Unexpected rise in retail sales not a sign of market recovery, say Gregory Pennington

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Press release from: **Gregory Pennington**

Responding to the recent news that retail sales growth enjoyed an unexpected rise in July, debt management company Gregory Pennington (gregorypennington.com) has warned that this should not be taken as a sign of market recovery, and that consumers should still be looking to protect themselves against a potential downturn at some point in the future.

Despite the Office of National Statistics' predictions that retail sales growth would fall by around 0.2%, July in fact saw a rise of 0.8% compared to the previous month – a figure which, according to a Gregory Pennington spokesperson, may prompt some to "underestimate the danger that lies ahead for the economy".

The figures follow June's sales growth actually falling by around 4.3% - the largest decrease for several years. But the Gregory Pennington spokesperson says that this simply reflects the volatile nature of the retail market. "It's important to look at the bigger economic picture," he says. "Inflation is at a 16-year high, costs of living are increasing, and unemployment is rising – all of which are likely to affect the retail market negatively in the long run – but the full impact is yet to be seen.

"The retail market has seen several years of fluctuating growth – even when the economy was very strong. The rises and falls are rarely any bigger than two per cent, which is minimal in the scheme of things, and is probably coincidental.

"June's fall of 4.4% did raise some concerns for the market, but the fact that it's gone straight back up by 0.8% shows that this was just a particularly wild fluctuation."

The spokesperson added that consumer caution is still necessary, highlighted by the recent year-on-year increases in people experiencing debt problems – which can be partly attributed to overly relaxed lending and high consumer spending.

"Statistics show that the number of people seeking debt help has been steadily increasing for well over a decade now – with the most distinct rise coming in 2007, when the credit crunch began to hit the economy," he said. "Since problems with debt tend to filter through over a long period of time, we would expect this pattern to continue well into 2008 and 2009.

"Realistically, a continued slump in the retail market would in fact be a good sign for the economy, since it would show that people are taking the economic downturn and risk of getting into debt very seriously, as well as helping to bring down inflation."

The spokesperson went on to say that if people do find themselves struggling in the coming months, they should seek debt help from an expert as soon as possible. "It's looking like the downturn we are facing will be quite severe, and we would expect people with existing debts to suffer more than most – not to mention many people may be forced into debt as money gets tighter," he said.

"If that is the case, it's essential you seek debt help from a professional debt adviser. Lenders and consumers alike will feel under pressure over the next few months, so your debt adviser should be able to help come to an agreement that suits both you and your lender."

Gregory Pennington (www.gregorypennington.com) are a debt management company based in Salford Quays, Manchester. They offer a wide range of debt help and solutions, including debt management plans, debt consolidation and IVAs.

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