

“Department Store Sales” rose for the first time in 14 months

The Japan Department Stores Association (JDSA) provides the “Nationwide department store sales” on around the day of 20th every month. The data includes the sales by items and by regions (10 large cities and the other regions), which can be used to analyze the consumption trend in each item and region. In addition to be able to check consumer-orientation through peaks and troughs of each item’s consumption, it is possible to capture consumption trend of foreign visitors whose number has been growing these days.

Point 1

April sales rose +0.7% YoY for the first time in 14 months

Sales to foreign visitors renewed its record high

- April “Nationwide department store sales” rose +0.7% YoY (the sales are outlet number adjusted, applying hereafter) for the first time in 14 months. In addition to further acceleration of big-ticket items’ consumption due to weaker JPY and stronger equity market, active customer attraction and promotion contributed to sales growth in April.
- Comparing sales to domestic customers and foreign visitors, former (95.1% of total sales) decreased marginally by -0.2% YoY, whereas latter (4.9% of total sales) increased to JPY 22.1 billion renewing its record high for 5 consecutive months.
- By region, sales of 10 large cities increased by +0.6% YoY for 2 months in row, meanwhile, that of the other regions increased more by +0.9% YoY. It seems that trend of sales recovery is gradually spreading nationwide.

Point 2

Sales of spring wear and those related to cherry blossom viewing were strong as temperature was high in April

Big-ticket items such as imported watches have increased for the first time in 14 months

- In April, Clothing decreased by -1.2% YoY improved from March (-4.6% YoY) as sales of spring wear started to sell well, as temperature had risen. In addition, Foods increased by +0.4% YoY as there was strong demand of sweets and delicatessen due to cherry blossom viewing season during which people hold outdoor parties. Big-ticket items such as Art work/Jewelry/Precious metal (mainly imported watches) also increased by +1.1% YoY. Sales of both items increased for the first time in 14 months.

“Nationwide Department store Sales”(by Items)

	Composition Ratio (%)	Change (%)
Nationwide	100.0%	0.7%
Clothing	33.4%	-1.2%
Personal items	13.5%	0.7%
Groceries	18.4%	7.2%
Art work/Jewelry/Precious metal	5.7%	1.1%
Household goods	4.5%	-6.0%
Foods	24.2%	0.4%
Restaurants etc	2.7%	0.3%
Services	1.2%	-0.3%
Others	2.1%	-1.4%
Gift Voucher	2.3%	-5.5%

(Note) Total of composition ratios may not be 100% as they are rounded up.

Year on year change.

(Source) SMAM, based on JDSA data.

We expect signs of recovery in private consumption will be sustainable going forward

- Overall sales of items in April were in good shape as sales increased in majority of items compared to the previous year. Annual sales of Clothing, a major sales item of department store, in 2016 had fallen by -5.8% YoY, which continued to show negative figures every month since November 2016. Growth of sales of Clothing is still negative in April, however, it has improved and is showing signs of recovery. Meanwhile, Premium Friday in April, which is the last Friday of the month, saw positive sales growth of certain foods and travel goods due to demand of sightseeing and homecoming visit, as the day was part of the first half of Golden Week Holiday. Although, overall sales growth of department store in the Japanese domestic market has been negative compared to the previous year for 9 months in row, we expect signs of recovery of private consumption will continue going forward.

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