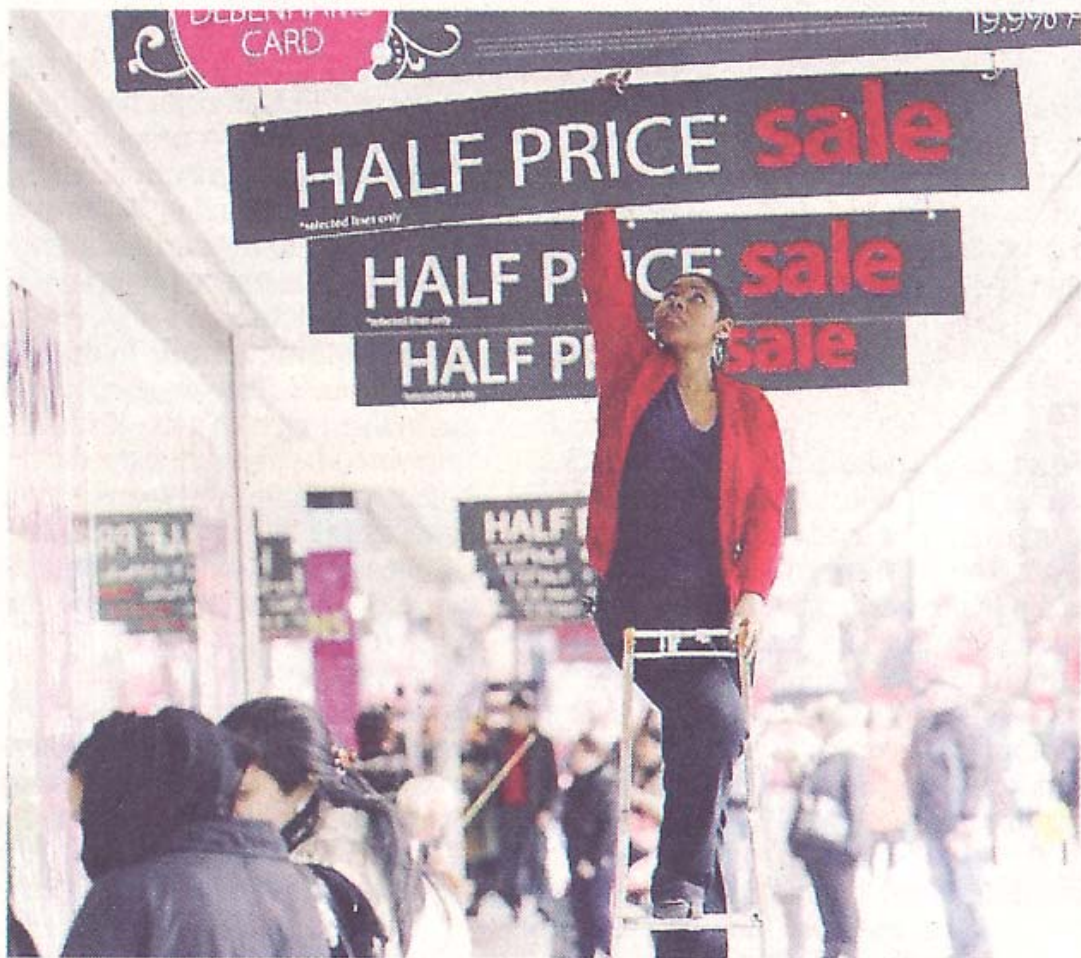


Holiday sales tumble 2%-4% in US



A shop assistant at House of Fraser puts up new sale signs at their store on Oxford Street in London on Dec 24. British stores are offering unprecedented Boxing Day offers up to 48 hours early with shops like Superdrug advertising cuts of up to 90% from the end of Christmas eve. – Bloomberg

CUTBACKS on clothing, electronics and jewelry led US retail sales to drop as much as 4% this holiday season as consumers limited purchases to necessities, according to SpendingPulse data.

Spending was the lowest since MasterCard Advisors started tracking data in 2002 to provide the SpendingPulse service, said Michael McNamara, vice-president of research and analysis, in an interview yesterday. He estimates sales, excluding autos and gasoline, fell 2% to 4% from Nov 1 to Dec 24.

“Overall this has been one of the most challenging holiday seasons on record,” McNamara said.

Consumers facing a recession, tightening credit and the highest unemployment rate in 15 years shortened their gift lists and spent less. Retailers including Macy’s Inc and AnnTaylor Stores Corp responded by increasing markdowns, which stand to hurt profit margins in what may be the weakest holiday spending season in four decades.

The SpendingPulse figures follow forecasts of falling sales from industry groups. Sales at stores

open at least a year may drop as much as 2% in November and December, the International Council of Shopping Centers said on Dec 23, more than the previously projected 1% decline.

The drop puts pressure on retailers to attract shoppers with after-Christmas sales starting yesterday.

“The Friday after Christmas, with the discounts we’re hearing about, is going to be like another Black Friday,” Scott Krugman, a spokesman for the National Retail Federation, a Washington-based trade group, said.

“The week after Christmas is going to be more crucial for retailers than ever,” he added.

The Standard & Poors 500 Retailing Index has shed 34% this year, with only two of its 27 companies gaining.

The SpendingPulse data service calculates its sales estimates based on MasterCard Inc network transactions and adjusts for cash, checks and other payment forms. MasterCard is the world’s second-biggest credit-card company. – Bloomberg