



Wall Street

Kroger surges after sales hold ground against Amazon and Walmart

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Kroger was on track for its best day in more than eight-and-a-half years yesterday after the US supermarket chain delivered third-quarter results that topped estimates, offering proof that it can hold its ground despite muscular moves by Amazon and Walmart to grab a bigger slice of the food retailing pie.

The stock, which has been battered by concerns over Amazon's acquisition of Whole Foods this summer, rose as much as 13.6 per cent — the most in nearly 25 years — before trimming its gain to 9.5 per cent by midday. Should it hold on to its gain, that would still make it its biggest one day jump since March 2009 and bump the company's



Indices	Close	Day's change
S & P 500	2643.04	16.97
DJ Industrials	24144.58	203.90
Nasdaq Comp	6868.33	43.94
Russell 2000	1204.70	-8.35
VIX	10.89	0.19
US 10 yr Treas Bd	2.39	0.00
US 2 yr Treas Bd	1.78	0.01

market value by about \$2bn to \$23.6bn.

Kroger, which operates 2,800 stores across the US, said same-store sales excluding fuel, its key metric, increased 1.1 per cent year on year in the three months to November 4, following a 0.7 per cent rise in the second quarter.

Net sales climbed 4.5 per cent to \$27.7bn, ahead of the \$27.4bn the market was expecting. Despite an aggressive discounting strategy, the company achieved a 1.4 per cent year-on-year rise in net income to \$397m, or 44 cents per diluted share, also topping consensus forecasts for 40 cents.

Kroger said it expected the momentum to continue into the fourth quarter and is forecasting like-for-like

sales growth excluding fuel to exceed 1.1 per cent. It had previously said that it expected the gauge to grow between 0.5 and 1 per cent in the second half of this year, after declining in the first two quarters.

Elsewhere **Barnes & Noble** sank nearly 12 per cent after the country's last remaining large bookstore chain recorded another quarter of sales decline and losses.

The stock fell to a near historical low of \$6.88 after the company reported a 6.3 per cent drop in same-store sales during the second quarter of its fiscal 2018 year, which ended on October 28.

Total net sales were down 7.9 per cent year on year to \$791.1m, while net loss widened to \$30.1m, or 41 cents a share, compared with a loss of \$20.4m, or 29 cents a share, the year before. The market was expecting sales of \$811m and a loss of 25 cents a share.

In the wider market, the Dow Jones Industrial Average opened above 24,000 for the first time yesterday, fuelled by growing signs that Republicans may muster the votes needed to pass their sweeping tax overhaul bill.

The S&P 500 was up 1 per cent at a record high of 2,652.80, led by the industrials and materials sectors.

The DJIA rose 1.3 per cent to 24,243.08, also an all-time high. The Nasdaq Composite rebounded following Wednesday's drop, gaining 0.8 per cent to 6,880.93.

