

Retailers more optimistic while bracing for tough year

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LANSING —Michigan retailers expect a small decrease in sales this year, following a January in which sales declined for nearly two-thirds of the industry, according to the Michigan Retail Index, a joint project of Michigan Retailers Association (MRA) and the Federal Reserve Bank of Chicago.

The monthly survey of MRA members found that, on average, retailers expect a decrease of 0.8 percent in their annual sales compared to 2008, despite an increase in optimism for the next three months.

“Coming off a poor January and the worst holiday season in decades, it’s no surprise that retailers are lowering expectations for the year. But a small rise in their short-term outlook suggests their projections could turn around quickly as more details of the federal stimulus package become known and the economy gets moving again,” said James P. Hallan, MRA president and CEO.

The Michigan Retail Index survey for January found that 23 percent of retailers increased sales over the same month last year, while 64 percent recorded declines and 13 percent saw no change. The results create a seasonally adjusted performance index of 29.0, down from 30.4 in December.

Index values above 50 generally indicate an increase in positive activity, while values below 50 indicate a decrease.

Looking ahead, 28 percent of retailers said they expect higher sales during February – April over the same period last year, while 44 percent project a decrease and 28 percent no change. That puts the seasonally adjusted outlook index at 41.6, up from 36.6 in December.