RetailEconomics

Retail Economic Briefing
Monthly report

GDP
0.3%

GDP rose 0.3% in Q3, compared to the previous quarter.

Consumer Spending
0.4%

Consumer spending rose 0.4% in Q3 2019, compared to Q2 2019.

Inflation
1.5%

The Consumer Price Index rose by 1.5% in October, down from the 1.7% rise in the previous month.

Unemployment
3.8%

The unemployment rate stood at 3.8% in the three months to September.

Real Earnings
2.1%

Real earnings growth currently stands at c.2.1%.

What you get from our Retail Briefing reports

- Key economic trends from the latest available data
- Insight on the economic trends affecting UK businesses
- Covid-19 related insights to assist your forward planning
- Understanding about the UK jobs market and wages
- An accurate view on how inflation is affecting the economy
- Insight on retail sales growth and the impact of online spending
- Understand the impact that credit and house prices has on spending
- Insights into the future of the retail industry to help inform key decisions

COVID-19 Service

We conduct extensive research and analysis on the impact of coronavirus (COVID-19) on the UK retail and leisure industry. Our service consists of frequent, timely analysis and updates in a variety of formats so you can absorb the information quickly in a way that best suits you.

What you get

1. Impact assessment reports for UK retail and leisure

These reports provide an in-depth analysis of the COVID-19 impact on the UK retail and leisure industry including consumer panel surveys, economics analysis, forecasts and other insights.

2. COVID-19 Quick Responses

Get the latest updates from retailers and the wider industry on the impact of COVID-19 as an when it happens - delivered directly to your inbox.

3. Consumer panel research

For the critical duration, we conduct fortnightly surveys using a panel of over 2,000 households to measure: 1) Behavioural shifts 2) Confidence 3) Sentiment These extensive surveys have proved to be a very accurate indicator of future trading vulnerabilities for the industry.

4. Weekly newsletter

Every week we produce a summary of all the 'need-to-know facts and stats' related to the impact of coronavirus on the retail and leisure industry broken down by sector (e.g. clothing & footwear, food, home and more) and by channel.

5. Economic chartbook

Produced monthly, a summary of all the critical macroeconomic data and trends in an easily digestible chartbook format. Ideal for identifying trends.

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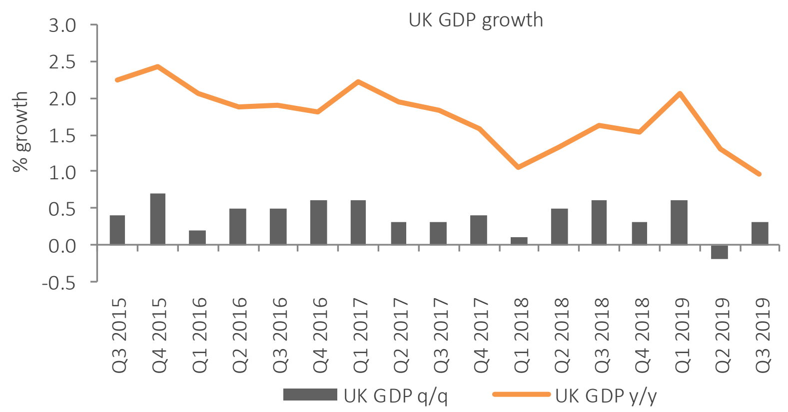
OMITTED SECTION

OMITTED SECTION

Executive Summary

RetailEconomics

GDP growth rises 0.3% in Q3



Source: ONS

EXECUTIVE SUMMARY

Gross Domestic Product

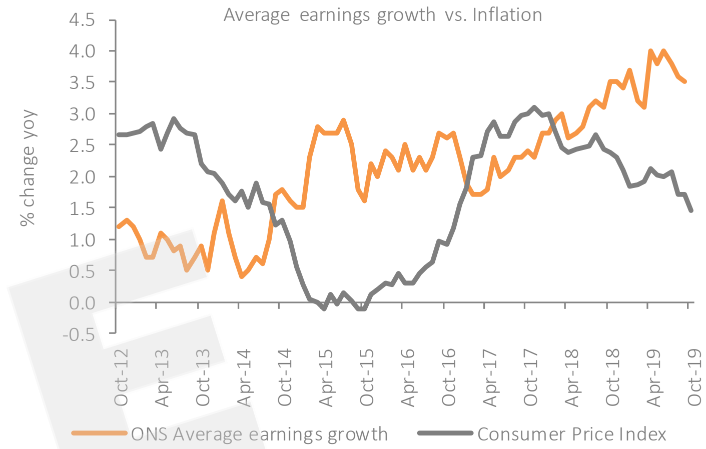
- GDP rose by 0.3% in Q3 2019 compared to the previous quarter following a 0.2% decline in Q2. This was below the Bank of England's forecast 0.4% rise.
- The underlying picture suggests signs of slowing, with growth of 1.0% on Q3 2018, the weakest since Q1 2010.
- The monthly GDP growth rate fell 0.1% in September, following a 0.2% dip in August.

November 2019

Inflation

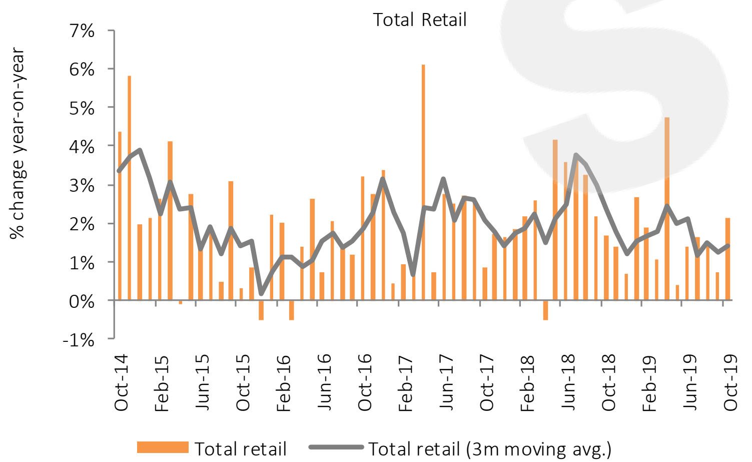
- The headline Consumer Price Index (CPI) rose by 1.5% year-on-year, in October, down from the 1.7% rise in the previous month.
- This was below expectations of a fall to 1.6% and the lowest rate since November 2016.
- The gap between average earnings and inflation remained wide with real earnings currently rising at c.2.1%.

Inflation remains below consensus forecasts



Source: ONS

Retail sales growth improves in October



Source: Retail Economics - Retail Sales Index

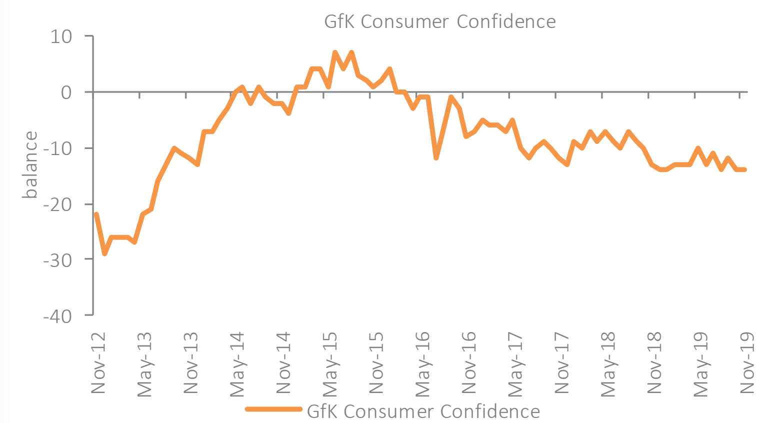
Retail Sales Growth

- Retail sales rose by 2.1% in October, year-on-year, according to the Retail Economics Retail Sales Index (value, non-seasonally adjusted, exc. Fuel).
- This was the strongest performance since January 2019, excluding Easter distortions.
- Following September's lacklustre performance (+0.7%), sales growth bounced back in October as cooler weather conditions and increased promotional activity boosted demand.

Consumer Confidence

- GfK's Consumer Confidence measure remained at -14 in November, unchanged from the previous month. This is one point lower than a year ago.
- Three out of five components in the measure declined month-on-month in November.
- Consumers became more cynical about their recent personal finances, the general economy and their confidence to make major purchases (e.g. furniture and certain electrical items).

Consumer confidence remains at -14 in November



Source: GfK

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Macroeconomic Indicators – GDP

GDP rose by 0.3% in Q3 2019 compared to the previous quarter, following a 0.2% decline in Q2. This was below the Bank of England's forecast of a 0.4% rise.
The underlying picture suggests signs of slowing, with growth of 1.0% on Q3 2018, the weakest since Q1 2010. The monthly GDP growth rate fell 0.1% in September, following a 0.2% dip in August. GDP per head rose by 0.2% in the quarter, up from the 0.4% decline in Q2 2019.

Services

Services output remained subdued in Q3, with growth of 0.4% on the previous quarter with all four components reporting a rise. Wholesale, retail and motor trades, increased 0.3% in Q3 following a 0.1% increase in the previous quarter. Growth was supported by the retail sector with official retail sales figures rising 0.6% in Q3.

Production

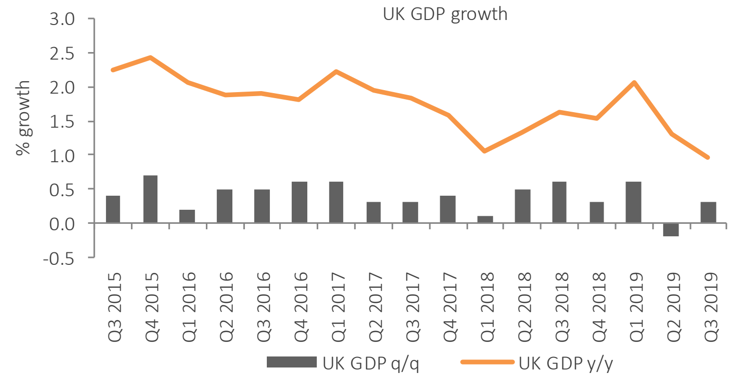
Production output was flat in the third quarter, following a 1.8% decline in Q2. This was driven by volatility in the manufacturing industry. Falls in several sub-categories were offset by a rise in manufacturing output of transport equipment. This recovery follows a decline in car production in the second quarter as some car plants partially closed.

Construction

Construction output increased by 0.6% in Q3 compared to a 1.2% decline in the previous quarter. Strength in new construction work supported growth in Q3 particularly in private new housing.

Consumer Spending

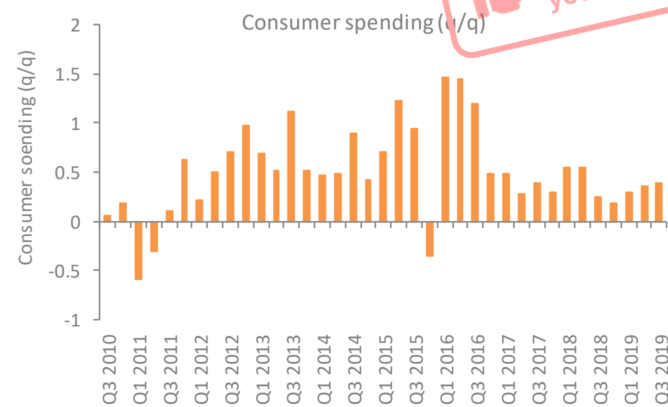
Consumer spending rose 0.4% in Q3 quarter-on-quarter, unchanged from Q2 2019.



Source: ONS

	Q4 2018	Q1 2019	Q2 2019	Q3 2019
GDP q/q	0.3	0.6	-0.2	0.3
GDP y/y	1.5	2.1	1.3	1.0

Our time series graphs allow you to quickly identify trends



Source: ONS

GDP

0.3%

GDP rose 0.3% in Q3, compared with the previous quarter.

Consumer Spending

0.4%

Consumer spending rose 0.4% in Q3 2019 compared with Q2 2019.

"Services output remained subdued in Q3, with growth of 0.4% on the previous quarter with all four components reporting a rise"

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Retail Economics Retail Sales Index – October 2019

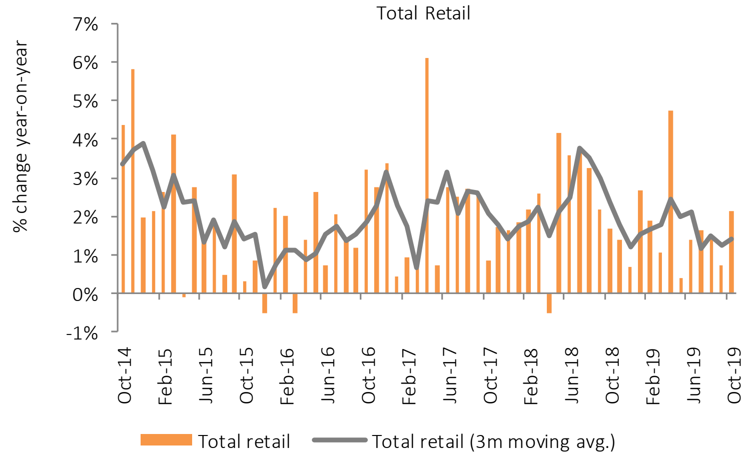
Retail sales rose by 2.1% in October, year-on-year, according to the Retail Economics Retail Sales Index (value, non-seasonally adjusted, exc. Fuel). This was the strongest performance since January 2019, excluding Easter distortions.

Pent up demand
Following September's lacklustre performance (+0.7%), sales growth bounced back in October as cooler weather and increased promotional activity boosted demand.

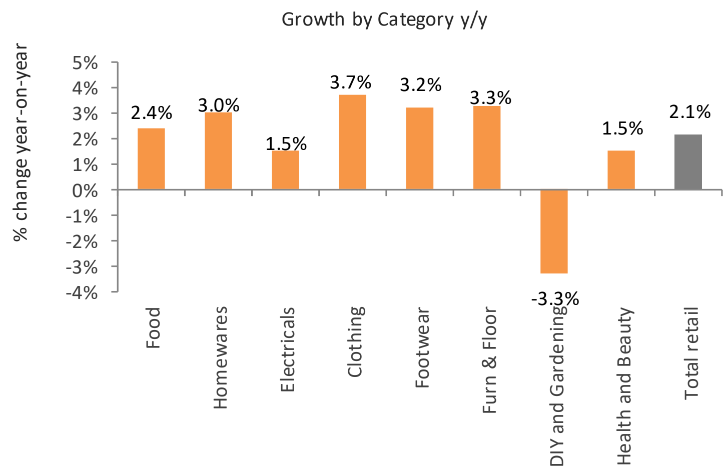
Clothing experienced the sharpest levels of growth (+3.7%) as the second-coldest October for a decade inspired shoppers to refresh winter wardrobes. Footwear also performed strongly (+3.2%) supported by similar factors, although both categories were heavily discount-driven. This underlying pattern of sales was reflected in Next's latest trading update which reported weak sales growth in August (+0.2%) and September (+1.0%), but was partially offset by a strong October (+5.0%) period. They cautioned that this strength would not be maintained moving forward.

Home related categories also saw strong growth with Furniture & Flooring (+3.3%) reporting its strongest performance since May. Meanwhile, Homewares (+3.0%) also benefited from cooler weather with consumers' attentions focused indoors; thoughts also turned towards Christmas preparation. What's more, the category is likely to have benefited from some pent-up demand given the previous two months' negative results. Elsewhere, Electricals (+1.5%) and Health & Beauty (+1.5%) saw milder levels of growth, but both rising on the previous month.

Consumer backdrop
Real earnings have now risen for over 14 consecutive months, currently hovering around 2% growth on the previous year. Household balance sheets are clearly in a stronger financial position than in recent years, but spending remains constrained against soft levels of confidence due to ongoing political and economic uncertainty.



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



Source: Retail Economics - Retail Sales Index

Retail Sales

2.1%

Retail Economics Retail Sales Index shows sales rose by 2.1% year-on-year in October.

Retail Sales Three-month average

1.4%

In the three months to October, retail sales rose by 1.4%.

"Following September's lacklustre performance (+0.7%), sales growth bounced back in October as cooler weather and increased promotional activity boosted demand"

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Retail Sales

Retail Economics Retail Sales Index – October 2019

Indeed, lacklustre retail sales growth of late demonstrates households' reluctance to spend on non-essentials, despite vast improvements in spending power. Put simply, stronger household finances have failed to trickle through to retail.

October's bounce back shows to some degree that, while households' propensity for retail spending remains weak, targeted promotions and discounts have been successful in unlocking latent demand.

The ONS' retail sales deflator (all retailing inc. fuel), which provides a good proxy for shop price inflation, showed prices rising just 0.1% on the previous year – the weakest growth in three years. Prices for non-food retail products fell by 0.2% on the previous year, the third successive month to fall.

Black Friday expected to disrupt Christmas sales

Retail Economics partnered with Klarna to conduct research concerning Black Friday expectations for 2019.

- Over a quarter (26%) of consumers planned to buy during Black Friday, rising from 21% in 2018.
- Almost one in five (19%) consumers said they would be encouraged to spend more during Black Friday because it falls after payday.
- More than a quarter (28%) said they planned to do some of their Christmas shopping during Black Friday.

Of those that are planning to buy during the event

- 78% of consumers surveyed said they had intentionally delayed spending in anticipation of Black Friday.
- However, half (54%) expected to spend less than last year and only 8% expected deals to be better than the previous year.
- Electricals (59%), Clothing & Footwear (36%) and Toys & Games (35%) were suggested as the most sought-after products.

Christmas disruption

The growth of Black Friday has undoubtedly altered the traditional build-up of Christmas shopping in recent years. However, this year's disruption hinges on three key factors:

1) Pay day precedes Black Friday

Black Friday fell later this year leaving many consumers with healthier bank balances in time for the event. Indeed, 19% of consumers suggested that being paid before Black Friday will encourage them to spend during the event.

2) Savvier consumers and healthier finances

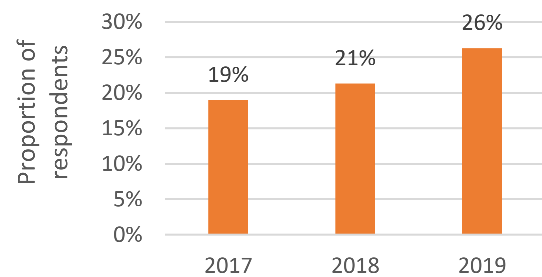
Household finances are much stronger than this time last year. Real earnings have risen for 14 consecutive months, strengthening households' financial positions. While consumer confidence may remain fragile due to political and economic uncertainty, targeted promotions and discounts may successfully unlock latent demand for non-essentials.

Indeed, 28% of consumers said they would shop for Christmas presents during the Black Friday discount period.

3) Buy now, pay later

The use and adoption of Buy Now, Pay Later interest free options have become much more commonplace over the last 12 months. These options will enable shoppers to manage their budgets more effectively and spread the cost of Christmas. Indeed, 5% of consumers said that paying with interest free payments would encourage more spending during Black Friday.

Do you intend to buy any retail goods that have Black Friday discounts this year?



Source: Retail Economics, sample size = 2,000, conducted 12 November 2019

Black Friday participation

26%

The proportion of consumers that said they would shop during Black Friday.

Payday bonanza

19%

Said that being paid before Black Friday would encourage them to spend during the event.

"Black Friday spenders intend to do more online this year and more than three quarters (78%) said they had intentionally delayed spending in anticipation"

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Consumer Spending

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Coffer Peach

+2.3%

Consumer Spending Index

-1.1%

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Macroeconomic Indicators – UK Inflation

The headline Consumer Price Index (CPI) rose by 1.5% year-on-year, in October, down from the 1.7% rise in the previous month. This was below expectations of a fall to 1.6% and the lowest rate since November 2016.

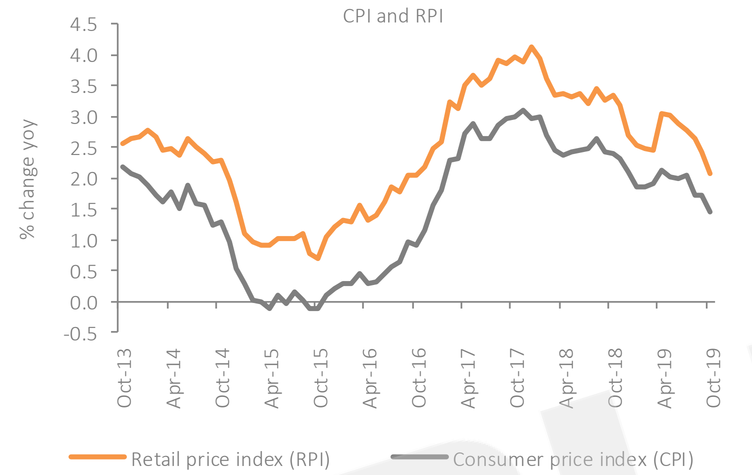
This dip raises questions on whether the Bank of England will cut interest rates next year. At the recent Monetary Policy meeting, two committee members voted for a 0.25 percentage points rates cut, concluding that stimulus was required due to various downside risks for returning inflation to target.

The largest downward contribution (0.18 percentage points) to the change in the 12-month CPI rate came from housing and household services, solely driven by a decline in gas and electricity prices which fell 8.7% and 2.2% respectively between September and October 2019. This downward pressure was largely expected, given the reduction in Ofgem's energy price cap on 1 October. Indeed, the average annual energy bill for 11 million homes on standard variable tariffs fell to £1,179 from the previous rate of £1,254. There was also a smaller reduction of £25 for those on pre-pay meters.

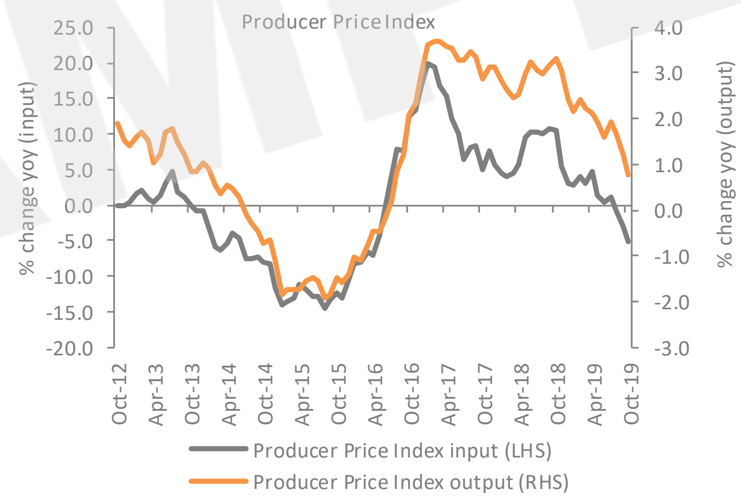
Further downward pressure was exerted by Furniture, Household Equipment and Maintenance, reversing the upward contribution the category made last month. Elsewhere, Recreation & Culture also made a large downward contribution with the Games, Toys & Hobbies a notable contributor along with Books and Cultural Services.

Upward contributions came from Clothing & Footwear, which contributed 0.08 percentage points to the change in the headline rate. It was the ladies' component that exerted upward pressure with formal trousers and branded trainers noted as supporting the rise.

Transport also made an upward contribution, supported by air, sea and rail fares and new cars. This was offset by a fall in petrol and diesel prices, continuing their lower levels compared with a year earlier. A small upward movement was seen in Alcoholic Beverages with prices of whisky, vodka and lager rising this year compared with a fall a year ago.



Source: ONS



Source: ONS

CPI

1.5%

CPI rose by 1.5% in October, down from the 1.7% rise in the previous month.

PPI Output

0.8%

The Producer Price Index (output) stood at 0.8% in October.

"Transport also made an upward contribution, supported by air, sea and rail fares and new cars"

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Labour Market

Macroeconomic Indicators – Labour Market

The latest labour market data from the ONS continues to show a robust market, but there are some early signs of cooling compared to the previous reported period. Although the unemployment rate declined, vacancies also fell putting less pressure on wages.

The unemployment rate declined to 3.8% in the quarter to September, down from 4.0% a year earlier and the 3.9% reported last month. The unemployment rate for women declined 0.4% points on last year to 3.6% – a joint record low – while the rate for men dipped 0.1% points to 4.1%.

However, the number of people in work continued to dip slightly in the three months to September, with the employment rate down 0.1% to 76.0% compared to the previous quarter, but edged up 0.5% compared to last year. In the three months to September, the number of people in employment came in at 32.75 million – up 323,000 on the previous year, but down 58,000 on the previous quarter.

The number of people aged 16 to 64 years old that are economically inactive (not working and not seeking nor available to work) rose 0.1% to 20.8% compared to the last quarter, but was down 0.3% compared to last year.

Job vacancies continued to fall in the UK with an estimated 800,000 vacancies between August and October – down 14,000 on the previous period and 53,000 fewer compared to the previous year. The retail sector accounted for around 10.5% of all vacancies in the UK in the three months to October.

Latest estimates show that average weekly earnings for employees in Great Britain was 3.6% for both total (including bonuses) and regular pay. This suggests that real earnings are currently growing at around 1.9% when adjusted for CPI inflation.

Source: ONS

	Jun-19	Jul-19	Aug-19	Sep-19
Unemployment Rate %	3.9	3.8	3.9	3.8
Youth - Unemployment rate (%)	11.6	11.4	11.8	11.9
Employment Rate (%)	76.1	76.1	75.9	76
ONS Average earnings growth - single month (y/y)	4.0	3.8	3.6	3.5

Source: ONS

On average, there were 1.05bn hours worked per week in the three months to September, up 0.9% from a year ago.

The average number of part-time hours worked per week remained at 16.3 in the period; unchanged for eight consecutive periods.

Unemployment

3.8%

The unemployment rate stood at 3.8% in September, down on the 3.9% rise in the previous period.

Hours Worked

1.05bn

The number of hours worked stood at 1.05bn in the three months to August.

"The retail sector accounted for around 10.5% of all vacancies in the UK in the three months to October"

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Macroeconomic Indicators – Earnings

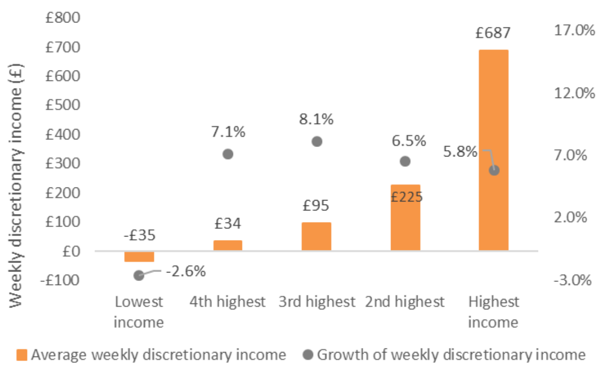
For September 2019 in nominal terms (i.e. not adjusted for price inflation):

- Average regular pay (excluding bonuses) for employees in Great Britain was £508 per week before tax and other deductions from pay, up from £491 per week for a year earlier
- Average total pay (including bonuses) for employees in Great Britain was £542 per week before tax and other deductions from pay, up from £523 per week for a year earlier

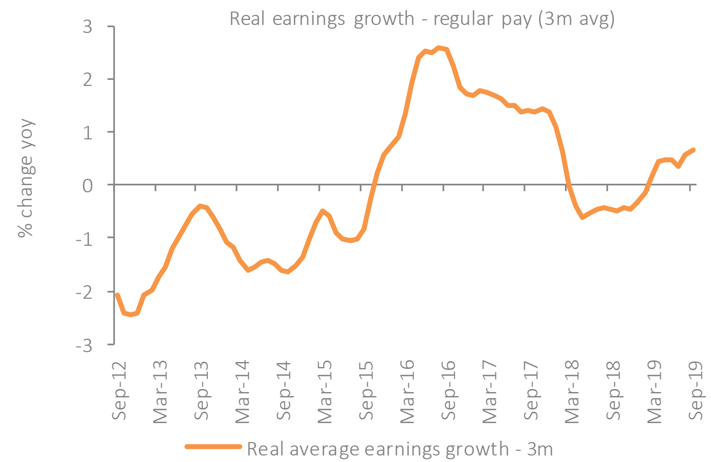
Asda Income Tracker – August 2019 *(no new data)*

The Asda Income Tracker showed households had £216 of discretionary income available each week in August. This is a 6.9% rise on the same month last year, the sharpest for over three years, equating to £14.00 per week more.

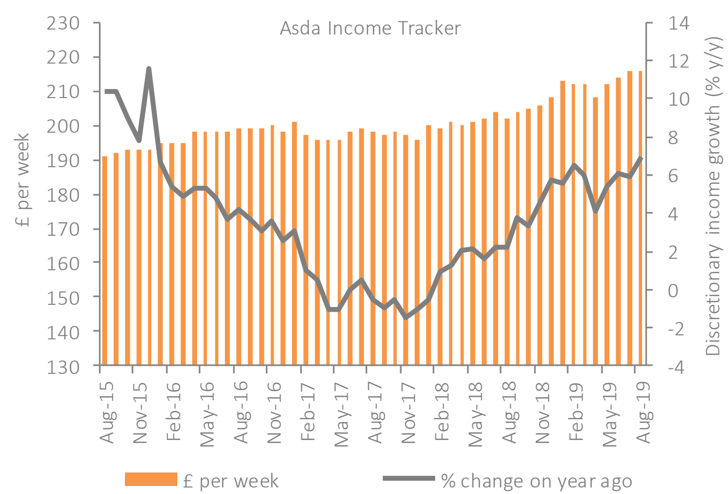
In terms of income decile, all but one group reported annual growth in August. Indeed, the lowest quintile reported a decline of 2.6% to their average weekly discretionary income, given that energy and (to a lesser extent) food prices saw rises in Q2. This group typically spends a greater proportion of their income on essential items compared with more wealthier households. The third quintile (8.1%) recorded the strongest increase in discretionary income followed by the second (7.1%).



Source: Asda Income Tracker



Source: ONS



Source: Asda Income Tracker

Real Earnings Growth

2.1%

Real earnings growth was approximately 2.1% in October (latest inflation data).

Discretionary Income

£216

The average UK household had £216 per week of discretionary income in August.

"Average regular pay (excluding bonuses, September 2019) for employees in Great Britain was £508 per week before tax and other deductions from pay, up from £491 per week for a year earlier"

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Credit and Housing Market

Growth in unsecured lending to individuals rose in October, up 6.1% year-on-year from 5.9% in September. This is the first increase in the annual rate since June 2018. The actual change in consumer credit rose to £1.3bn, above the previous six-month average at £1.1bn. This was driven by a rise in net borrowing for credit cards and other loans and advances, up £0.4bn and £1.0bn respectively. On an annual basis, credit card borrowing rose by 4.7% year-on-year, while other loans and advances posted a 6.8% rise.

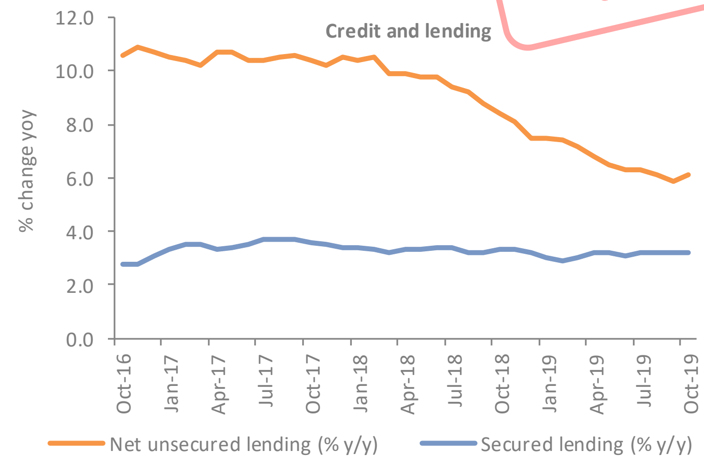
Meanwhile, the additional amount borrowed in net lending to individuals rose by £5.6bn in October. This was above the previous six-month average of £4.9bn, while the annual growth rate was unchanged at 3.6%.

Activity in mortgage markets remained stable in October, according to the latest Bank of England figures. The additional amount households borrowed rose by £0.4 billion to £4.3bn, above the previous 12-month average of £3.9bn. The annual growth rate of secured lending was unchanged at 3.2%.

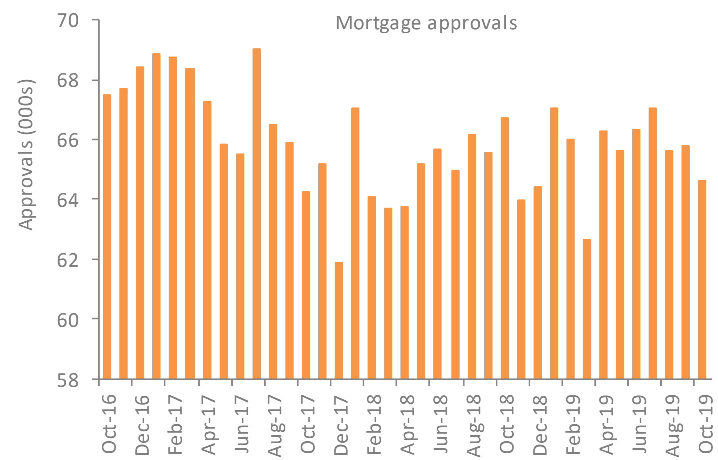
Mortgage approvals fell back to 64,602 in October down from 65,803 in September and below the previous six-month average of 66,087. On an annual basis, approvals fell 3.3%.

The number of re-mortgaging approvals continued to rise, up 51,272 in October from 49,618 in the previous month. This was comfortably above the previous six-month average of 48,423.

Annual house price growth rose further in November according to Nationwide, up 0.8% from a 0.4% rise in the previous month. This was the strongest rise since April although its interesting to note that growth has not breached 1.0% for a year.



Source: Bank of England



Source: Bank of England

Unsecured Borrowing

6.1%

Unsecured borrowing rose to 6.1% year-on-year in October – the first rise since June 2018.

Mortgage Approvals

-3.3%

According to the Bank of England, mortgage approvals fell 3.3% year-on-year in October.

"Mortgage approvals fell back to 64,602 in October down from 65,803 in September and below the previous six-month average of 66,087"

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Credit and Housing Market

The latest RICS Residential Survey reports that the housing market is being choked by Brexit, with negative readings across new buyer enquiries, agreed sales and new instructions. As the general election looms, the market is unlikely to pick up before the end of the year, but agents are more upbeat looking further ahead.

Instructions for new listings declined for a fourth consecutive month, with a net balance of -29% of respondents reporting a decline in October, following the weakest reading in more than three years last month. New buyer enquiries fell for a second consecutive month, with a net balance of -16%.

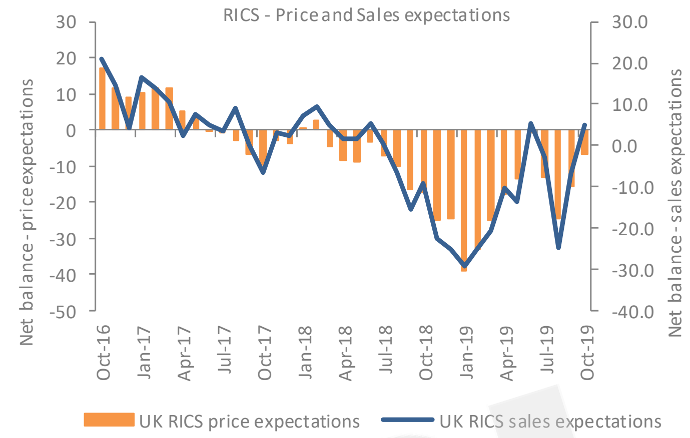
Weak appetite from buyers and sellers alike has resulted in broadly flat house price growth in recent months. RICS' headline price balance of -5% is broadly consistent with the 0.1% dip month-on-month (0.2% rise on a quarterly basis) reported by Halifax in October. Downward pressure is particularly impacting London, the South East, East Anglia and the North East, as well as properties marketed at over £1m.

Sales have continued to plummet across almost all parts of the UK, with the net balance of newly agreed sales at -19% in the month.

Meanwhile, house appraisals dipped to their lowest level since records began in 2017 at -49%, so the supply of houses for sale is unlikely to pick up quickly in the near term.

	Jul-19	Aug-19	Sep-19	Oct-19
UK RICS price expectations	-13.0	-24.7	-15.5	-6.5
UK RICS sales expectations	-2.8	-24.8	-7.1	4.9
UK RICS new buyer enquires	3.9	-1.1	-16.5	-15.7
UK RICS new instructions	-3.9	-6.6	-37.4	-29.2

Source: RICS



Looking further ahead there is greater optimism. The market – particularly prices – are likely to be supported by favourable household fundamentals such sustained real wage growth, low unemployment at 3.8% and mortgage rates at record lows. However, political instability continues to dampen consumer sentiment in the short term, with GfK's confidence index slipping back to -14 in October, while the future direction of interest rates remains contingent on the Brexit path taken.

RICS reports near term sales expectations turned positive at +5% in the month, while a net balance of +27% expect house prices to be higher in a year's time. This is positive news for home-related retailers relying on more people moving and hoping for a boost to the wealth effect of homeowners – providing they can ride what's likely to be a subdued golden quarter.

Elsewhere, tenant demand in the lettings market continued to remain strong +22% in October. However, landlord instructions continue to slip, which is expected to push rents higher in the coming three months.

Price Expectations

-6.5%

Price expectations stood at -6.5% in October, up from -24.7% in September (RICS)

Sales Expectations

-4.9%

Sales expectations fell 4.9% in October, down from the 7.1% decline in September (RICS).

"Sales have continued to plummet across almost all parts of the UK, with the net balance of newly agreed sales at -19% in the month"

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Consumer Confidence – GfK
Following the announcement of the general election, GfK's Consumer Confidence measure remained flat at -14 in November, despite a slight pickup in economic expectations for the year ahead.

Three out of the five components in the measure declined in the month. Consumers became more cynical about their recent personal finances, the general economy and their confidence to make major purchases such as furniture and electrical items.

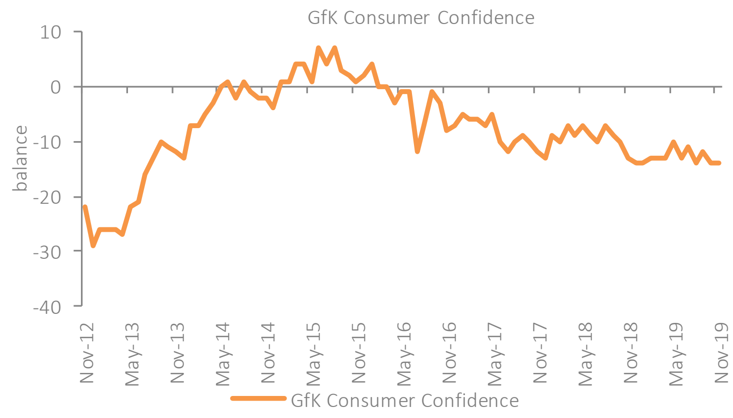
This comes despite household finances being stronger than last year, with unemployment at 3.8% and real wage growth hovering at around 2% after 14 consecutive months of increase. Instead, consumers have become savvier. They're generally holding off spending on non-essentials until they spot a bargain and believe that now is a better time to save compared to a year ago. Given the number of extreme directions politics could take as we head into 2020, this kind of behaviour is likely to drag over the coming months.

General economic situation
Consumers' perceptions of the general economic situation over the last 12-months decreased by a point to -34 in November, five points lower compared to last year.
The forward-looking component increased three points to -34, two points lower than in November 2018.

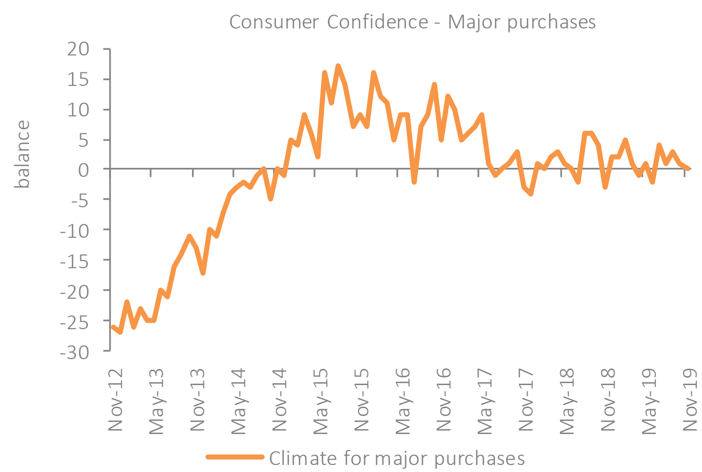
Personal finances
The backward-looking personal finances component dropped a point to 0 in the month, but is three points higher than last year.

The forward-looking measure remained unchanged at +1, which is two points lower than a year ago.

Major purchases
The major purchases index reported a one-point decrease to 0 in November, but is three points higher than a year ago.



Source: GfK



Source: GfK

Savings Index (not included in the overall measure)
The savings index dipped three points to +18 in November – six points higher than last year.

Consumer Confidence

-14

Overall consumer confidence remained at -14 in November, one point lower than last year.

Major Purchases

0

Confidence in making major purchases fell one point to 0 in November.

"Consumers became more cynical about their recent personal finances, the general economy and their confidence to make major purchases such as furniture and electrical items"

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Consumer Confidence

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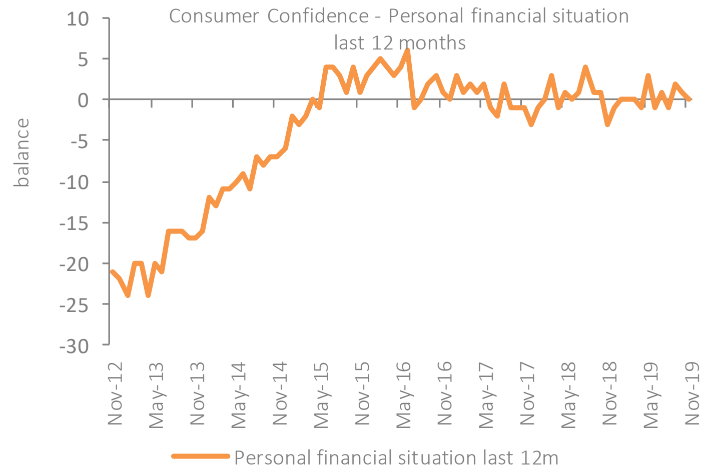
Consumer Confidence - GfK

Source: GfK



Source: GfK

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19
GfK Consumer Confidence	-11.0	-14.0	-12.0	-14.0	-14.0
Climate for major purchases	4.0	1.0	3.0	1.0	0.0
General economic situation next 12m	-32.0	-38.0	-35.0	-37.0	-34.0
General economic situation last 12m	-32.0	-34.0	-32.0	-33.0	-34.0
Personal financial situation next 12m	7.0	2.0	4.0	1.0	1.0
Personal financial situation last 12m	1.0	-1.0	2.0	1.0	0.0

Source: GfK

General Economic Situation

-34

Consumer perceptions regarding the 'general economic situation' over the next 12 months fell one point to -34 in November.

Personal Finances

0

Consumer confidence for 'personal finances' over the next 12 months fell one point to 0 in November.

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Business Confidence

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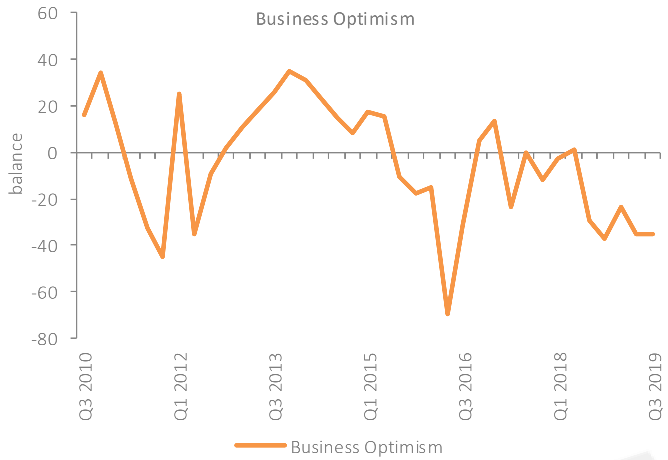
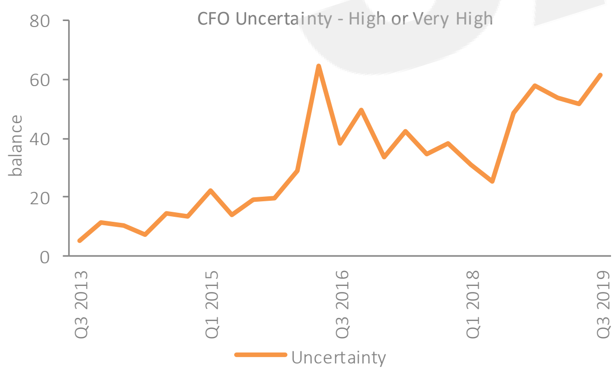
Deloitte CFO Survey

Business optimism
Net % of CFOs who are more optimistic about the financial prospects of their company than three months ago

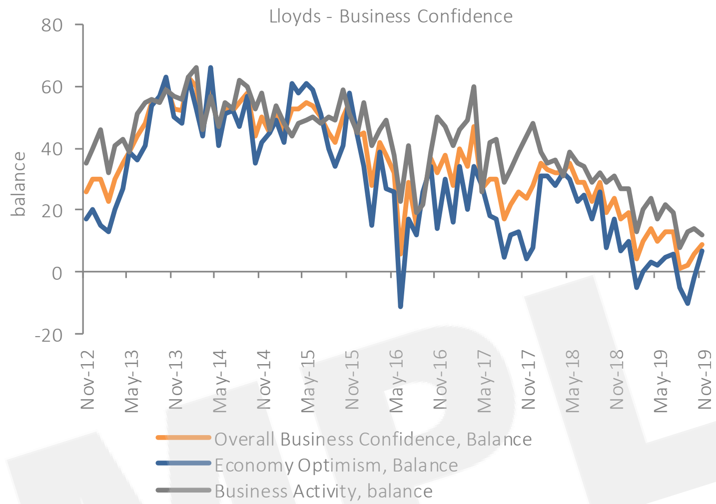


Uncertainty
% CFOs who rate the level of external financial and economic uncertainty facing their business as high or very high



Source: Deloitte

Lloyds Business Confidence Barometer



Source: Lloyds

Lloyds Bank reported an improvement in business confidence for the third successive month in November. Indeed, the overall measure rose three points to 9%, driven by rising economic optimism with the net balance up nine points to 7%. This outweighed a slight dip in the balance of firms expecting stronger trading prospects which fell two points to 12%.

That said, firms were less negative about the impact of Brexit with a net balance of -16%, the best result since January.

Interestingly, retail was the most confident sector, with its net balance rising six points to 21%. This compares with 16% for construction, 10% for manufacturing and 4% for services.

November also brought about an increase in hiring intentions with the net balance rising by two points to 5%.

Deloitte CFO Survey

62%

Of CFOs rate the level of external, financial and economic uncertainty facing their business as high or very high in Q3 2019, the highest since Q2 2016.

Lloyds Barometer

+9%

Overall business confidence stood at 9% in November, improving three points on the previous month.

"Retail was the most confident sector, with confidence up six points to +21%"

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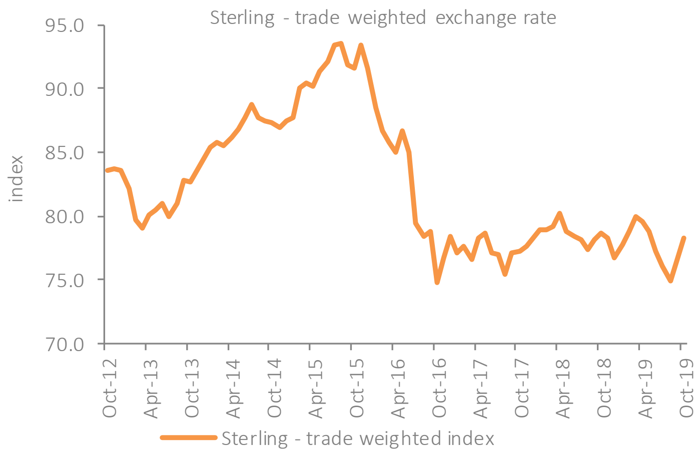

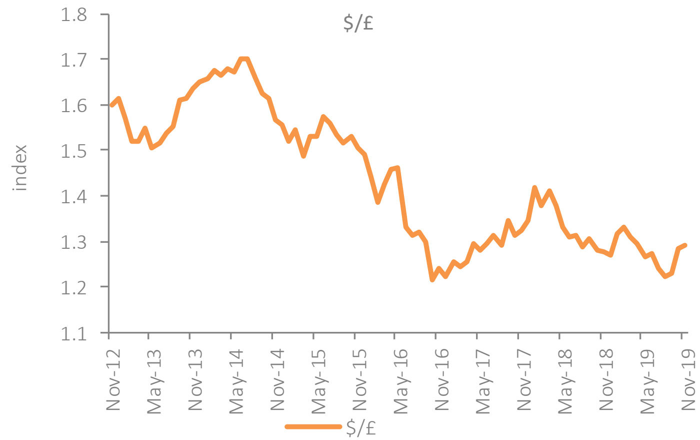

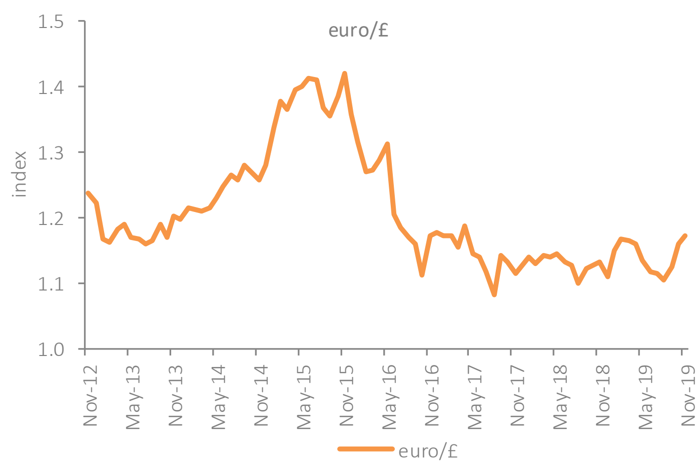

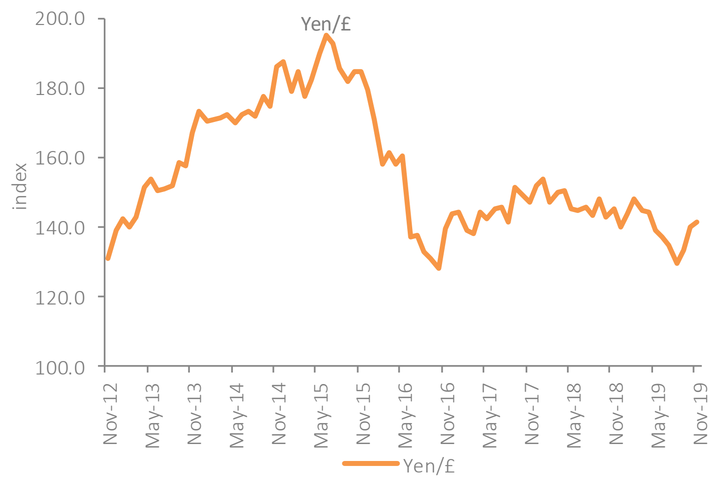

Sterling trade weighted index

2.1%

The sterling trade weighted index rose 2.1% in October on the previous month but remained 0.5% on the year.

Euro/£

1.17

The exchange rate between the Euro and the £ currently stands at around 1.17

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Cost Base Index

Food Retailers

(Q2 2019 v. Q2 2018)

Non-Food Retailers

(Q2 2019 v. Q2 2018)

Labour Costs

Rents

Rents fell by 1.9% in Q2 2019 compared with a year earlier, accelerating on the previous quarter's decline of 1.6%.

Distribution

Business Rates

Central Costs

Utilities

Source: Retail Economics

Labour Costs

Retail labour costs continued to rise in Q2, up 3.2% year-on-year.

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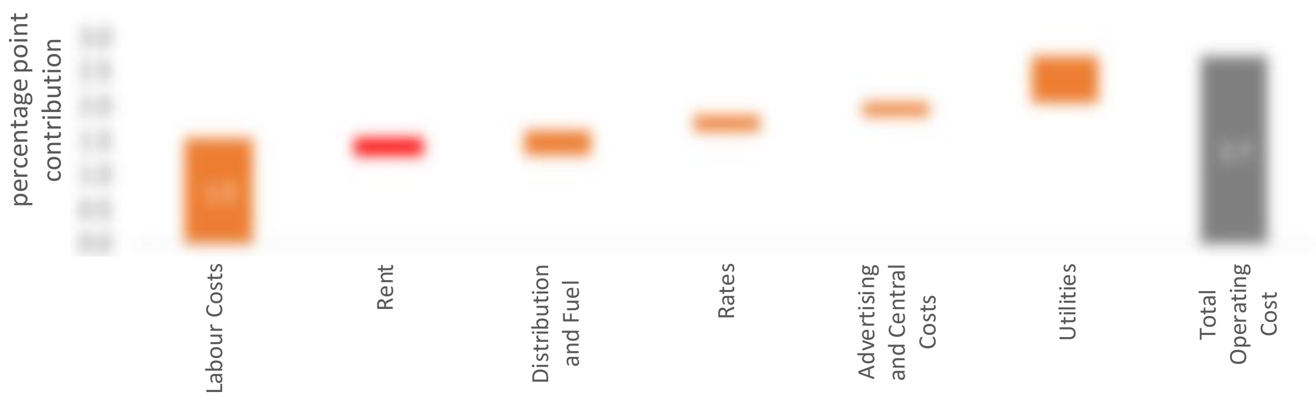
Contribution to operating costs: Food

Contribution to operating costs: Non-Food



Source: Retail Economics

Labour Costs

1.5pp

Labour costs contributed over half of all operating costs for food retailers.

Utilities

0.5pp

Utilities contributed 0.5 percentage points to the overall increase in operating costs for non-food retailers.

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GDP Forecast

Inflation Forecast

Consumer Spending Forecast

Real Wages Forecast

Source: Retail Economics

Source: Retail Economics

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Private Consumption	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CPI (Q4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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Average Earnings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling Index (Q4) (Jan 2005=100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Official Bank Rate (Q4, %)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oil price (Brent, $/bbl)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
House Price Inflation (Q4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Real Household Disposable Income	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employment Growth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LFS Unemployment (Q4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Treasury

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Market share data
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Clothing & Footwear retail sales index
Bespoke sector specific economic analysis
Clothing online sales and penetration rates
Consumer trends for online shopping
Spend on clothing by region and more. More info >

Homewares

Homewares retail sales index
Bespoke sector specific economic analysis
Homewares region spending data
Analysis of key economic drivers such as house moves, personal finances etc.
Weather data and more. More info >

Furniture & Flooring

Furniture & Flooring retail sales index
Bespoke sector specific economic analysis
Consumer trends for online shopping
Analysis of key economic drivers such as consumer confidence, credit and lending
Regional footfall statistics and more. More info >

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Bespoke sector specific economic analysis
DIY & Gardening region spending data
Analysis of key economic drivers such as weather data, 'improve not move' trends
Executive summary and more. More info >

Electricals

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Bespoke sector specific economic analysis
Consumer trends for online shopping
Analysis of key economic drivers such as disposable income growth, product launches etc.
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