

Brazilian Supermarkets Have Anemic Sales Growth

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Supermarket sales in Brazil rose 0.66% in 2005, reports the Brazilian Supermarket Association (Associação Brasileira de Supermercados) (Abras). The association's original forecast for 2005 sales was an increase of 2% to 2.5%.

As usual there was a strong surge in sales in December. They rose almost 35%, compared to November. But the December 2005 sales were 3.84% less than in December 2004.

The Abras president, João Carlos de Oliveira, blamed high interest rates, high unemployment and increases in prices controlled by the government - water, electricity, telephone and fuels.

"We had a year where worker income dropped and consumers spent most of the period in debt with reduced purchasing power. That all had a direct impact on supermarket sales, mainly in the second half," he declared.

But Oliveira said the outlook for 2006 is better. His forecast is for an increase of 1.5% to 3% in sales.

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