

MEDIA RELEASE

INDEX PREDICTS MODEST RETAIL SALES GROWTH IN Q1 2018

AFGC CHEP Retail Index: A lead indicator of Australian Bureau of Statistics retail trade data, based on transactional data from CHEP pallet movements.

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Figures published in the latest edition of the quarterly **AFGC CHEP Retail Index**, which uses transactional data from CHEP pallet movements to provide a lead indicator of Australian Bureau of Statistics retail trade data, have signalled modest retail sales growth in Q1 2018.

Despite improving business confidence, an early-2018 moderation in pallet movements suggests that retailers expect a modest trading environment over the initial months of 2018. According to the Index, retail sales did show some strength in late 2017, but not enough to offset the soft growth in average retail spending over the rest of the year. Online retail continued to grow its share of the overall retail market during 2017.

Looking forward, the economic environment is supportive of potential improvement in retail sales growth in 2018 when improved business confidence, investment and labour market outcomes flow through to consumer spending.

Index: Key figures

- 3.5% year-on-year retail turnover growth to the month of December 2017, softening to 2.4% year-on-year for the month of February.
- On a quarterly basis, 2.4% year-on-year growth to the December quarter trending to 2.6% year-on-year for the March 2018 quarter.

Providing commentary on the Index, David Rumbens, partner at Deloitte Access Economics, noted: "Shaky retail sales growth during most of 2017 reflected fragile consumer confidence, continuing underemployment and a lack of wage growth. However, the improvement in retail sales growth towards the end of the year was some reward for retailers linked to the stunning rate of jobs growth which has also been seen through 2017."

Australian Food and Grocery Council Chief Executive Officer, Ms Tanya Barden, said: "After a tough trading year, the boost in late 2017 trade and continued improvements in the economy are good signs. While the AFGC CHEP index has not predicted an immediate uplift in spending in early 2018, we are hopeful of more sustained growth as 2018 progresses."

President of CHEP Asia Pacific, Phillip Austin, said: "The scale of CHEP's pallet pooling network provides us with significant insights into the Australian retail sector and the flexibility to quickly adapt to the needs of our customers and retailers, if there is a sustainable lift in retail spending."

The AFGC CHEP Retail Index is a collaborative project between the Australian Food and Grocery Council and CHEP Australia, with analysis and commentary by Deloitte. It is recognised as a reliable lead indicator of Australian Bureau of Statistics retail trade data. To access the January 2017 Index and previous editions of the Index, visit www.afgc.org.au or [CHEP Australia's CHEPedia portal](#).

MORE INFORMATION:

JAMES MATHEWS, AFGC MEDIA CONTACT 0407 416 002

JAMES MILLARD, BRAMBLES MEDIA CONTACT 0414 777 680

KATHRYN CROFTS, CHEP AUSTRALIA MEDIA CONTACT 0437 108 844

About AFGC

The Australian Food and Grocery Council (AFGC) is Australia's peak national industry association, representing the \$126 billion food, beverage and grocery manufacturing industry. As Australia's largest manufacturing sector, the food and grocery manufacturing industry is a vital contributor to the wealth and health of our nation. The industry's products are in more than 24 million meals, consumed by 24 million Australians every day, every week and every year. AFGC's aim is for the Australian food, beverage and grocery manufacturing industry to be world-class, sustainable, socially-responsible and competing profitably domestically and overseas. AFGC represents one of the few manufacturing sectors that continues to grow and has significant potential for even further growth into the future. For more information, visit www.afgc.org.au

About CHEP

CHEP is a global leader in managed, returnable and reusable packaging solutions, serving many of the world's largest companies in sectors such as consumer goods, fresh produce, beverage and automotive. CHEP's service is environmentally sustainable and increases efficiency for customers while reducing operating risk and product damage. CHEP's 12,500-plus employees and 300 million pallets and containers offer unparalleled coverage and exceptional value, supporting more than 500,000 customer touch-points in more than 60 countries. Our customer portfolio includes global companies and brands such as Procter & Gamble, Sysco, Kellogg's, Kraft, Nestlé, Ford and GM. CHEP is part of Brambles Limited. For more information, visit www.chep.com

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