

Retail Trade September 2024

Overview

Retail trade rose a seasonally adjusted 0.1% in September, less than the 0.3% pencilled in by the market consensus. This subdued increase followed a 0.7% rise in August.

Annual growth in retail sales decelerated to 2.3%.

Trend growth, which looks through the monthly volatility, was steady at 0.3% MoM and 2.6% YoY.

The strong growth in August helped drive retail sales volumes 0.5% higher in Q3, the first quarterly gain this year. However, trend retail sales volumes continued to decline in Q3 (-0.1% QoQ and -0.2% YoY).

Industry Groups

Retail trade outcomes in September were mixed across the industries. Gains in household goods as well as cafes, restaurants and takeaway services were almost fully offset by declines in food (driven by lower turnover in liquor retailing), clothing, footwear and personal accessories as well as department stores. 'Other retailing' was steady in September.

However, all industries saw gains in nominal terms over the whole of Q3. There were also increases in volume terms for all categories except for the food-related industries (food: -0.3% QoQ, cafes, restaurants and takeaway services: -0.2% QoQ). The strongest gains were registered for discretionary clothing, footwear and personal accessories (+1.9% QoQ) as well as department stores (+1.4% QoQ).

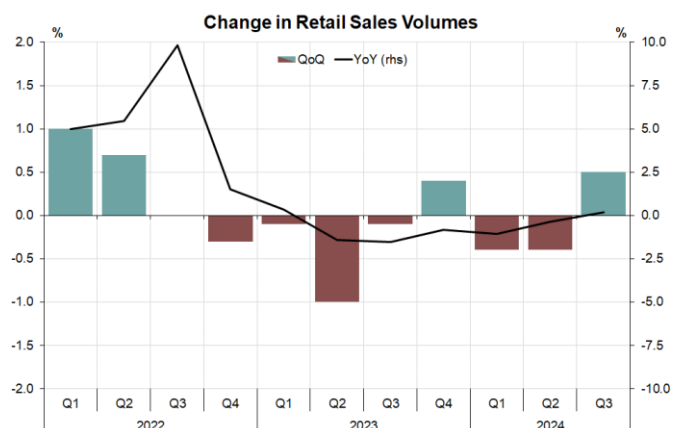
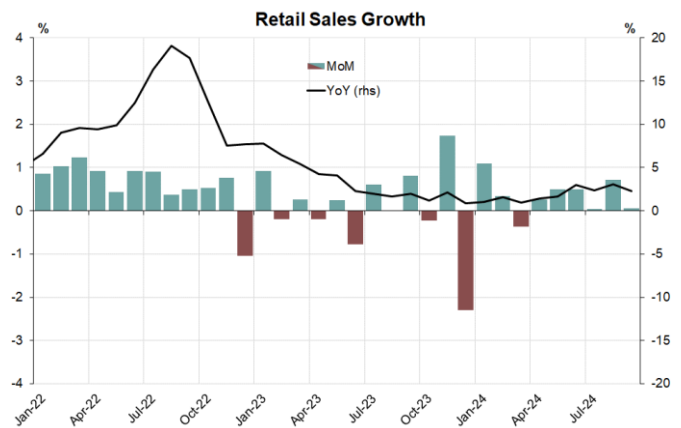
Seasonally Adjusted, %	MoM	YoY
Food	-0.1	3.1
Household Goods	0.5	0.1
Clothing, Footwear and Personal Accessories	-0.1	1.0
Cafes, Restaurants and Takeaway Food	0.4	1.3
Department Stores	-0.5	-0.1
Other Retailing	0.0	5.2
Total	0.1	2.3

States

Results were mixed across the states, with slight gains in Western Australia, New South Wales and South Australia, a flat outcome in Queensland and declines in Victoria and Tasmania.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.1	4.5
New South Wales	0.2	1.1
Victoria	-0.1	1.9
Queensland	0.0	3.8
South Australia	0.1	1.2
Tasmania	-0.3	1.7

Retail sales volumes rose in all states in Q3, except for South Australia and Tasmania. The strongest gains of 0.9% were registered for Western Australia and Victoria.



Comment

Following a spike in August, discretionary spending for apparel and in department stores retreated towards the end of the quarter. However, the August gain was strong enough to push retail sales volumes higher for the entire quarter, with gains driven by discretionary spending.

The August bounce was likely partly driven by a shift in demand caused by exceptionally warm weather and Father's Day sales. It was also partly helped by the boost to disposable income amid personal tax cuts and household electricity credits.

However, consumers remain under pressure from high interest rates, rents and prices, which translated into a renewed weakness in spending growth in September.

The September retail trade report confirmed the ongoing price pressures, concentrated in the essential categories. Retail prices rose by another 0.6% in Q3, with food prices again seeing the strongest gain of 1.2%. However, prices declined across most discretionary goods categories.

Online retail sales fell by another 1.3% in September, and have been largely flat since late 2021, following a surge during the COVID-19 pandemic.

31 October 2024