

Overview

Retail sales rose a seasonally adjusted 0.1% in April, somewhat less than the 0.2% expected by market participants.

The annual rate of growth in retail sales picked up to 0.4ppts to the still low 1.3% in April.

Trend retail trade, which looks through the short-term volatility, was flat in April, to be up 1.2% through the year.

Industry Groups

April retail sales results were mixed across industries.

There were quite solid gains in ‘other retailing’ (+1.6%) and household goods (+0.7%), following weakness in the previous month.

Cafes, restaurants and takeaway food saw a relatively modest gain of 0.3%, while department stores registered only a 0.1% uptick.

At the same time, there were declines in food retailing (-0.5%) as well as in clothing, footwear and personal accessories (-0.7%).

Retail trade continued to fall in annual terms across most of the discretionary categories. The pace of the fall accelerated in clothing, footwear and personal accessories as well as department stores, to 2.5% and 1.3%, respectively. At the same time, there was some slowdown in the decline of household goods (to -1.4% YoY).

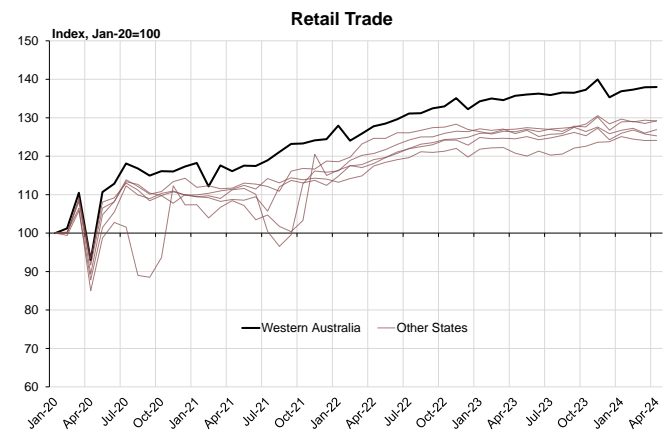
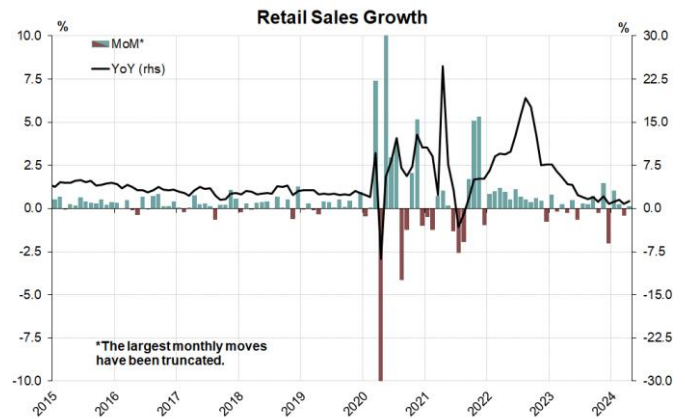
Seasonally Adjusted, %	MoM	YoY
Food	-0.5	2.0
Household Goods	0.7	-1.4
Clothing, Footwear and Personal Accessories	-0.7	-2.5
Cafes, Restaurants and Takeaway Food	0.3	2.0
Department Stores	0.1	-1.3
Other Retailing	1.6	4.7
Total	0.1	1.3

States

Retail sales were mixed across states, with declines in Victoria and Queensland, flat results in Western Australia and Tasmania, and gains in New South Wales and South Australia.

Retail sales growth is also slowing in Western Australian with sales unchanged in the month and annual growth easing to 1.7%. Although this slowdown is from a much higher base than the other states.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.0	1.7
New South Wales	0.7	0.8
Victoria	-0.4	0.6
Queensland	-0.2	2.2
South Australia	0.5	1.7
Tasmania	0.0	2.7



Comment

April saw another weak retail trade report, with frailty evident across categories.

Retail trade is currently 1.0% off its record high from November 2023.

It is worth noting that monthly retail sales are nominal and per capita values are not reported. Meanwhile, inflation and population growth have been the main factors propping up retail sales in nominal terms.

Retail trade covers only around 1/3 of household consumption. The more comprehensive monthly household spending indicator will be released on 7 June.

Notwithstanding the above reservations, the April retail trade report confirmed the overall bleak picture for the household sector and so had no impact on the market.

The weakness in household consumption is expected to continue until at least mid-2024, when the ‘Stage 3’ tax cuts and new cost-of-living measures start to provide some support. However, no significant acceleration is expected until the end of this year, due to the ongoing squeeze from high mortgage rates and inflation remaining above the RBA’s target range.

28 MAY 2024

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