



SMAM

“Nationwide Department Store Sales (Sep. 2014)”

The Japan Department Stores Association publishes the data on “Nationwide Department Store Sales” every month. We can capture the consumers trend by regions through this report as it shows the breakdown of sales value by each sales item of ten major cities and rest of the cities in Japan respectively. 240 stores of 84 companies were covered by the survey for September 2014.

Point 1

Adversely affected by typhoon and less holidays

But sales of clothing turned positive as clothes for Autumn/Winter sold well

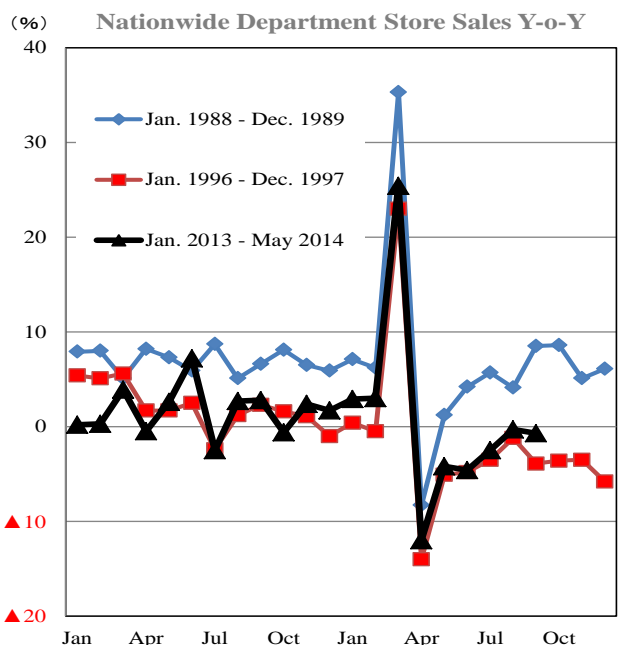
- The “Nationwide Department Store Sales” for September declined 0.7% y-o-y (after store number’s adjustment, hereafter the same) for six consecutive months. The reasons were the national holidays in September was one day less than the previous year, and the weather was bad in the latter half of the month hit by a typhoon. However, the positive news were sales items such as clothing turned positive y-o-y after a negative month as the clothes for autumn/winter season sold well due to a decline in temperature in the first half of September.

Point 2

Negative Impact of sales tax hike is diminishing in urban cities

But recovery of sales in luxury goods such as jewelry was not seen yet

- By regions, major cities saw signs of economic recovery as the impact of the consumption tax hike subsided. Department store sales in Osaka and Tokyo increased m-o-m for three and two consecutive months, respectively, and that of Nagoya turned positive in September. On the other hand, recovery in economy of district cities remained lackluster as the sales in the regions other than the major 10 cities declined m-o-m for six consecutive months in total.
- Breaking down the sales by merchandises, clothing showed a recovery as men’s clothing accelerated increase by 2.7% y-o-y from the previous month’s 1.5% y-o-y and ladies’ clothing advanced 0.2% y-o-y from the decline of 2.4% y-o-y in previous month. Cosmetics increased 3.8% y-o-y for three consecutive months. On the other hand, luxury goods such as jewelry & precious metal products and furniture decreased for six consecutive months still affected by the tax hike.



(Notes) 1. Horizon of data:
 Jan. 1988 - Dec. 1989 (Introduction of consumption tax of 3%)
 Jan. 1996 - Dec. 1997 (3% consumption tax → raised to 5%)
 Jan. 2013 - Sep. 2014 (Consumption tax hike this year to 8%)
 2. Data is adjusted by store numbers.

(Source) SMAM, based on the Japan Department Store Association data



Consumption is expected to make recovery gradually as the impacts of tax hike and bad weather fade away

■ Affected by two typhoons in the first two weeks of October

In the first half of October, Tokyo area's department store sales declined by more than 3.0% y-o-y due to the strikes of two strong typhoons over two consecutive weekends. However, we can find a bright factor in the consumption trend as the sales of clothing was solid in the changing season despite of the bad weather.

■ Expectations for winter bonus sales campaigns

The winter bonus this year is forecasted to increase thanks to the strong business performance of the Japanese corporations. We, therefore, can expect the consumption to be back on a recovering trend gradually, leaving the adverse impact of the consumption tax hike and the bad weather factor behind.

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