1/8/2010 The Journal

December retail sales show signs of life

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NEW YORK— Last-minute holiday shoppers brought relief to the nation's retailers, handing them modest sales gains for the season and prompting several chains to raise their fourth-quarter profit outlooks.

The improved profit picture comes because retailers never had to resort to drastic price-cutting after keeping inventories lean.

Still, the solid finish capped a year that saw the biggest sales decline in at least four decades, according to the International Council of Shopping Centers. Merchants saw sales fall every month but September, October and December.

And retailers may be facing chilly months ahead as consumer spending is expected to remain muted amid high unemployment and tight credit, though the slowdown in job losses may help.

"The holiday season was decent but nothing you can get excited about. And it was saved by a last-minute surge," said Ken Perkins, president of research firm RetailMetrics. "Santa didn't deliver coal, but he certainly didn't deliver caviar."

According to the ICSC sales index, December sales rose 2.8 percent compared with a year ago, ending a year that averaged a 2 percent drop. For November and December combined, the index rose 1.8 percent, better than its estimate for a 1 percent gain. That figure, however compares with a 5.8 percent drop a year ago, the biggest holiday sales decline in least four decades.

The sales figures are based on sales at stores open at least a year and are considered a key indicator of a retailer's health. The index doesn't include Wal-Mart Stores Inc., which no longer releases its sales figures on a monthly basis. The better-than-expected December reading was the strongest since April 2008, when stores collectively had a 3.3 percent gain, according to the ICSC.



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A shopper looks through items on sale at a Sears store in Chicago recently. The nation's retailers are reporting signs of life in December sales figures that show modest holiday gains.

Several retailers, including Sears Holdings Corp. and TJX, saw their stocks soar in Thursday trading. However, the Dow Jones U.S. Retail Index has been largely unchanged since Thanksgiving. For 2008, the retail index rose 27.8 percent, surpassing the 18.8 percent gain for the Dow Jones Industrial average.

As merchants reported results Thursday, warehouse club operator Costco Wholesale Corp., Target Corp., Macy's Inc. and TJX Cos. all reported increases. Luxury stores like Saks Inc. and Nordstrom also saw strong December sales.