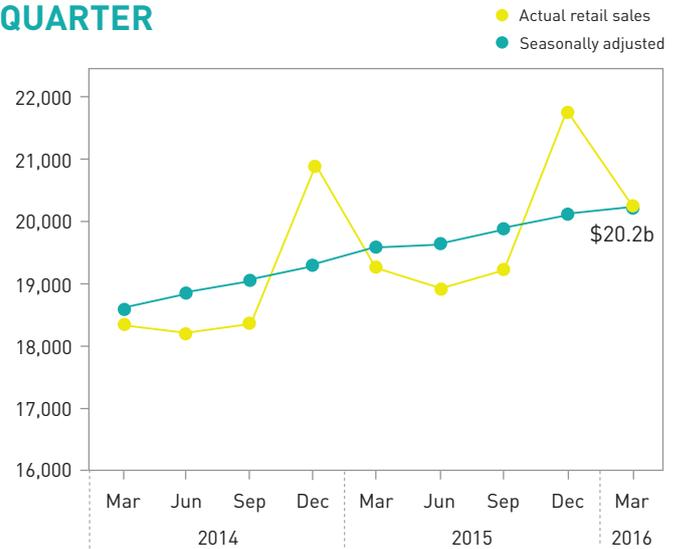


SLOW BUT STEADY GROWTH OVER THE LAST QUARTER

Retail Trade Survey results for the first quarter of 2016 were steady, building on small but consistent year on year growth.

- Actual Sales were \$20.2 billion, up 4.7 per cent (\$903 million) on the same quarter of 2015. However, when adjusted for seasonal effects this came down to 0.6 per cent on the previous quarter.
- Core retail categories (which exclude fuel and motor vehicles) fared slightly better, up 5.1 per cent (\$749 million) in actual terms. In seasonally adjusted terms the increase was 1.2 per cent on the previous quarter.
- In the core retail categories, 'Non-store and Commission-based Retailing' (which includes online-only retailers), saw significant growth again this quarter, up 34 per cent in actual terms on the same quarter of last year. 'Electrical and electronic goods' also had strong results (up 12 per cent in actual terms).
- Auckland again had the strongest growth of the regions in actual terms (up nine per cent or \$616 million on the same quarter last year).

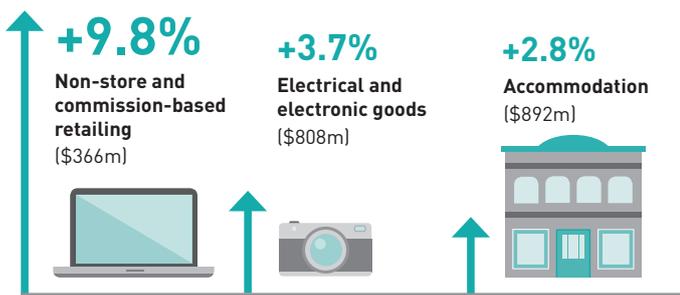


Low-interest rates, lower fuel prices and increased visitor numbers continued over the quarter and contributed to the steady retail spend. However, the three months after the Christmas period traditionally sees a slowdown and this year was no different.

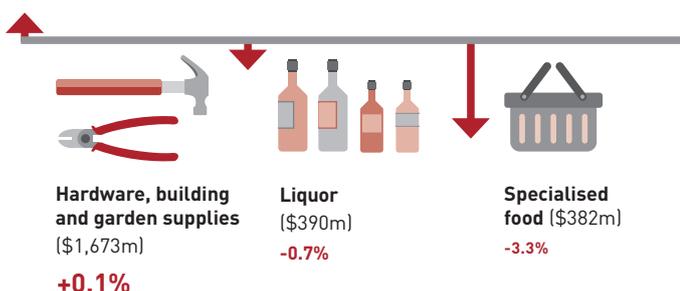
The results of our survey of retailers show a growing sense of confidence. Most retailers met or exceeded sales targets over the quarter, and expect to continue to do so over the next three months. Unseasonably warm weather favoured recreational goods retailers and those that supply holiday-makers and tourists. However the period included the end of the tax year, stocktake for many, and the introduction of new Health and Safety legislation creating additional administrative pressures that took retailers away from their core business.

CORE RETAIL CATEGORIES*

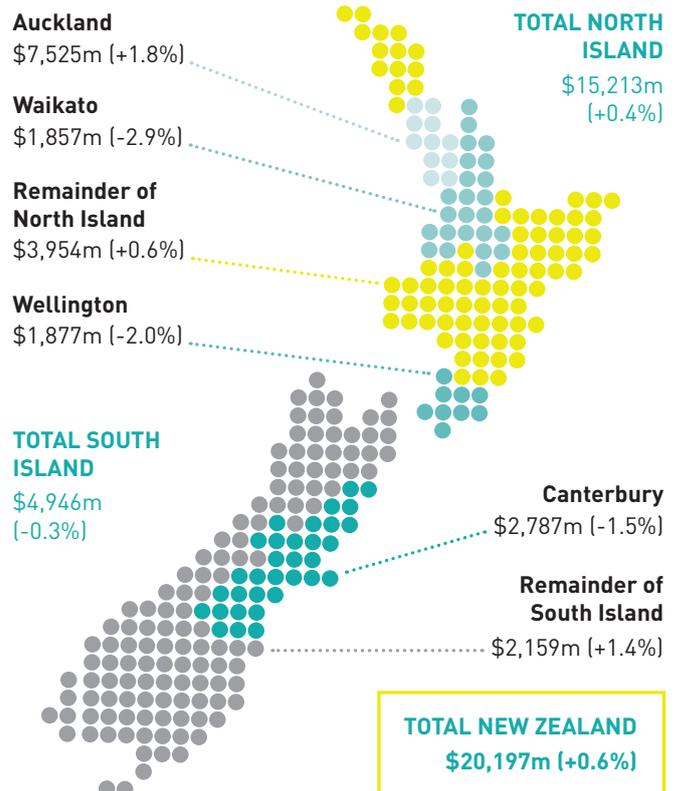
Best performing categories (total value of sales)



Worst performing categories (total value of sales)

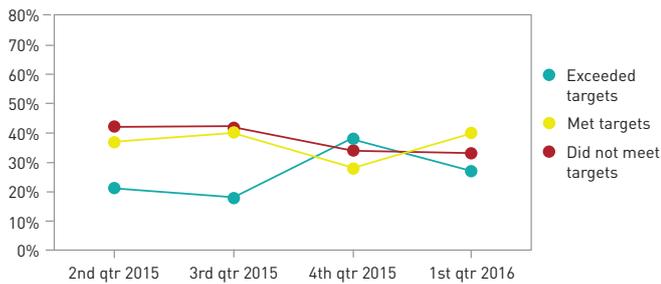


REGIONS*



* Seasonally adjusted values (% change on previous quarter)
For full results refer to the *Statistics NZ Retail Trade Survey*

Looking back over the past three months



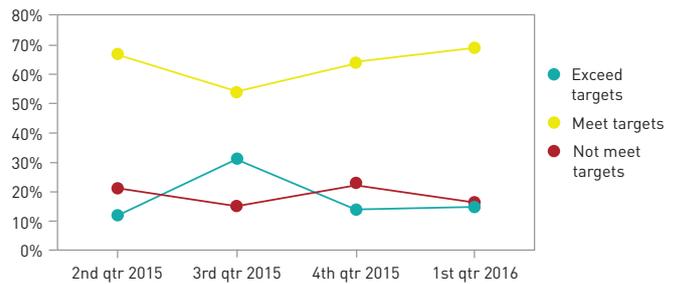
The first quarter of 2016 was steady with most retailers in our survey meeting or exceeding sales targets. The retailers that exceeded targets tended to be trading in recreational goods or clothing, footwear and accessories. They cited positive influences such as the long period of settled weather for most of the country, and increased numbers of holiday-makers in many areas. The period included a number of long weekends and an early Easter, encouraging people to get out and about.

However, a third of retailers reported that they did not meet targets. These retailers tended to be smaller and many noted ongoing price pressure from larger retail chains and from offshore websites. Retailers in rural sectors continue to be concerned about the flow on effects of the dairy price downturn. This period included the end of the tax year, stocktake for many, and the introduction of new Health and Safety legislation creating additional administrative pressures.



“Retailers cited positive influences such as the long period of settled weather for most of the country, and increased numbers of holiday-makers”

What’s coming up over the next three months



The majority (69 per cent) of retailers in our survey expect to meet targets next quarter, up from 64 per cent last quarter and indicating a growing confidence over the past year.

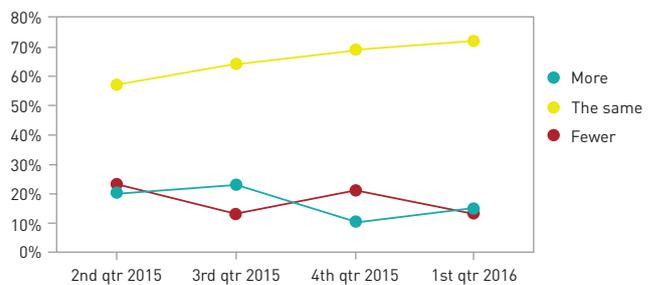
Optimism among hardware and building supplies retailers continues to be high into the next quarter, with ‘DIYers’ encouraged by low interest rates and rising property prices.

Sports and camping equipment retailers are less likely to expect to meet targets over the next three months and the imminent winter period traditionally slows spending. However, the arrival of the ski and hunting seasons will benefit some in this category.

The colder months will be positive for some retailers. Apparel retailers who have brought in stock for the autumn/winter season and found little demand due to the warmer than normal temperatures are expecting sales to pick up.

Employment intentions

The growing confidence theme for the next three months is echoed in our survey of employment intentions. 72 per cent of respondents expect to retain staff levels, and 15 per cent anticipate bringing on more staff.



Retail Prices

Nearly two-thirds of respondents (64 per cent) expect prices will remain static over the next quarter, reflecting some recovery in the value of the NZD over the past six months.

