

MEDIA RELEASE

INDEX PREDICTS A TEMPORARY UPLIFT IN RETAIL SALES

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The latest edition of the AFGC CHEP Retail Index, a lead indicator of Australian Bureau of Statistics Retail Trade Data, predicts an uplift in retail turnover growth over the December quarter, followed by a return to the previous trend of slowing growth in the first few months of 2017.

The Index estimates that year-on-year growth during the December quarter was 3.3%, including year-on-year growth for the month of December of 3.0% - notably a like for like comparison of the same period and, therefore, not simply due to occurrence of Christmas.

Looking forward, the year-on-year Retail Index growth for the month of February 2017 is expected to be 2.0% and year-on-year growth for the March quarter to be just 1.9%. That represents a moderation of more than a third, following the December quarter uplift.

According to the Index and ABS data, 2016 was characterised by a degree of inertia, with growth in each month a little lower than the month before, apart from the latter months of the year, where ABS retail trade results proved to be slightly higher than the AFGC's previous predictions.

Australian Food and Grocery Council CEO, Gary Dawson, said: "The rise in December quarter retail sales growth is encouraging after a challenging year. However, following this temporary relief, economic trends still point to uncertainties in the national and global economy that are leading consumers to become more cautious. While the residential housing boom, low interest rates and the shift of focus from mining states have bolstered retail turnover in Sydney and Melbourne, these benefits also appear to be starting to run out of steam in early 2017, with modest employment growth, low wage growth and a recent downturn in personal debt affecting retail trade generally."

President of CHEP Asia Pacific, Phillip Austin, said: "Along with our customers, CHEP welcomes the stronger than expected December quarter activity. The modest expectations of forward retail sales growth predicted by the index will logically see businesses exploring new ways of reducing waste and inefficiencies from their supply chains. CHEP here in Australia has harnessed global insights and knowledge from what's happening in retail and FMCG in over 60 countries to develop a portfolio of innovative supply chain solutions designed to do just that, reduce waste and inefficiency. For businesses looking to increase the efficacy of their offshore sourcing in 2017, our International Solutions are just one way we can collaborate to help them address the challenge of modest predicted growth."

The AFGC CHEP Retail Index is a collaborative project between the Australian Food and Grocery Council and CHEP Australia, powered by Deloitte. The Index uses CHEP transactional data based on pallet movements and is a lead indicator of Australian Bureau of Statistics Retail Trade Data.

To access the Index and background information, visit www.afgc.org.au or www.chep.com.

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About AFGC

The Australian Food and Grocery Council (AFGC) is Australia's peak national industry association, representing the \$118 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 22 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 11,500-plus employees and 300 million pallets and containers offer unparalleled coverage and exceptional value, supporting more than 500,000 customer touch-points 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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