

Tesco hails rising sales over Christmas period

LONDON - Supermarket chain Tesco, Britain's biggest retailer, announced Thursday rising sales during the festive period, which followed a strong third quarter despite uncertainty over Brexit.



Total group sales jumped 6.5 percent during Tesco's third quarter to the end of November 2016 compared with a year earlier ([AFP Photo/Adrian Dennis](#))

"In the UK, we saw our eighth consecutive quarter of... growth and delivered a third successful Christmas," chief executive Dave Lewis said in a trading update.

"Internationally, we have continued to focus on improving our offer for customers in challenging market conditions," he added.

Total group sales jumped 6.5 percent during Tesco's third quarter to the end of November compared with a year earlier. In the following six weeks, sales grew by 4.3 percent.

"The much publicised potential damage to the UK economy following (the vote for) Brexit is an area where the UK consumer seems not to have read the script," said Richard Hunter, head of research at Wilson King Investment Management.

"For Tesco, this has translated into a solid Christmas performance across food and non-food alike."

Nevertheless, Tesco's share price slid 2.2 percent in early deals "with investors slightly disappointed by its (Christmas) holiday showing", said Spreadex analyst Connor Campbell.

But British food-to-clothing retailer Marks and Spencer jumped 2.7 percent after the group revealed a return to sales growth in its clothing division for the first time in almost two years.

"While reported sales are boosted by the inclusion of five additional days of December sales in this year's third quarter, it's clear that Christmas has been good to M and S," said George Salmon, equity analyst at stockbroker Hargreaves Lansdown.

Tougher times may still lie ahead however for clothing retailers after major chain Next last week warned of a difficult 2017 as a weak pound caused by Brexit uncertainty pushes up raw material costs.

British annual inflation is at the highest level in more than two years as a slide in sterling to multi-year lows against the dollar and euro following the Brexit vote in June has lifted the cost of commodities imported by Britain.

Offsetting such worries were comments Wednesday by Bank of England governor Mark Carney, who said Britain's EU exit was no longer the biggest risk to the country's financial stability, after a relatively smooth first few months since the vote to leave the European Union.

Carney told a panel of British MPs that "the immediate risks around Brexit have gone down for the UK".

The Brexit process is in its early stages, with Prime Minister Theresa May due to start formal negotiations on leaving the EU by the end of March.

Source: AFP

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