

Retail Trade October 2024

Overview

Retail trade rose a seasonally adjusted 0.6% in October, somewhat more than the consensus market forecast of 0.4%. The October increase followed a 0.1% uptick in the previous month and a 0.7% gain in August.

Annual growth in retail sales accelerated to 3.4%, which is the fastest pace since May 2023.

Trend growth, which looks through the monthly volatility, slowed to 0.3% from 0.4%, but the annual trend growth rate accelerated to 2.9% the highest since 2019 (there was no trend data available for the COVID-19 peak years).

Industry Groups

Retail trade outcomes were mixed across industries, with monthly declines in clothing, footwear and personal accessories (-0.6%) as well as department stores (-0.3%) more than offset by gains in the remaining sectors.

The 'other retailing' category registered the strongest monthly and annual increase, while growth was also strong in household goods retailing.

The weakest monthly growth in retail sales turnover was registered for food-related categories. Both food retailing as well as cafes, restaurants and takeaway food rose by 0.3% in October.

The annual growth rates were positive for all industries.

Seasonally Adjusted, %	MoM	YoY
Food	0.3	2.7
Household Goods	1.4	3.3
Clothing, Footwear and Personal Accessories	-0.6	1.7
Cafes, Restaurants and Takeaway Food	0.3	2.3
Department Stores	-0.3	0.4
Other Retailing	1.6	8.4
Total	0.6	3.4

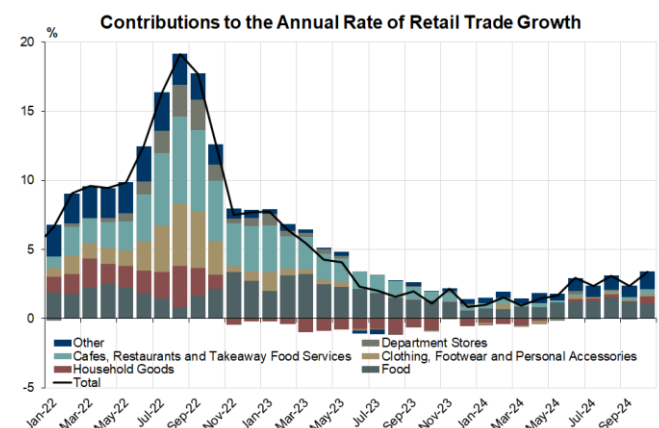
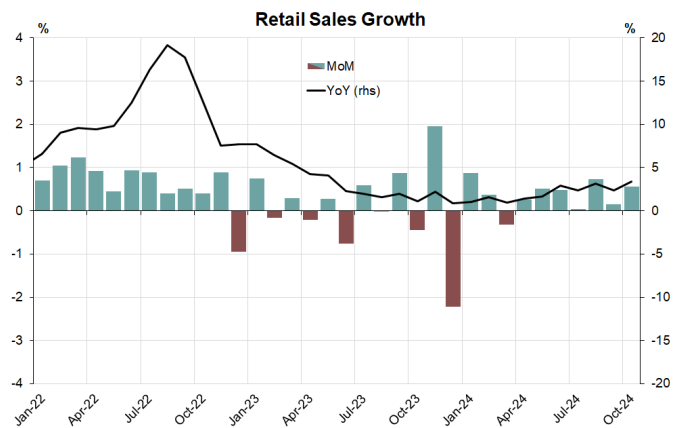
States

Retail trade rose in all states in October, with South Australia registering the strongest monthly gain of 1.3%.

Western Australia saw only a moderate increase of 0.3%, with growth weighed down by weaker spending on cafes, restaurants and takeaway food services as well as hardware building and garden supplies.

Despite the somewhat weaker monthly growth, Western Australia again registered the strongest annual gain of all the states, of 4.1%.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.3	4.1
New South Wales	0.3	2.4
Victoria	0.9	4.1
Queensland	0.5	3.9
South Australia	1.3	3.1
Tasmania	1.1	2.9



Comment

According to the ABS, the strong retail sales outcome in October resulted from some retailers starting their discounting ahead of the Black Friday sales.

This was particularly evident in the discretionary household goods sector, more specifically in the electrical and electronic goods retailing, which saw a 2.7% gain, the strongest since January.

The increase in discretionary spending in October was made possible thanks to personal income tax cuts in mid-2024, ongoing solid growth in wages, government cost-of-living measures, declining inflation pressure and increasing confidence that the next move from the RBA will be a cut, even if this does not happen in the coming months. That said, consumers remain constrained by high interest rates and prices, but the degree of this squeeze differs across household groups.

In contrast to the solid gain in August, the shopping spree was not restricted to in-store shops. Online retail sales rose 0.8% in October, which was the first gain in four months.

It is important to bear in mind that retail trade covers only around one third of private consumption in Australia. The more comprehensive household spending indicator will be released on Thursday. This report will eventually replace the retail trade release in mid-2025.

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