

MasterCard SpendingPulse™

# U.K. Retail Sales

## December 2007

	Mo/Mo % change	Yr/Yr % change	Avg. Weekly Value (in millions)
<b>Price Adjusted U.K. Retail Sales</b>			
Seasonally Adjusted	▲ 2.1%	▲ 3.7%	£ 5,526.0
Not Seasonally Adjusted	▲ 22.8%	▲ 3.9%	£ 7,295.0
<b>Nominal U.K. Retail Sales</b>			
Seasonally Adjusted	▲ 0.3%	▲ 3.2%	£ 5,180.4
Not Seasonally Adjusted	▲ 21.0%	▲ 3.7%	£ 6,861.5
<b>Implied Deflator</b>	▼ -1.4%	▼ -0.3%	

### U.K. Retail Sales Gain 2.1% in December

A strong upturn in both pre-Christmas and post-Christmas spending helped boost UK retail sales in December, as seasonally-adjusted, constant-price (price-adjusted) sales jumped 2.1% month-to-month from November. This is a substantial monthly gain for retail sales which had an average month-to-month increase of only 0.3% over the previous 12 months.

Robust sales in December helped make up for the notable month-to-month drop of November, though some of these month-to-month swings can be attributed to an early start to Christmas shopping in October. Total sales over the last three months of the year still show a fairly healthy growth rate, and price-adjusted sales were up by 4.1% from the previous year.

However, a weak price environment continues to buoy real growth rates. Increased discounting in the last half of December lowered retail prices by -0.3% from the previous year. As a result, price-unadjusted (nominal) retail sales have been growing at a more modest rate. In December, nominal sales were up by 3.7% year-to-year, a slight improvement from November. And three-month totals of nominal sales grew by 3.8% in the last quarter of 2007, an improvement from the 2.6% growth of the previous quarter, but still sluggish compared to the 4.5% year-to-year growth of the first half of last year.

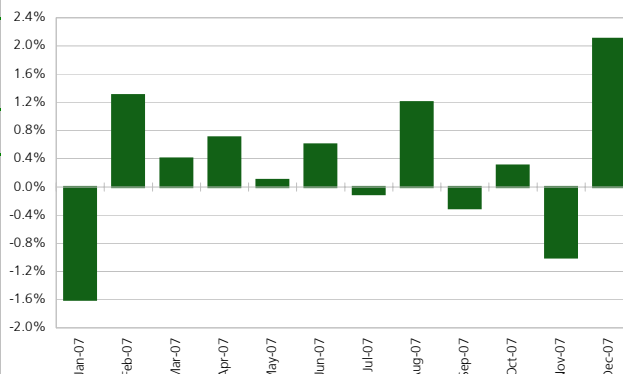
Christmas spending tended to favor electronics sales and specialty retailers (music, books and the like). Personal care retailers and grocery stores also did well last month. In contrast, sales at clothing retailers and department stores were a bit slow, continuing the trend of the past several months.

The ONS's official deflation rate for December is likely to increase to around -1.6% year-to-year, given the discounting seen in the latter half of last month. And the general strength of Christmas sales suggests that official current-price, seasonally-unadjusted sales should be up between 20.5% and 21.0% from November to December. Since official statistics showed a pronounced upswing in sales last December, the ONS could report a 1.8% year-to-year increase for current-price sales and a 3.6% year-to-year increase for constant-price sales. Official month-to-month changes should be fairly strong, with seasonally-adjusted constant-price sales growing by 1.2% in December.

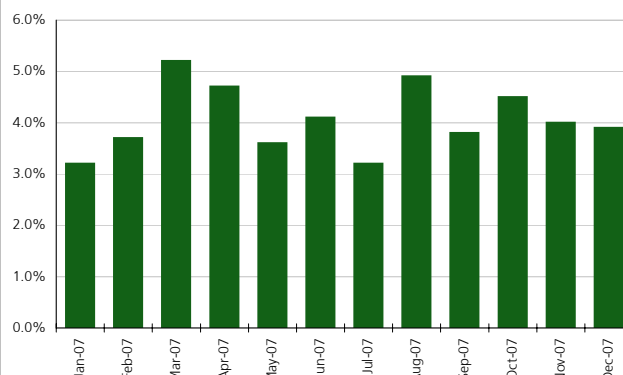
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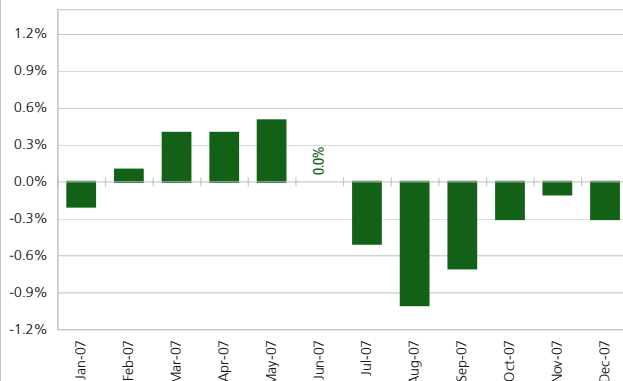
#### U.K. Price Adjusted Retail Sales Mo/Mo % Change Seasonally Adjusted



#### U.K. Price Adjusted Retail Sales Yr/Yr % Change Not Seasonally Adjusted



#### U.K. Implied Deflator Yr/Yr % Change Not Seasonally Adjusted



The SpendingPulse™ UK implied deflator is based on the average pound value of transactions within SpendingPulse™ data.

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# MasterCard SpendingPulse™

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Week	December-06							December-07							Week
	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
48	26	27	28	29	30	1	2	25	26	27	28	29	30	1	48
49	3	4	5	6	7	8	9	2	3	4	5	6	7	8	49
50	10	11	12	13	14	15	16	9	10	11	12	13	14	15	50
51	17	18	19	20	21	22	23	16	17	18	19	20	21	22	51
52	24	25	26	27	28	29	30	23	24	25	26	27	28	29	52