

Retail Trade December 2024

Overview

Retail trade declined by a seasonally adjusted 0.1% in December, significantly less than the 0.7% fall pencilled in by the market consensus. The November gain was revised 0.1ppts downwards to 0.7%.

Annual growth in retail sales accelerated to 4.6%, the fastest pace since March 2023.

Trend retail trade, which looks through month-to-month volatility, continued to climb at a 0.4% monthly pace, with annual growth accelerating to 3.9%.

In the entirety of Q4, retail sales rose by a nominal 1.4%, with volumes up by 1.0% and prices increasing by 0.4%. Retail trade volumes per capita picked up 0.5% in Q4, the first increase since Q2 2022.

Industry Groups

Retail trade was mixed across industries in December, with gains in food, household goods and department stores, and declines in all the other industries.

Declines in cafes, restaurants and takeaway services as well as clothing, footwear and personal accessories followed solid gains in the previous month due to the Black Friday and Cyber Monday sales.

In Q4, quarterly retail sales picked up for all industries in nominal terms, with gains in volumes in all industries except for clothing, footwear and personal accessories, which saw a flat result.

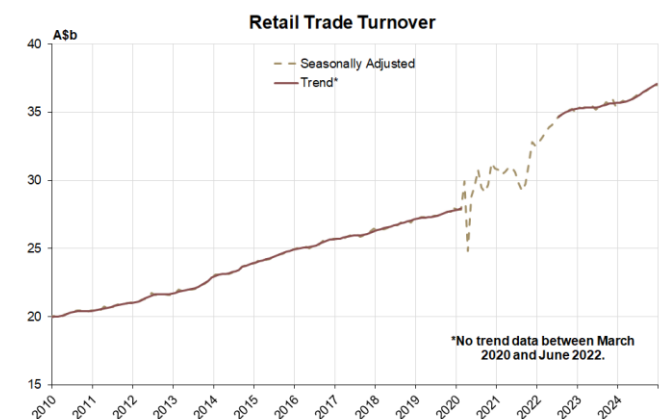
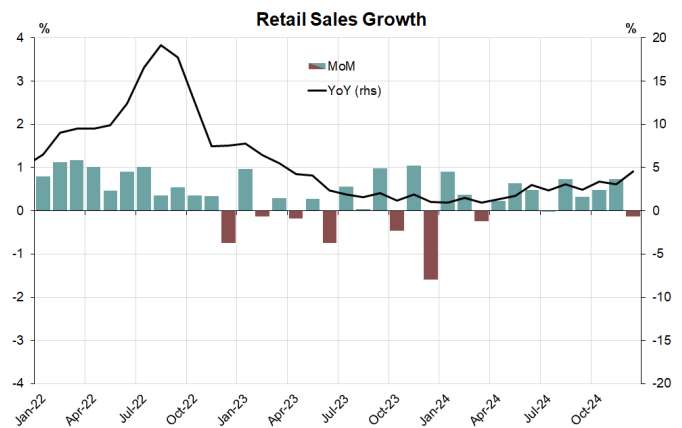
Seasonally Adjusted, %	MoM	YoY
Food	0.1	3.5
Household Goods	1.6	7.1
Clothing, Footwear and Personal Accessories	-1.8	5.0
Cafes, Restaurants and Takeaway Food	-0.5	4.7
Department Stores	0.4	1.6
Other Retailing	-1.4	5.6
Total	-0.1	4.6

States

Retail sales fell in all states except New South Wales and Western Australia in December, but there were quarterly gains across all the jurisdictions in Q4. The strongest monthly decline was recorded for South Australia, although it saw the largest quarterly gain.

Western Australian retail sales rose 0.2% in December, to be up by 6.3% YoY, the most of all the states. Retail sales volumes picked up by a nominal 1.0% in Q4, with a 0.7% gain in volumes and 0.3% increase in prices.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.2	6.3
New South Wales	0.1	3.9
Victoria	-0.2	5.2
Queensland	-0.4	4.6
South Australia	-0.7	4.0
Tasmania	-0.1	2.8



Comment

Retail sales saw only a marginal decline in December, following strong gains in previous months. These gains contributed to a solid quarter overall. The quarterly gain in volumes was the strongest since Q1 2022, when the Australian economy first re-opened after lockdowns.

Q4 was also the first quarter in over two years to see a rise in retail trade in per capita terms.

According to the ABS, the positive Q4 outcome was driven by increased promotional activity, including Black Friday/Cyber Monday sales. However, across the entire quarter, prices rose in all industries except for apparel.

It appears that Australian households have become somewhat less cautious after receiving some boost to disposable income from 'Stage 3' tax cuts and cost of living measures. However, commercial bank data suggest that they are still saving most of the extra money.

The RBA and Bloomberg expect that household consumption growth will accelerate gradually from here. The start of monetary policy easing by the RBA would undoubtedly help. The market is currently pricing in a cut in February as a near certainty.

03 February 2025