

Overview

Retail sales volumes declined a seasonally adjusted 0.4% in Q1, somewhat more than the 0.3% pencilled in by consensus, reversing the upwardly adjusted gain of 0.4% from Q4 2023 (originally +0.3%).

This was the fifth decline in retail sales volumes in the last six quarters, which took them down 1.3% over the year.

Retail sales volumes per capita fell by 1.0%, the seventh quarterly decline in a row, and are down 3.6% through the year.

The implicit retail sales deflator rose by 0.6%, somewhat faster than in Q4 2023, when heavy discounting during the Black Friday sales dragged down prices.

Industry Groups

The Q1 decline in retail sales volumes was driven by a 2.9% plunge in household goods and, to a lesser extent, a 0.4% decline in department store sales. Food retailing was flat in Q1, while other categories saw increases led by clothing, footwear and personal accessories (+1.3%).

Most industries registered an increase in retail prices in Q1, with the exception of household goods and department stores, where prices were unchanged. The strongest price gains were reported for cafes, restaurants and takeaway food as well as ‘other retailing’ (0.7% in both cases).

QoQ, Seasonally Adjusted, %	Nominal	Volumes	Prices
Food	0.5	0.0	0.5
Household Goods	-2.9	-2.9	0.0
Clothing, Footwear and Personal Accessories	1.6	1.3	0.3
Cafes, Restaurants and Takeaway Food	1.0	0.3	0.7
Department Stores	-0.4	-0.4	0.0
Other Retailing	1.2	0.5	0.7
Total	0.2	-0.4	0.6

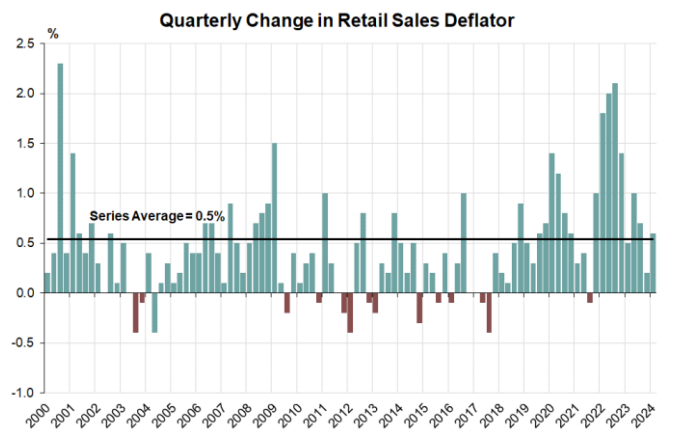
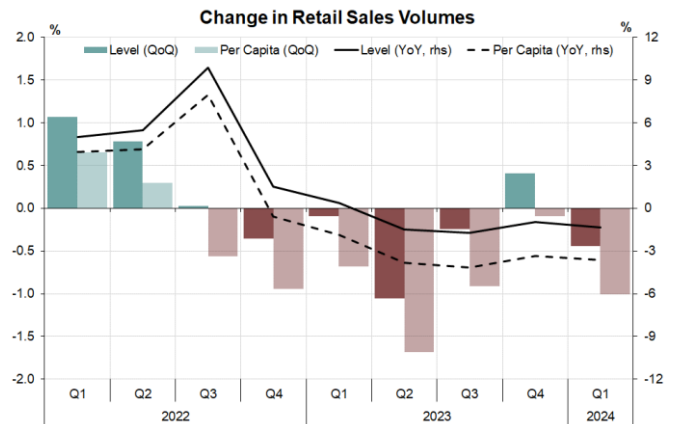
States

Retail sales volumes declined in all mainland states, while prices also picked up across the country.

Western Australia saw the strongest decline in retail sales volumes of 0.8%, but this came after a solid 0.9% gain in Q4 2023.

Retail prices rose the most in Queensland (+0.8%), while the other mainland states, including Western Australia, saw more moderate gains of 0.5-0.6%.

QoQ, Seasonally Adjusted, %	Nominal	Volumes	Prices
Western Australia	-0.2	-0.8	0.5
New South Wales	0.0	-0.5	0.5
Victoria	0.5	-0.1	0.6
Queensland	0.1	-0.7	0.8
South Australia	0.5	-0.1	0.5
Tasmania	1.0	0.3	0.7



Comment

The Q1 retail sales volumes report showed a bleak picture of the Australian consumer, who continues to struggle amid elevated and still rising prices, as well as high mortgage payments and rents.

The picture was a bit mixed on an industry level, with trade volumes climbing in Q1 in clothing, footwear and personal accessories as well as cafes, restaurants and takeaway food, which are discretionary categories, partly supported by sales related to Taylor Swift’s concerts over east. However, looking through temporary volatility, sales in both industries continued to decline in trend terms (by 0.2% and 0.7%, respectively).

Total trend retail sales volumes were unchanged in March, with declines in discretionary categories offset by gains in food and ‘other retailing’. Trend retail sales saw a further decline in per capita terms (by 0.5%, somewhat slower than the 0.7% fall registered in the previous quarter).

Weakness in consumer spending is expected to continue at least until mid-2024, before gradually picking up in the following quarters.

7 MAY 2024

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