

Economic Analysis

Retail Trade July 2024

Overview

Seasonally adjusted retail trade was flat in July, against market expectations of a 0.3% gain.

The annual rate of growth in retail sales slowed to a two-month low of 2.3%.

Trend growth, which looks through the short-term volatility, slowed to 0.2% in the month, but remained steady at 2.2% through the year.

Industry Groups

Food retailing was the only category to see a gain in July, of 0.2%, while other industries saw declines or flat results.

Within the food retailing industry, there were gains in supermarkets and grocery stores as well as 'other specialised food retailing', while liquor stores saw a decline.

Household goods and 'other' retailing were flat in July, with increases in furniture, newspapers and books, as well as pharmaceutical, cosmetic and toiletry goods.

Retailing in cafes, restaurants and takeaway food, department stores as well as clothing, footwear and personal accessories all declined in July.

Seasonally Adjusted, %	MoM	YoY
Food	0.2	3.2
Household Goods	0.0	1.5
Clothing, Footwear and Personal Accessories	-0.5	0.5
Cafes, Restaurants and Takeaway Food	-0.2	-0.4
Department Stores	-0.4	0.0
Other Retailing	0.0	5.6
Total	0.0	2.3

Seasonally adjusted online sales picked up by 0.3%, to be up 15.9% through the year.

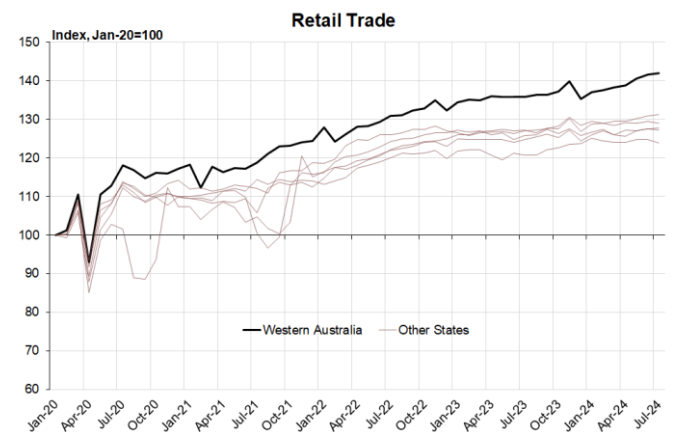
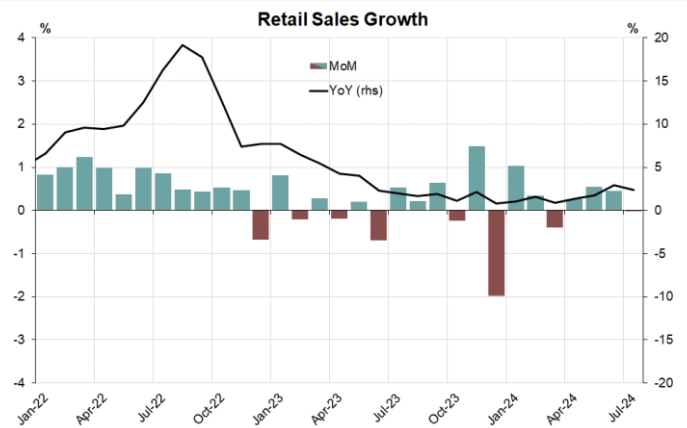
States

Retail trade was mixed across states.

New South Wales, South Australia and Tasmania saw declines in July, with the Holiday Isle seeing a particularly sharp drop.

Other states, including Western Australia, saw slight increases in July. Western Australian retail trade picked up by 0.2% in July, to be up 4.6% through the year, by far the most of all states.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.2	4.6
New South Wales	-0.2	1.2
Victoria	0.1	2.3
Queensland	0.2	3.3
South Australia	-0.3	1.4
Tasmania	-0.8	2.6



Comment

Following a temporary boost from the end-of-financial-year sales, retail trade was flat in July. The glass half-full interpretation is that the heightened level of retail turnover was maintained. However, this was a somewhat less positive outcome than expected by market participants, who expected another slight gain.

Consumers scaled back their spending on discretionary goods after solid gains in the previous months. If it had not been for the essential food retailing, July would have seen a decline in retail sales. It is worth noting that monthly retail trade is not adjusted for inflation and, given a 0.4% rise in prices for food and non-alcoholic beverages signalled by the [monthly CPI indicator](#), trade volumes could have also fallen in food retailing.

Looking through the temporary volatility, food, household goods and 'other retailing' are still trending upwards, while trend retail trade in clothing, footwear and personal accessories, cafes restaurants and takeaway services as well as department stores turned negative in July.

The July retail trade report will do nothing to change the dial for the RBA, who are aware that consumer spending is weak. The first cash rate cut is fully priced in for February 2025.

30 AUGUST 2024

Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.