

Overview

Retail trade rose a seasonally adjusted 0.7% in August, almost double the 0.4% pencilled in by the market consensus. The August increase followed an upwardly revised uptick to 0.1% in July (initially estimated at 0.0%).

Annual growth in retail sales accelerated to 3.1%, the fastest pace since May 2023.

Trend growth, which looks through the monthly volatility, was steady at 0.3% in the month, but accelerated slightly in annual terms (by 0.1ppts to 2.6%).

Industry Groups

Retail trade rose in all industry groups except for household goods. According to the ABS, the increase was helped by exceptionally good weather conditions over east.

The strongest gains were registered for industries selling clothing and other seasonal goods.

Department stores saw a 1.6% increase, while clothing, footwear and personal accessories were up 1.5% and 'other retailing' also saw a solid gain of 1.3%.

Cafes, restaurants and takeaway food sales rose 1.0%, the first monthly gain in four months, while food retailing rose by 0.6%.

Annual growth was strongest in the 'other retailing' category at 6.6%, while food retailing was up 3.8% YoY.

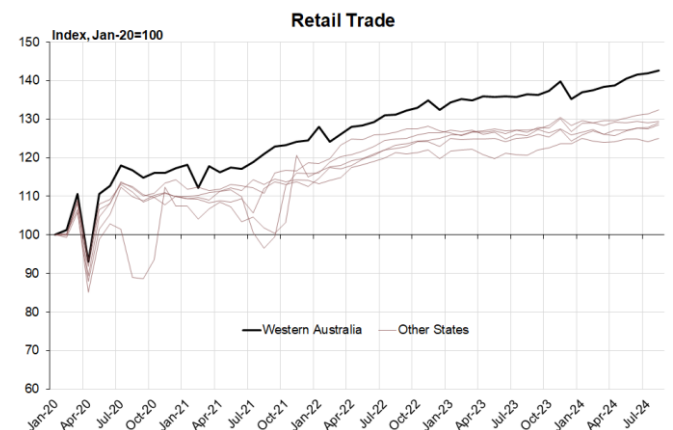
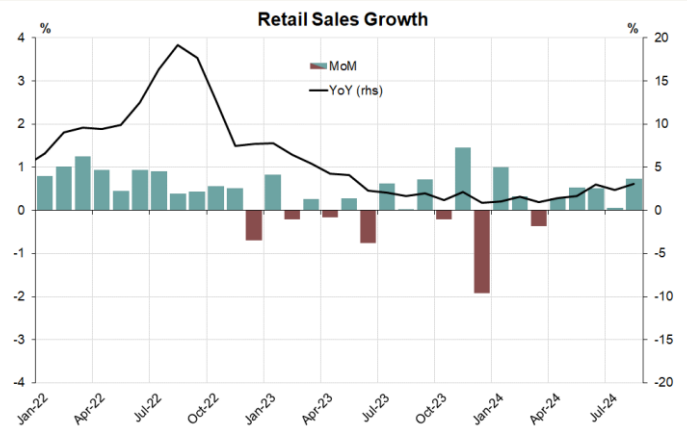
Seasonally Adjusted, %	MoM	YoY
Food	0.6	3.8
Household Goods	-0.3	1.4
Clothing, Footwear and Personal Accessories	1.5	2.1
Cafes, Restaurants and Takeaway Food	1.0	0.5
Department Stores	1.6	2.2
Other Retailing	1.3	6.6
Total	0.7	3.1

States

Retail sales rose in all states, with the strongest gains of 0.7-0.9% in the eastern parts of the country. South Australia saw the weakest increase of 0.3%.

In Western Australia, retail sales rose by 0.4%, but saw the strongest annual growth of 4.5%.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.4	4.5
New South Wales	0.7	2.2
Victoria	0.9	3.0
Queensland	0.8	4.2
South Australia	0.3	2.2
Tasmania	0.8	3.7



Comment

Following only marginal growth in July, Aussie customers rushed to department and fashion stores for an early refreshment of their wardrobe, given the exceptionally warm August weather over east.

The increase in discretionary spending in August was boosted by personal income tax cuts, ongoing solid growth in wages, government cost-of-living measures, declining inflation pressure and receding fears over another rate hike from the RBA.

The shopping spree was restricted to in-store purchases, with online retailing falling 1.1% in August, following a 0.1% decline in the previous month.

It is too early to judge if this is the beginning of more sustained improvement in consumer spending, which was forecast by the RBA and the market consensus.

The August bounce could just be a shift of demand to later in the year, when customers would usually purchase their summer garments. After all, regardless of the recent boost to disposable income, consumers remain under pressure from high interest rates, rents and prices. Given this, the upside surprise to August retail sales had no significant impact on the market.

1 OCTOBER 2024

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