

**Overview**

Retail sales rose a seasonally adjusted 0.5% in June (exp. 0.2%), following a 0.6% increase in May, pushing the annual growth rate from 1.7% to a 13-month high of 2.9%.

Monthly trend growth, which looks through the short-term volatility, was steady at 0.2%.

**Industry Groups**

Retail trade turnover was up across all categories during the month, as the end-of-financial-year sales continued to boost consumer spending. Discretionary items led the way, although spending on cafes, restaurants and takeaway food remained sluggish.

Seasonally Adjusted, %	MoM	YoY
Food	0.2	3.1
Household Goods	1.1	1.1
Clothing, Footwear and Personal Accessories	0.7	2.2
Cafes, Restaurants and Takeaway Food	0.0	1.1
Department Stores	1.0	4.2
Other Retailing	1.0	6.3
Total	0.5	2.9

**States**

Retail spending was up in all states, except for a marginal fall in Tasmania, with the growth strongest in Western Australia in both monthly and annual terms.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.9	4.3
New South Wales	0.5	2.2
Victoria	0.4	2.8
Queensland	0.5	3.7
South Australia	0.4	2.0
Tasmania	0.0	3.0

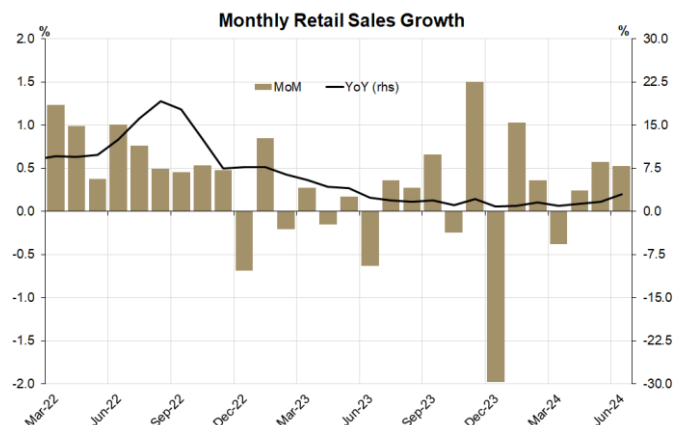
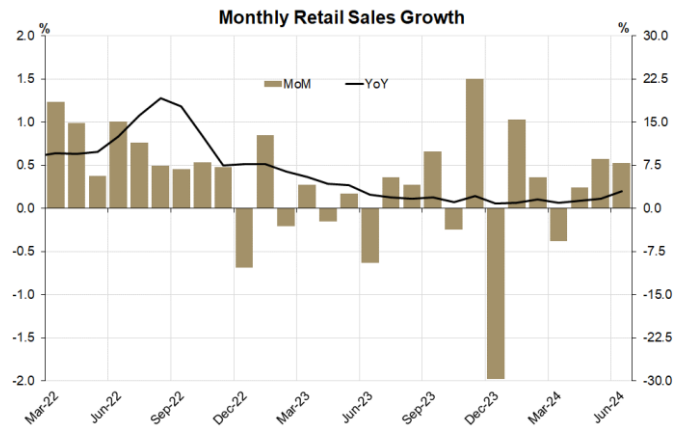
**Quarterly retail sales volumes**

Retail sales volumes fell 0.3% in Q2, following a 0.4% decline in Q1. This was the sixth decline in the past seven quarters, with sales down 0.6% from a year earlier.

Volumes were down in all industry categories in the quarter except for household goods (1.3%) and the 'other retailing' category (0.9%). Clothing, footwear and personal accessories saw the biggest quarterly decline of 1.7%.

Quarterly sales volumes were up 0.9% in Western Australia but were down in all the other states. Western Australia was one of three states to see an annual increase in sales volumes, along with Queensland and Tasmania.

The implicit retail price deflator rose 0.9% in the quarter, following a 0.7% increase in Q1 to be up 2.5% YoY.



**Comment**

Retail sales exceeded expectations for the second month in a row in June, once again driven by mid-year promotional activity, with sales strongest in household goods, department stores and 'other retailing'.

Sales values were up 0.7% for Q2, the best quarter for nominal sales growth since the end of 2022. However, this was driven by an acceleration in retail price growth, with sales volumes down 0.3% in the quarter. The implicit price deflator was up 0.9%.

In per capita terms, sales were down 0.9% in the quarter, the eighth consecutive monthly fall to be down 3.0% over the year.

Consumer spending remains a key point of weakness in the economy, as households struggle with the cumulative impacts of price rises over the past few years, a sharp increase in rents and the highest mortgage interest rates in over a decade.

The 'Stage 3' tax cuts will raise disposable income for most Aussie households in the second half of the year and should support household spending. However, with sentiment remaining depressed, it is uncertain how much of the increase will be saved and how much spent.

31 JULY 2024

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