

## Retailers bask in sales glow



SETH PERLMAN / The Associated Press

Shoppers check out merchandise at Scheels department store in Springfield, Ill. Retailers are reporting robust sales as deep discounts pulled in shoppers in June.

# Shoppers warm to hot deals at stores

### Cooling trend may be ahead as higher costs passed along

By Anne D'Innocenzio  
THE ASSOCIATED PRESS

NEW YORK — Colossal sales enticed consumers to shop like it was 1999 last month. But higher prices ahead could cause the party to end.

Warm weather and discounts of up to 80 percent on summer merchandise helped retailers deliver the best revenue gains since June 1999 in what is typically the second-biggest shopping month of the year.

But pressure on stores

to pass along higher costs for everything from clothing and handbags to food has raised concerns that the momentum may not continue heading into the busy back-to-school shopping season.

"Promotions were the clear driver this month, and consumers took advantage of some outstanding deals," said Ken Perkins, president of research firm RetailMetrics LLC. "But that leaves a big question mark for July and the back-to-school season. Will shop-

pers be willing to spend full price?"

Big merchants Target Corp., Costco Wholesale Corp., Limited Brands Inc. as well as teen retailers such as The Buckle were among the companies that posted June results that beat Wall Street estimates. Luxury retailers also posted another month of stellar gains.

Retailers that serve lower- and middle-income shoppers were among the few stragglers. J.C. Penney, which targets the middle-income shopper, registered a sales gain that came in below analysts' projections and released a disappointing outlook.