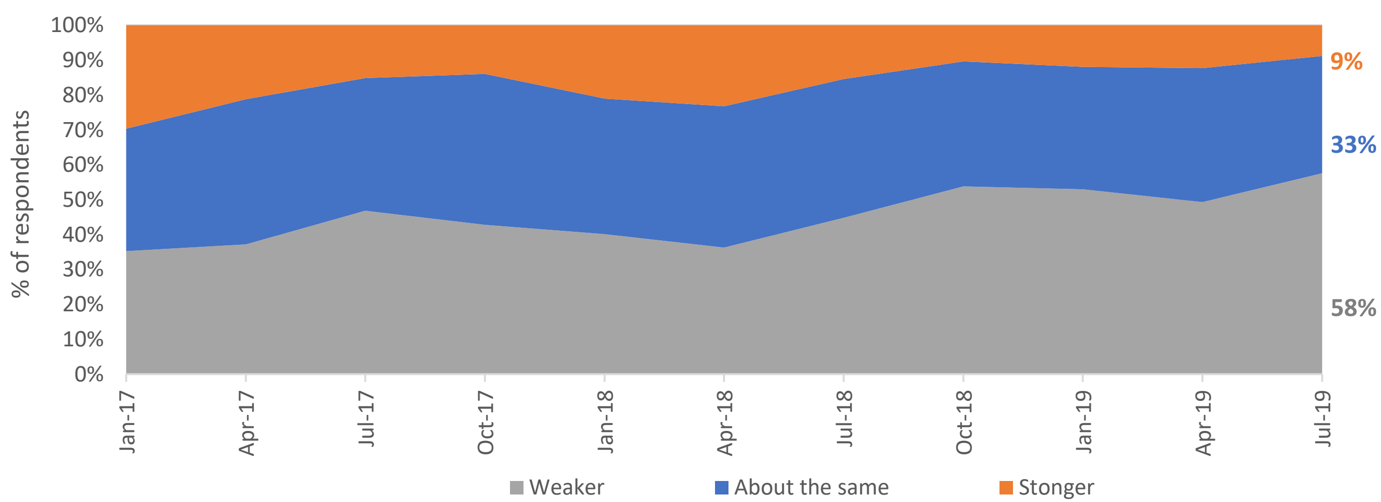
UK Overview

RetailEconomics

Economic fundamentals have improved but propensity to spend remains weak

1) Household spending power has improved considerably over the last 12 months. Average weekly earnings (regular pay) rose by 3.6% in the three months to May, the fastest growth for over 10 years.
2) Inflation remains muted, with the cost of living rising by just 2.0% in June. The latest Bank of England Inflation Report suggests that inflation will fall below 2.0% in coming months, helping to support further growth in real earnings. Indeed, real earnings rose by c.1.6% in June which is the strongest growth in over two years.
3) Discretionary spending (after households have paid for all essentials: taxes, housing costs, food etc.) has also risen sharply over the last two years. Latest data from the Asda Income Tracker suggests that discretionary spending rose by 5.4% in May, rising by more than double the rate in May 2018.
4) However, there are significant differences by household income group. The least affluent quintile of households continue to see their discretionary spending power under pressure, falling by 1.8% in May, a reduction of £35 per week compared with the previous year. Conversely, the top 20% of households saw their discretionary income rise by 4.3% year-on-year.
5) That said, retailers have not seen the benefit of improvements in spending power filter through to the sector, as falling levels of confidence dampen their propensity to spend.
6) Our latest Shopper Sentiment Survey revealed that 58% of consumers feel that the economy is likely to weaken over the next three months, the highest proportion since at least January 2017.
7) Furthermore, consumers' biggest concerns currently revolve around Brexit, lack of savings and levels of debt – which are all holding back propensity to spend.

How do you expect the economy to perform in the next three months?



Source: ONS, Retail Economics analysis, sample size = 2,000, conducted on 16 July 2019.

Earnings

+3.6%

Total pay rose by 3.6% in the three months to May.

Weaker economy

58%

Of consumers expect the economy to weaken in the next three months.

"Our latest Shopper Sentiment Survey revealed that 58% of consumers feel that the consumers feel that the economy is likely to weaken over the next three months, the highest proportion since at least January 2017"

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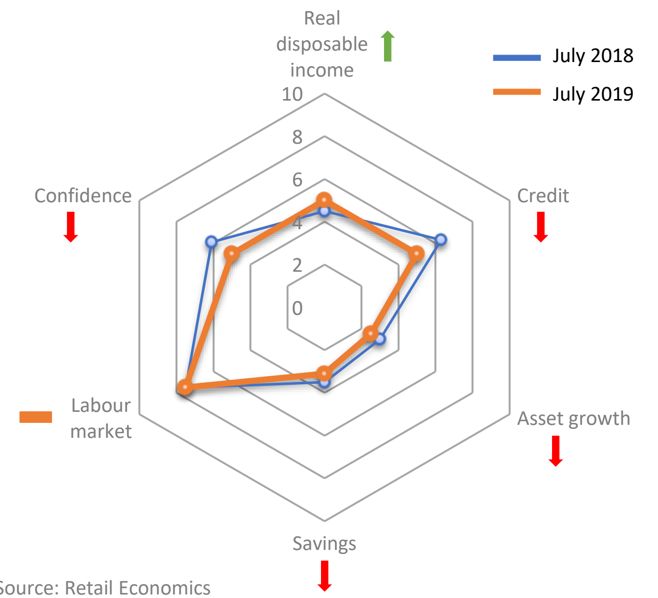
UK Overview

Simplified Household Cashflow Model



Source: Retail Economics

While there has been considerable improvement in spending power, other key variables supporting the propensity to spend have deteriorated.

Credit growth remains on a downward trajectory as unsecured lending rose by just 5.6% in May 2019, the weakest for over five years. This time last year, credit growth was 8.8%, unsecured credit rose by 10.3% in May 2017. Both consumer appetite for credit and lenders willingness to extend credit have dwindled. Consumers also remain concerned about their levels of debt, which have been steadily increasing during the economic recovery. Our latest Shopper Sentiment Survey showed that just over a quarter of households are worried about their levels of credit and debt, 3% suggesting that they are 'unable to make minimum repayments', 15% suggesting that they 'just about manage' to cover minimum repayments and 7% who said that they are 'a little concerned'.

Elsewhere, asset growth remains under pressure with ongoing housing market weakness. Rising house prices cause a positive wealth effect; consumers are more willing to make big ticket purchases, apply for credit and also withdraw equity from their homes. Halifax data showed that house prices rose by 5.7% in June. However, this was against particularly weak comparisons from the previous year. The 3-month on 3-month average showed a rise of just 2.4%. Many homeowners remain poised for more certainty around Brexit, unwilling to put their homes on the market thus reducing market stock levels.

Meanwhile, the labour market remains remarkably robust with continued record lows in unemployment and record highs in employment. Earnings are also rising, given tighter labour market conditions. Albeit, business investment remains lacklustre, as firms hold back large capital expenditure projects amid Brexit uncertainty. Indeed, the Bank of England expects business investment to fall 2.5% this year, marking the longest run of falling investment in the post-war age.

Ultimately, overall levels of confidence (the critical factor for determining spending levels) remains fragile. Our data shows that over the last three months, over half of households claim to have become more cautious in discretionary spending. Perceptions towards their own personal finances have also weakened on the previous quarter, despite a rise in real wages, suggesting increased anxiety about the future.

About two in five consumers expect their personal finances to weaken in the next three months; 52% expect them to remain unchanged, and just 9% expect improvement.

The backdrop of ongoing political and economic uncertainty continues to dominate households' spending plans – particularly for big-ticket purchases. We expect the second half of 2019 to remain equally uncertain as the leadership race unfolds and Brexit negotiations continue to paralyse business activity.

Unsecured credit

+5.6%

Unsecured credit rose by 5.6% against the previous year, the weakest in 5 years.

Levels of debt

25%

Of households are in some way worried about their levels of debt

"3% suggest that they are 'unable to make minimum repayments', 15% suggest that they 'just about manage' to cover minimum repayments and 7% who said that they are 'a little concerned' about levels of debt"

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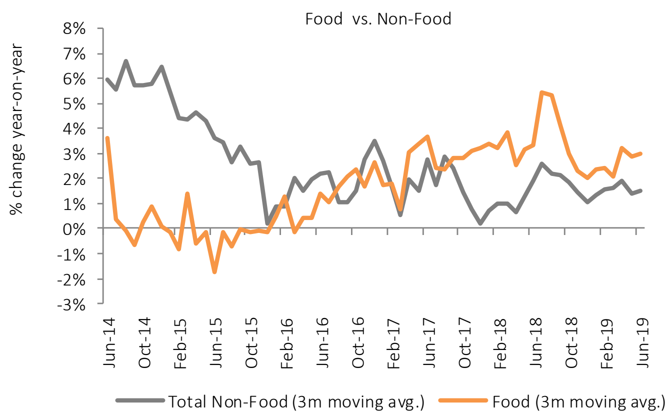
Retail Economics Retail Sales Index – June 2019

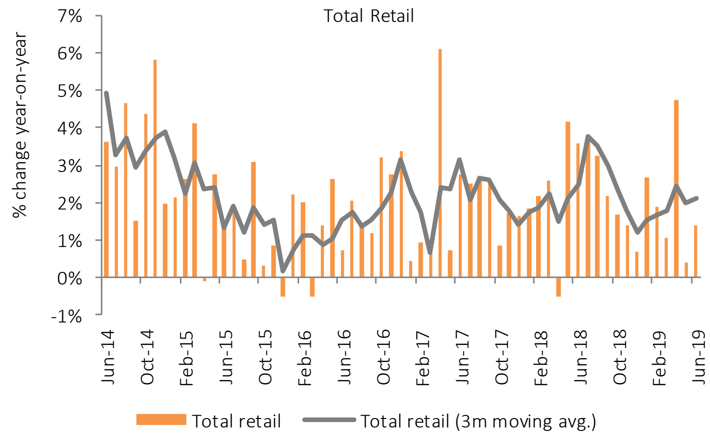
According to the Retail Economics Retail Sales Index, total retail sales rose by 1.4% in June, year-on-year, compared with growth of 3.6% last year. While sales rose on the previous month, they remained below the 12-month rolling average of 2.3%.

Non-food sales rose by 1.5%, a sharp improvement on the previous month, however tough comparisons against last year put some parts of the market under pressure. In particular, DIY & Gardening (-2.7%) and Clothing (-0.3%) sales fell on the previous year – uninterrupted sunshine and the FIFA World Cup boosting sales growth.

This year, these sectors were devoid of such supportive factors and failed to grow on last year's levels.



Source: Retail Economics



Source: Retail Economics

Total retail market	Annual % growth
Jan-19	2.7%
Feb-19	1.9%
Mar-19	1.0%
Apr-19	4.7%
May-19	0.4%
Jun-19	1.4%

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted

*Period aligned to ONS trading calendar: 26 May – 29 June 2019

Retail Sales

1.4%

Total retail sales in June rose by 1.4% year-on-year.

Retail Sales Three-month average

2.1%

In the three months to June, retail sales rose by 2.1%.

"Non-food sales rose by 1.5%, a sharp improvement on the previous month, however tough comparisons against last year put some parts of the market under pressure"

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UK Retail Sales

Retail Economics Retail Sales Index – June 2019

However, gloomier weather focused consumers' attentions on home interiors as Furniture & Flooring (3.1%) and Homewares (3.2%) both saw impressive growth against the previous year. Granted, last year's comparisons were soft.

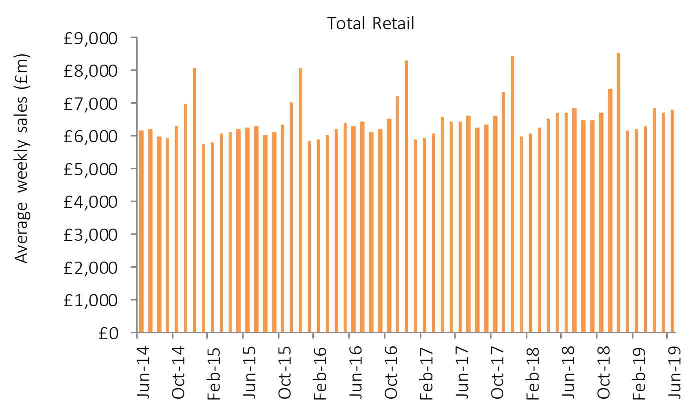
Electricals also showed impressive levels of growth, boosted by home appliances and large household appliances, supported by the shift towards improving home living at the expense of larger ticket purchases.

Meanwhile, Food sales rose by just 1.2% in June as last year's supportive factors (e.g. FIFA World Cup, weather) made for tough comparisons. With food inflation at 1.6%, volumes fell by c.0.4% on the previous year.

Comparison of sales growth by sector over the last 12 months

Sector Growth Rankings	Jun-19	3 month avg.	6 month avg.	12 month avg.
Homewares	3.2%	0.7%	-0.4%	-1.0%
Furn & Floor	3.1%	1.1%	0.6%	-0.1%
Electricals	1.7%	-1.5%	-1.6%	-0.7%
Food	1.2%	3.0%	2.7%	2.9%
Health and Beauty	0.5%	1.4%	1.3%	1.3%
Footwear	0.5%	-0.6%	-0.4%	-0.9%
Clothing	-0.3%	0.3%	1.1%	0.9%
DIY and Gardening	-2.7%	1.3%	1.9%	2.6%

Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted



Source: Retail Economics: Retail Sales Series – value, non-seasonally adjusted
*Period aligned to ONS trading calendar – 26 May – 29 June 2019

Food

1.2%

Food rose by 1.2% year-on-year.

Footwear

0.5%

Footwear rose by 0.5% year-on-year.

"Food sales rose by just 1.2% in June as last year's supportive factors (e.g. FIFA World Cup) made for tough comparisons. With food inflation at 1.6%, volumes fell by c.0.4% on the previous year"

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UK Retail Sales

RetailEconomics

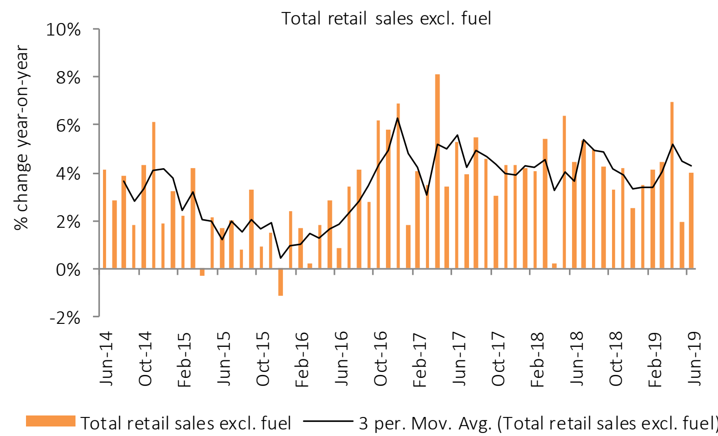
Total Retail Sales –
Office for National Statistics – June 2019

The Office for National Statistics reported that retail sales rose by 4.0% in June (value, non-seasonally adjusted and exc. fuel), against a rise of 4.5% in the previous year.

In terms of volumes (seasonally adjusted and exc. fuel), sales rose by 3.6% against a rise of 3.1% last year. This was an improvement on the previous month when sales rose by 2.0%.

The performance divide between small and large retailers continued to bewilder. The ONS estimate for small retailers reported growth of 9.1%, during the same period. Small non-food businesses reportedly saw growth of 10.4%, compared with 1.2% for their larger counterparts, driven by strong growth in small clothing retailers (+19.9%) and Non-specialised stores (+26.9%).

The retail sales deflator, a measure of inflation in the retail industry, suggested that prices rose by just 0.6% in June.



Total retail market (exc. fuel)	Annual % growth	Monthly % growth
Jan-19	3.5%	-29.9%
Feb-19	4.1%	3.0%
Mar-19	4.5%	4.7%
Apr-19	7.0%	3.3%
May-19	1.9%	0.1%
Jun-19	4.0%	0.8%

Source: ONS
*Period aligned to ONS trading calendar – 26 May – 29 June 2019

ONS Retail Sales

4.0%

According to the ONS, retail sales values were up 4.0% in June, year-on-year.

Store Prices

0.6%

According to the ONS, average store prices (exc. fuel) rose by 0.6% in June, year-on-year.

"The retail sales deflator, a measure of inflation in the retail industry, suggested that prices rose by just 0.6% in June"

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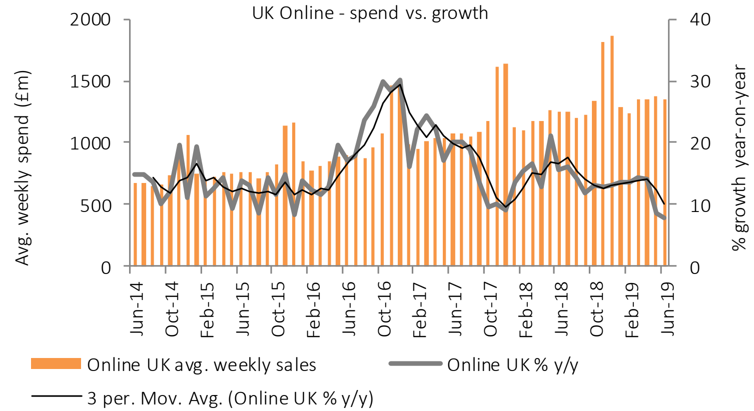
Online Retail Sales – Office for National Statistics – June 2019

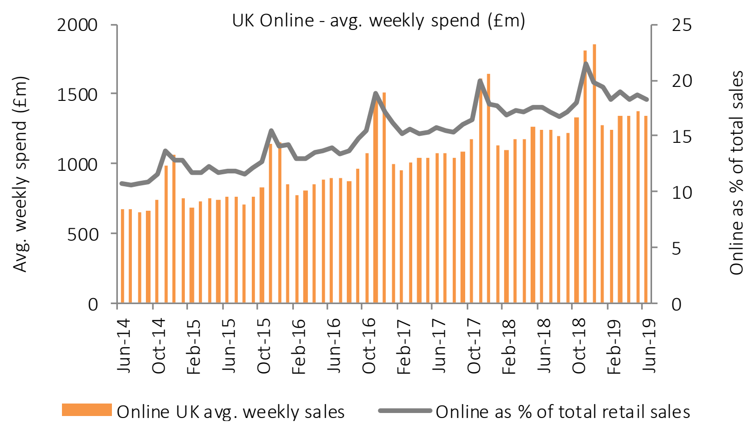
Online sales (value and non-seasonally adjusted) increased by 7.8% year-on-year, accounting for 18.2% of all retail spending in June.

Online Food sales were extremely weak, falling by 6.1% on the previous year; the weakest growth on record (and counterintuitive) given the positive results for online food sales published by listed grocery retailers.

Meanwhile, online Non-food sales rose by 13.0% with most of the main online categories (e.g. clothing, footwear, department stores) showing growth on the previous year. Indeed, online clothing sales reportedly rose by 17.6% on the previous year, despite the overall sector being under pressure.

Non-store retailing, a good indication of pure online retailers, saw sales growth rise by 8.2%, the weakest since December 2017.





Source: ONS
*Period aligned to ONS trading calendar – 26 May – 29 June 2019

Online Retail Sales

7.8%

Online Retail sales rose by 7.8% in June, year-on-year, value and non-seasonally adjusted.

Online Share of Total

18.2%

Online accounted for 18.2% of total retail sales in June, seasonally adjusted.

"Online Food sales were extremely weak, falling by 6.1% on the previous year; the weakest growth on record (and counterintuitive) given the positive results for online food sales published by listed grocery retailers"

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UK Retail Sales

BRC-KPMG Retail Sales Monitor – June 2019

The latest BRC-KPMG Retail Sales Monitor (RSM) figures released this month mark the weakest June since records began in 1995. The period was up against sunny weather and the FIFA World Cup last year, creating particularly tough comparatives.

Total sales dropped by 1.3% year-on-year in the five weeks to 29 June according to BRC-KPMG, against a sales uplift of 2.3% last year.

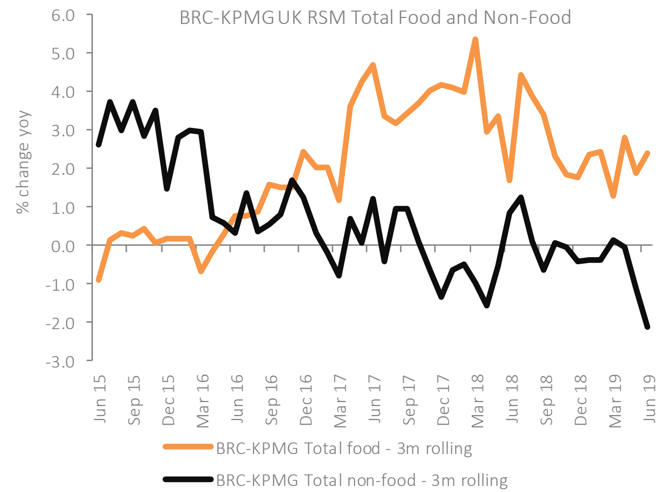
On a like-for-like (LFL) basis, sales were lower than the three-month and 12-month averages of -0.4% and -0.1% respectively. LFLs were down by 1.6% in June 2019, against a 1.1% increase a year earlier.

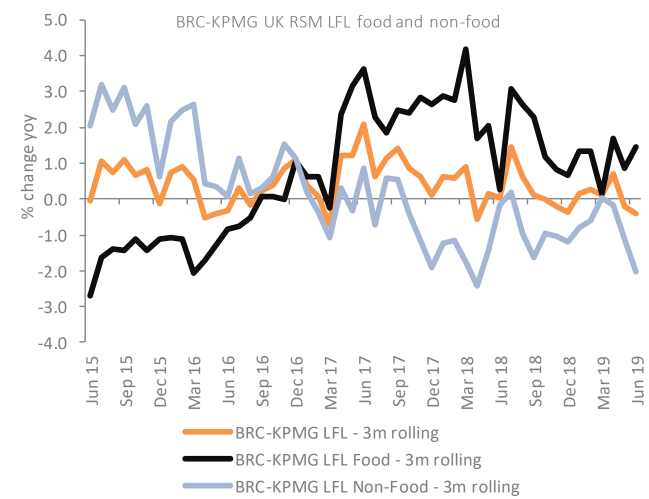
In the three months to June, total Food sales increased by 2.4% year-on-year, which is up on the 12-month average of 2.2%. On a LFL basis, sales were up 1.5% in the three months to June.

On a three-month rolling basis to June, Non-Food sales reportedly faced the worst quarterly decline since February 2009, with LFLs down 2.0% and total sales down 2.1%. There were some highlights for Non-Food, including a shift in focus to home categories, including home accessories and big ticket items.

However, seasonal items such as clothing, paddling pools and garden furniture came up against tough comparatives with near-unbroken sunshine in June 2018. Additionally, television sales suffered, as shoppers upgraded TVs last year ahead of FIFA's World Cup.

Online Non-Food sales grew by 4.0% year-on-year in June, against an 8.5% rise in the same month a year earlier. In-store sales have faced its deepest declines over the past couple of months since records began at the end of 2012, with in-store total sales down by 4.3% (-4.1% on a LFL basis) in the three months to June.





Source: BRC-KPMG, Retail Economics analysis
*Period aligned to ONS trading calendar – 26 May – 29 June 2019

BRC Retail Sales Total

-1.3%

Decline in total sales, according to the BRC-KPMG Retail Sales Monitor.

BRC Retail Sales LFL

-1.6%

Decline in like-for-like sales, according to the BRC-KPMG Retail Sales Monitor.

"The latest BRC-KPMG Retail Sales Monitor (RSM) figures released this morning mark the weakest June since records began in 1995"

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RetailEconomics

CBI Distributive Trade Survey for Retail

Volumes fell at their fastest pace since the financial crisis (-42%), significantly behind expectations.

Sales for the time of year were negative, with a balance of -19%, improving on the previous month.

Retailers expect sales volumes to fall next month with a balance of -11%.

Internet sales were broadly flat on a year ago (+3%), but are expected to pick up in the year to July (+23%).

Grocers were the largest contributors to the fall in sales volumes. Hardware & DIY and Footwear & Leather sub-sectors also disappointed. The only sub-sector to report a rise was non-store retailers (i.e. internet and mail order) – a similar picture to May.

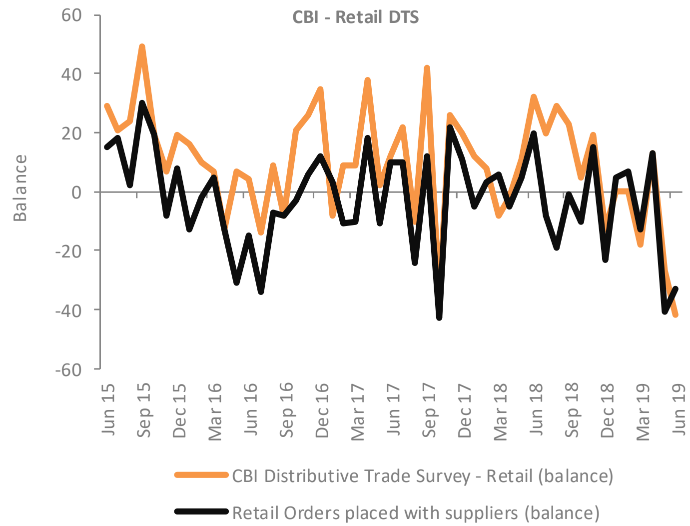
John Lewis – Weekly sales (5 weeks to June 29th)

John Lewis' sales are estimated to have risen by 1.7% in June, improving on the previous month when sales fell 1.5%. Sales fell in the first and fourth weeks of the month, although significant improvements in all other weeks (particularly week two +6.7%) edged sales growth back into positive territory.

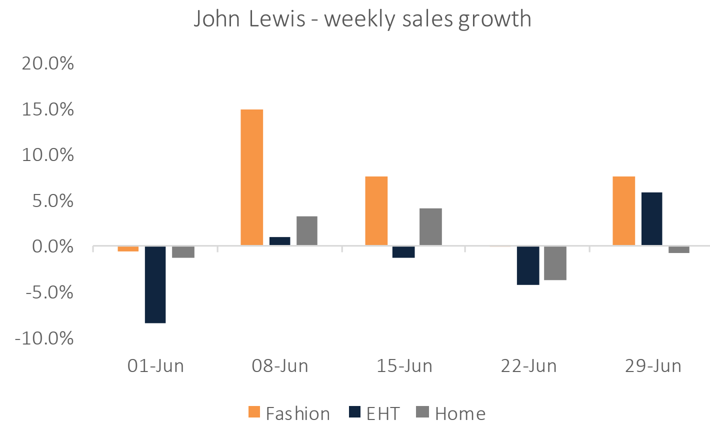
Fashion was once again the strongest performing category, with sales rising 6.2% on the previous year. Growth in week two was exceptional (+14.8%), driven by strong sales of own-brand products, particularly Accessories (+15.4%) and Menswear (+8.0%).

John Lewis' Electricals sales declined further in June (-1.5%), falling in three out of five weeks of the month. Strong demand for new product launches and large electrical products supported sales growth.

Home sales rose 0.2% in June with sales rising in three weeks of the month. Gifting received a boost from Father's Day while Outdoor living and Furniture improved as the weather warmed up towards the end of the month.



Source: CBI. Period covered: 28 May – 14 June 2019



Source: John Lewis Partnership

Distributive Trades

-42%

The overall balance of sales volumes for retailers in June 2019.

John Lewis

1.7%

John Lewis' sales are estimated to have risen by 1.7% in June.

"John Lewis' sales are estimated to have risen by 1.7% in June, improving on the previous month when sales fell 1.5%"

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RetailEconomics

BDO High Street Sales Tracker – June 2019*

The latest BDO High Street Sales Tracker reported that overall like-for-like (LFL) sales rose 3.5% year-on-year in June, against a subdued 0.4% rise in the previous year. Sales have been supported by strong online growth, with total non-store LFLs up by 16.5% year-on-year in the month.

Meanwhile stores have suffered from no growth for sixteen out of the last seventeen months. In-store LFLs declined by 0.8% in June, against a 1.7% drop last year, signalling ongoing high street challenges.

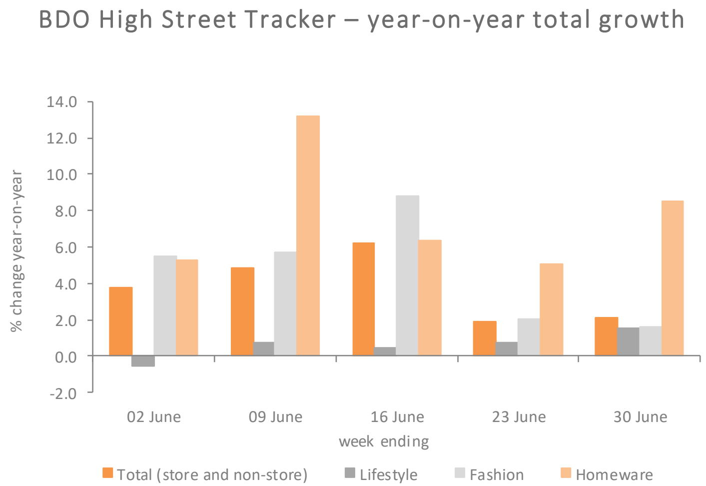
Overall footfall was down in all five weeks of June. Week three recorded the deepest drop of 4.9%, when high street footfall fell 7.1%. Nevertheless, retail parks continued to buck the overall in-store decline for most of the month, with footfall notably up by 1.5% in week one.

Overall sales increased throughout the month. Week 1 (Spring bank holiday) saw total LFLs increase by 3.79% against a weak 4.78% decline in the previous year. Total LFLs in weeks 2 and 3 were up 4.88% and 6.24% respectively from positive bases, while week 4 edged up 1.92% and the final week up by 2.13%.

Homewares continued to be the strongest performing category in June, with overall LFLs rising for an eighth month, up by 7.7% year-on-year against a weak 0.9% decline in the previous year. Notably, in-store LFLs increased by 5.6% from a 2.4% decrease in the previous year.

Fashion reportedly increased a robust 4.8% in June, against a 0.5% decrease a year earlier. Growth in the month was supported by an 8.81% LFL increase in week 3. In-store Fashion LFLs were flat however, against a poor -2.3% comparative last year.

Meanwhile, Lifestyle LFL sales increased for a third consecutive month, up by 0.6% in June compared with a 2.9% increase a year before. However, in-store LFLs for the category dipped for a seventeenth consecutive month, down 3.5% in June against a muted 0.3% decline in the previous year.



Source: BDO, Retail Economics analysis
Period covers 27 May – 30 June 2019

*Note: as of September 2018, Lifestyle, Fashion and Homewares figures represent combined in-store and non-store totals for that category.

Like-for-Like

3.5%*

Retail sales rose by 3.5% in June, year-on-year.

Non-Food Non-Store

16.5%

According to BDO, Non-Food Non-Store (predominately a measure of online non-food sales) rose 16.5% in June 2019.

"In-store LFLs declined by 0.8% in June, against a 1.7% drop last year, signalling ongoing High street challenges"

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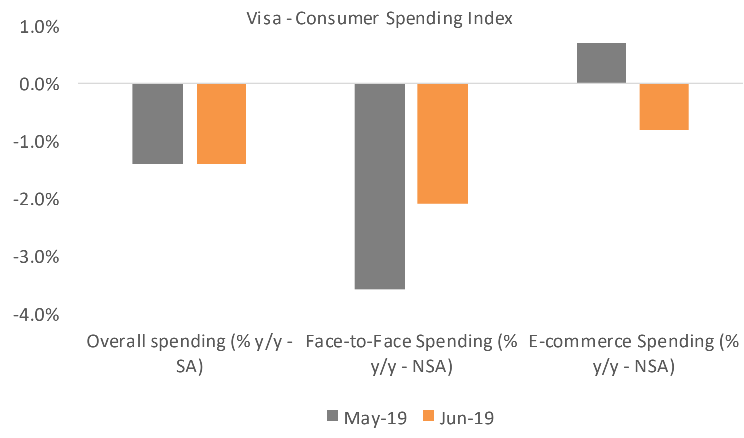
Visa – UK Consumer Spending Index (Volumes) – June 2019

Visa's UK Consumer Spending Index recorded the weakest first half since 2012, with expenditure down by 1.1% in H1 compared to last year. The index declined for a ninth month in June, falling 1.4% year-on-year, unchanged from May.

Spending volumes fell in six of the eight broad categories in June. Household Goods reported the deepest decline (-5.0% year-on-year), followed closely by Transport & Communication (-4.9%) and Clothing & Footwear (-4.1%). Spending also decreased in Health & Education (-3.0%), Misc. Goods & Services (-2.8%) and Recreation & Culture (-0.8%). Elsewhere, spending accelerated in Hotels, Restaurants & Bars (+3.9%), while Food, Beverages & Tobacco (+0.6%) returned to growth.

It's important to note that Visa expresses growth in volume terms. Adjusting for inflation means Visa's overall spending data is well below figures released by BDO in June, but more aligned with the weakest June reported by BRC-KPMG.



Source: Visa

Consumer Spending Index	May-19	Jun-19
Food, Beverages and Tobacco	-2.8%	0.6%
Clothing and Footwear	-5.3%	-4.1%
Household Goods	-2.4%	-5.0%
Health and Education	3.1%	-3.0%
Transport and Communication	-5.4%	-4.9%
Recreation and Culture	-0.3%	-0.8%
Hotels, Restaurants and Bars	3.2%	3.9%
Misc. Goods and Services	-2.0%	-2.8%

Source: Visa Europe's UK Consumer Spending Index

Note – Visa's Consumer Spending Index is based on COICOP groups and so spending covers a much wider scope than retail. All figures reported are in volume terms and so adjusted for inflation.

Consumer Spending Index

-1.4%

The Visa Europe UK Consumer Spending Index showed spending fell by 1.4% in June, year-on-year.

Clothing & Footwear

-4.1%

The Clothing & Footwear category reported a decline of 4.1% in June.

"Household Goods reported the deepest decline (-5.0% year-on-year), followed closely by Transport & Communication (-4.9%) and Clothing & Footwear (-4.1%)"

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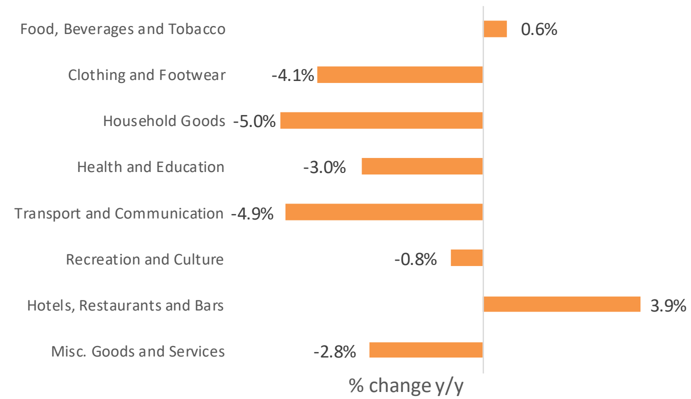
Visa – UK Consumer Spending Index (Volumes) – June 2019

The decrease in overall spending in June was largely driven by weak spending in-store, absent of growth for eight out of the last nine months according to Visa. Face-to-Face expenditure dropped 2.1% year-on-year in June, following a 3.6% decline in the previous month.

E-commerce reported a more modest 0.8% decline in June, following a 0.7% increase in May. Although this marks the fourth occasion that e-commerce spending has fallen this year, its relatively strong performance (compared to physical stores) reflects how underlying shopping behaviour continues to shift in favour of online.

Visa Consumer Spending Index – by category



	May-19	Jun-19
Overall spending (% y/y - SA)	-1.4%	-1.4%
Face-to-Face Spending (% y/y - NSA)	-3.6%	-2.1%
E-commerce Spending (% y/y - NSA)	0.7%	-0.8%

Source: Visa Europe's UK Consumer Spending Index

Note – Visa's Consumer Spending Index is based on COICOP groups and so spending covers a much wider scope than retail. All figures reported are in volume terms and so adjusted for inflation.

E-Commerce

-0.8%

Spending online fell by 0.8% in June compared with the previous year.

Face-to-Face

-2.1%

Face-to-face expenditure fell by 2.1% in June.

"The decrease in overall spending in June was largely driven by weak spending in-store, absent of growth for eight out of the last nine months according to Visa"

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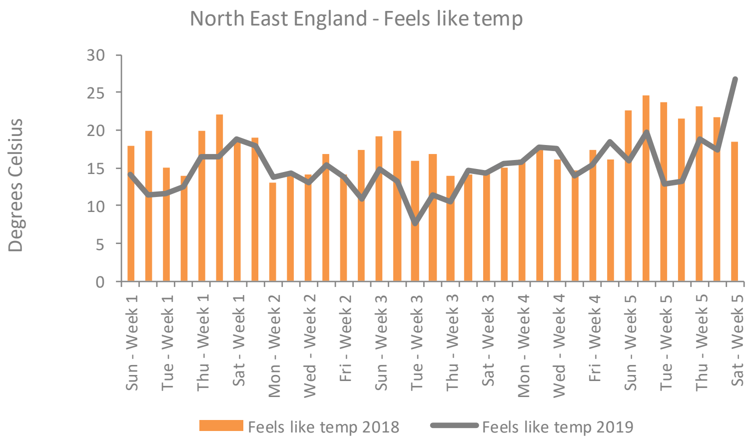
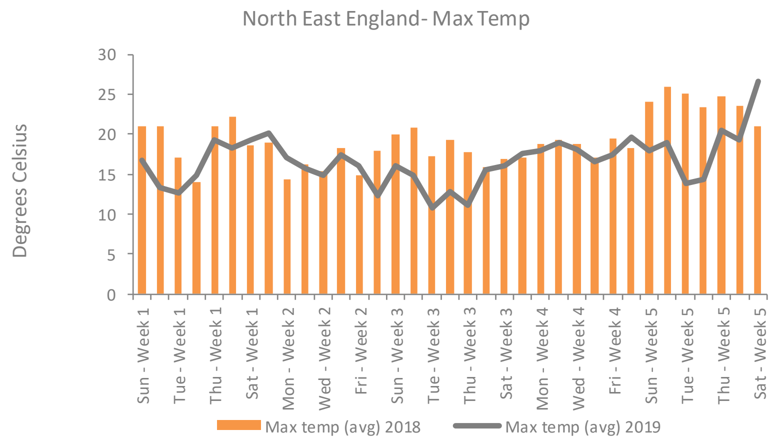
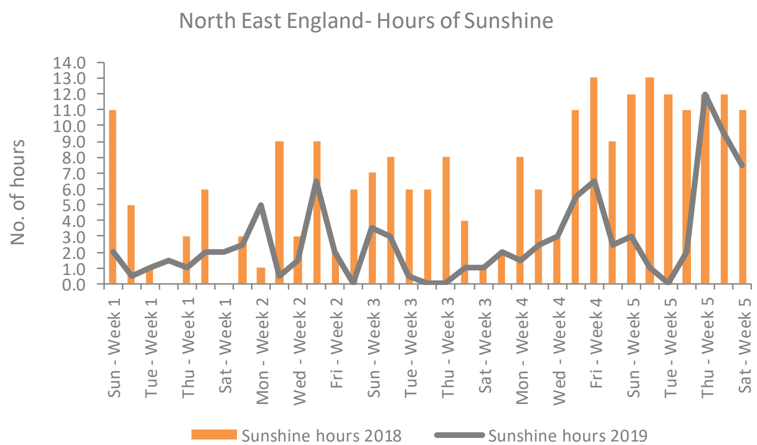
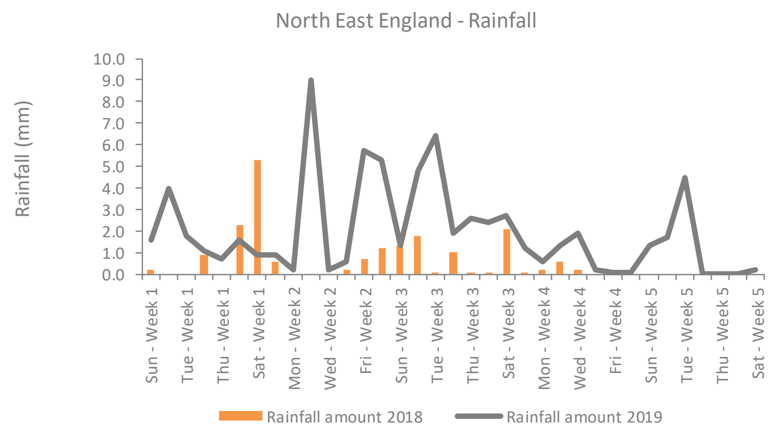
Met Office Weather Analysis

UK Weather by Region and Metric









Source: Met Office

Our monthly *UK Monthly Weather by Region* report provides the following data for June 2019: Feels like temperature; Max temperature; Hours of sunshine; Rainfall.

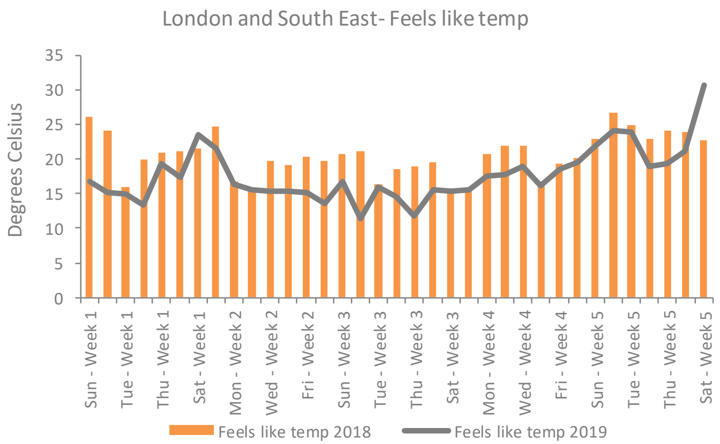
For the following UK regions: East Midlands; East of England; London and the South East; North East England; North West England; Northern Ireland; Scotland; South West England; Wales; West Midlands.

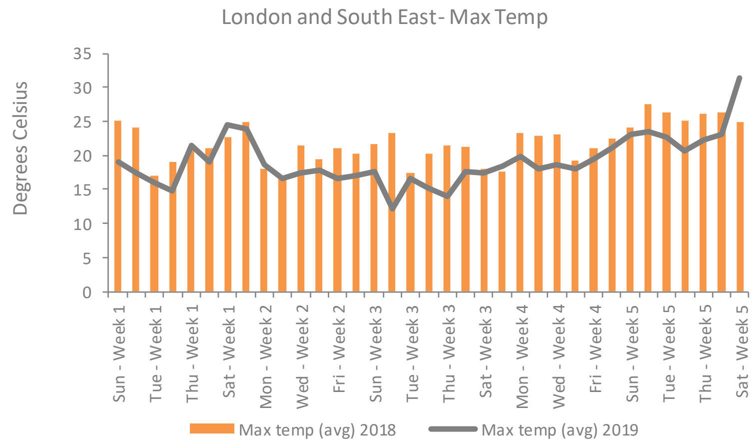
Click here to download the full UK Monthly Weather by Region report for June 2019

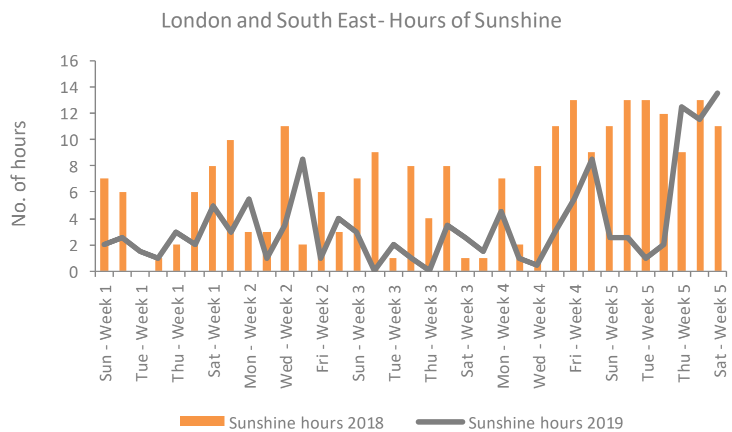
Met Office Commercial Weather Services have been developed with retailers to support commercial, supply chain and insight teams in managing the impacts of weather on their business and offers value beyond the scope of weather data covered in this report.

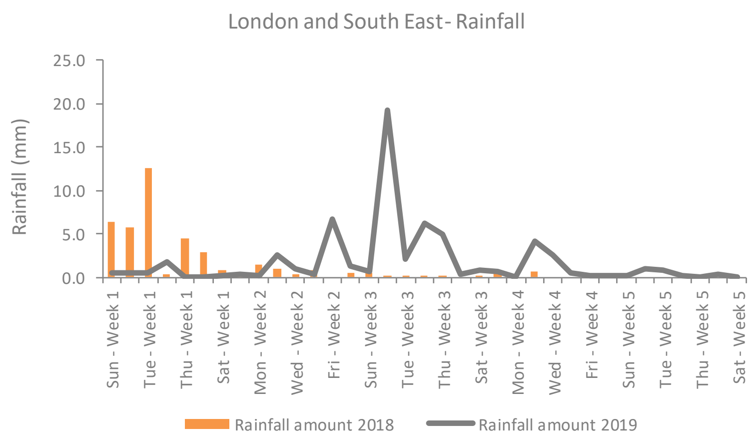
For further information, please contact retail@metoffice.gov.uk. www.metoffice.gov.uk/retail

UK Weather by Region and Metric









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Other Reports

Economic Insight Reports

Retail Sales

This monthly report covers a range of retail sales indices and category breakdowns including online retail sales, clothing and footwear, household goods, food, DIY and gardening, consumer electricals and more.

Online Retail

This monthly report covers a range of online retail sales indices and category breakdowns including online retail sales, online growth rates by sector, online penetration rates, forecasts and market size estimates.

Retail Inflation

This monthly report covers a range of retail inflation indices and category breakdowns including food inflation, non-food inflation, clothing and footwear, household goods, food, DIY and gardening, consumer electricals, commodity prices, exchange rates and more.

UK Consumer

This quarterly report analyses a range of UK consumer spending indicators including housing market data, consumer confidence, consumer credit, household inflation, labour market statistics, wage growth, retail sales and more.

Retail Economic Briefing

This monthly report analyses a range of macroeconomic indicators including GDP, consumer spending, inflation, labour market, commodity prices, exchange rates, monetary indicators, credit and lending market data, house prices, mortgage data, retail sales and more.

Retail Industry Outlook

This quarterly report provides a forward-looking critical retail analysis. Predictive forecasts and insightful narrative draw upon our econometric models to help you identify the key risks and future opportunities to drive your strategic planning.

Executive Report

This monthly report provides an indispensable one-page summary ideal for senior management and meeting notes. It provides a succinct snap-shot of the need-to-know retail data for the month which includes a mix of the major economic indicators and retail metrics.

Sector Insight Reports

Clothing & Footwear

Food & Grocery

Electricals

Homewares

DIY & Gardening

Health & Beauty

Furniture & Flooring

Retail Economics publish seven monthly sector reports which provide:

- Sector specific economic analysis
- Top 10 retailers by market share
- Market size estimates
- Economic forecasts
- Sector forecasts from 2019 to 2023
- Regional sales data

Bolt-Ons

Quick Response: Retailer Results

Quick Response: Economic Updates

Face-to-face presentation

'Retail Trends' presentation

Tailored Reporting

Additional users

Retail Economics subscribers can also add bolt-ons to their annual subscription package to enhance their service.

Other Services

Interactive Contents

Weather Data in partnership with the Met Office

- Compare weekly weather forecast reports with actual data from the previous year to help you contextualise like-for-like comparisons
- Monthly reports covering 12 regions include key metrics such as max temperature, sunlight hours and rainfall

Shopper Sentiment Survey

- Consumer panel research for household spending split by socioeconomic background
- Forward looking expectations for households and tracks changes in perceptions over time

Consultancy

- We provide a range of consultancy services to help businesses identify, interpret and integrate rigorous economic analysis into their decision making
- Our research is provided in different forms, from bespoke projects which can help you better understand core markets and highlight potential growth opportunities, to automating data mining and reporting processes, freeing up your time to drive your business forward

Retail Cost Base Index in partnership with Retail Week

- Insight into the key operating costs facing retailers, critical to taking a view on profitability
- Focuses on labour, rents, rates, distribution, utilities and central costs, providing time series data derived from our econometric models

Quick Response: Economic Updates

- Rapid, succinct and bold – this service provides you with economic updates delivered straight to your inbox
- Around 2-3 emails per week keeping you ahead of your competitors and fully informed

Face-to-face presentations

- Thought-provoking presentations at conferences, seminars, company away-days and board meetings
- Senior members of Retail Economics' staff can be booked for these events with Richard Lim (CEO) and Stephen Robertson (Chairman) being in particular demand

Tailored Reporting

- Tailored reporting delivering bespoke tools relied upon by executive teams
- We identify need-to-know economic indicators which help you understand market trends

Research

- Independent and authoritative economic analysis focuses on the critical trends of the moment
- Whether it's the impact of Brexit, the Experience Economy or the Outlook for 2017/18, you will have access to our latest thought leadership
- Our Retail Economics Help Desk provides first–hand access to our team of analysts, helping to resolve your challenges by drawing upon a wealth of expertise

Data

- Saving you time by accessing all the need-to-know retail data on a single platform
- Conduct your own analysis with quick and easy downloadable time series data and visualisation tools

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