

Paint & Decorating Retailers Association 636-326-2638, 800-737-0107
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Business Review – 2nd Quarter

2013

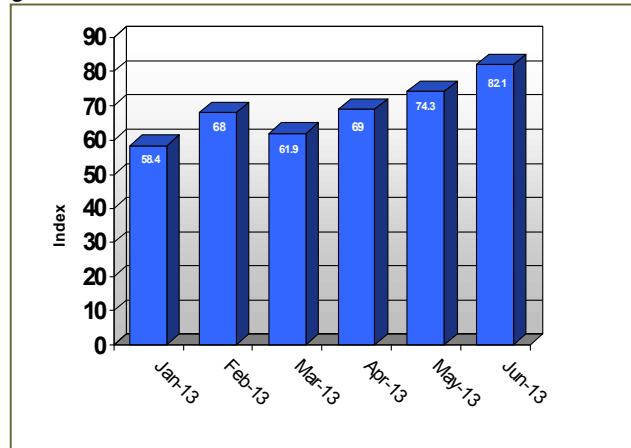
The second quarter of 2013 had some shifts in consumer attitude and market performance.

Consumer Confidence, which had been struggling to hold between a 60 and 70 index, took off from a level of 57.9 in March to its highest level of 82.1 in June. “Americans were more optimistic about business and labor market conditions according to a report released by The Conference Board in June.”

What had been a fairly long and continuous increase in New Housing Starts ended in April. Last quarter the number of housing starts increased about 1,000,000 units for the first time in 57 months. In April, the number of starts dropped to slightly over 800,000 units. For the remaining part of the second quarter, it bounced around the mid to upper 800,000 units. Home interest rates started to move up just about this time.

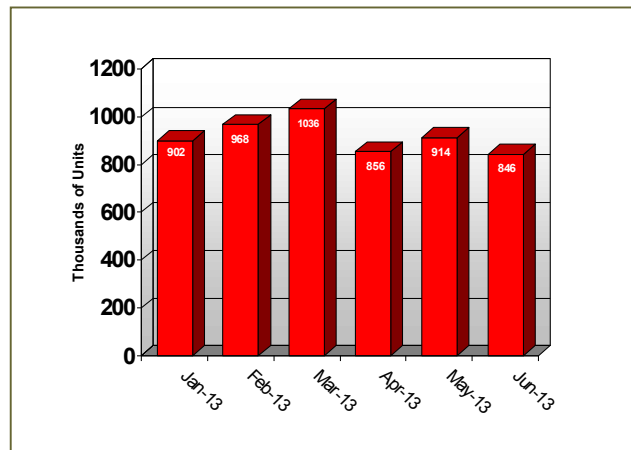
Used Home Sales continued their move to higher ground during this second quarter. This index rose above 5,000,000 units in November 2012, and then slid below that level until May of this year. The last two months of this quarter hit and stayed above this 5,000,000 unit level. The third quarter should determine whether this level can be maintained.

The Independent Decorating Products Retailer had a fairly consistent performance level compared to the first quarter of 2013. The Midwest region continued to struggle this quarter with a second straight decline in total store sales. Paint sales performance was the major contributor to this loss. The Eastern region continued to



United States Consumer Confidence

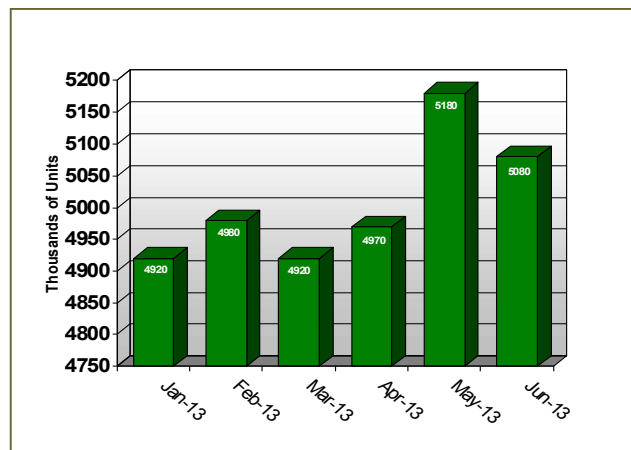
Source: The Conference Board



New Housing Starts

Seasonally Adjusted Annual Rate

Source: U.S. Dept. of Housing and Urban Development



Used Home Sales

Seasonally Adjusted Annual Rate

Source: National Association of Realtors

show gains in all areas. Year-to-date performance is fairly uniform in all product areas

Canadian retailers, while showing a slight gain in the second quarter, continue in a negative position for the first six months of 2013.

"The Independent Decorating Products Retailer had a fairly consistent performance level compared to the first quarter of 2013."

Sales Through Independent Paint & Decorating Retailers Percent of Change from 2nd Qtr. 2012 (April - June) vs. 2nd Qtr. 2013 (April - June)						
Product	Total U.S.	Northeast ⁽¹⁾	South ⁽²⁾	Midwest ⁽³⁾	West ⁽⁴⁾	Canada ⁽⁵⁾
Paint	2.8%	7.3%	2.3%	-8.6%	6.0%	-3.7%
Wallcovering	7.6%	10.4%	0.6%	9.6%	0.9%	3.8%
Window Treatments	5.1%	9.2%	9.9%	4.7%	-3.7%	8.6%
Sundries	1.6%	7.1%	2.5%	-1.9%	0.3%	-3.5%
Total Sales (includes all products carried)	4.1%	8.9%	4.5%	-1.4%	5.3%	1%

U.S. & Canadian Regions Defined

Northeast U.S. ⁽¹⁾ - CT, ME, MA, NH, NJ, NY, PA, RI, VT **South U.S.** ⁽²⁾ - AL, AK, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV **Midwest U.S.** ⁽³⁾ - IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI **West U.S.** ⁽⁴⁾ - AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY **Canada** ⁽⁵⁾ - All provinces are included in the Canadian region

Random retailer comments from 2nd Quarter Pulse Survey:

"Starting to see bigger percentage increases over last year's poor figures." – New Jersey

"High-end custom work in window treatments is way up" – Kentucky

"2nd quarter is looking better." – California

"First quarter of 2013 was down significantly. Second quarter is catching up, but only halfway. Still down about 5%" – Alberta, Canada

Sales Through Independent Paint & Decorating Retailers Percent of Change YTD 2012 (Jan. –June) vs. YTD 2013 (Jan. – June)						
Product	Total U.S.	Northeast ⁽¹⁾	South ⁽²⁾	Midwest ⁽³⁾	West ⁽⁴⁾	Canada ⁽⁵⁾
Paint	3.7%	5.4%	3.8%	-7.9%	6.5%	-2.5%
Wallcovering	3.8%	6.1%	1.7%	11.3%	.06%	-5.2%
Window Treatments	3.4%	5.1%	10.2%	-2.6%	-7.5%	N/A
Sundries	2.6%	7.5%	4.1%	-4.9%	1.1%	3.3%
Total Sales (includes all products carried)	3.5%	6.8%	4.6%	-3.8%	4.2%	-3.9%