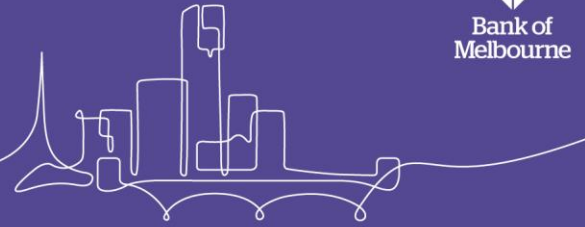




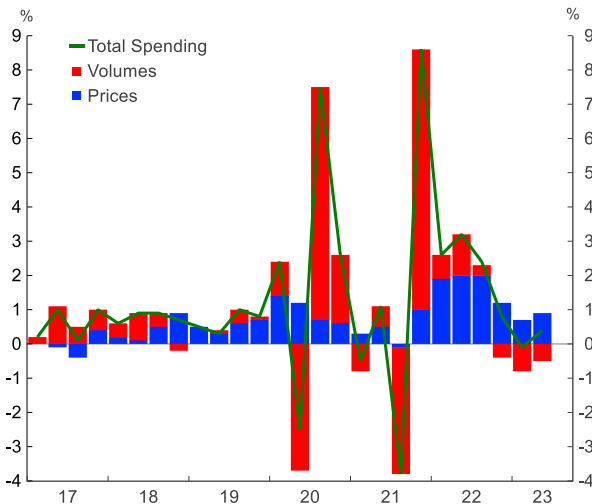
Thursday, 3 August 2023



Retail Sales Volumes Third Consecutive Quarterly Contraction

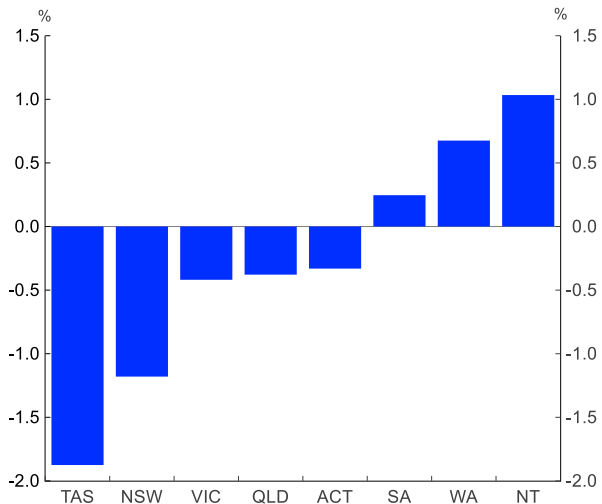
- The volume of retail trade fell 0.5% in the June quarter. This was the third consecutive quarterly contraction – the first time this has occurred since the GFC. Retail trade volumes are now 1.7% below their September quarter 2022 peak and 1.4% lower compared to a year ago. Outside of the pandemic, this is the first time since the early 1990s recession that sales volumes have fallen compared to the previous year.
- Elevated inflation and the rapid cash rate tightening cycle from the Reserve Bank (RBA) are impacting household budgets and the volume of spending. Retail prices were 0.9% higher, following a 0.7% rise in the March quarter. Food prices recorded the strongest increases, with both cafes & restaurants (1.6%) and food retailing (1.4%) higher. The re-acceleration of retail price increases in the quarter will be an area to watch for the RBA.
- By category, household goods (-1.5%) and department stores (-1.4%) recorded the largest falls. Cafes & restaurants and food volumes also declined. Other retailing was flat and clothing & footwear (+1.1%) bucked the trend as sales (reflected in a 1.0% fall in prices) supported activity.
- Real retailing spending per capita dropped for the fourth consecutive quarter (-1.2%) and plunged 4% in annual terms – the largest fall in the history of the series.
- Real retail spending continues to slide at a rapid pace, suggesting that household consumption will remain under pressure. The picture is bleaker after adjusting for record population growth, which is supporting aggregate numbers. Going forward, household budgets are likely to remain stretched as the lagged impact of monetary policy works its way through the system.

Retail Trade
Quarterly % Change



Sources: ABS; Macrobond

Retail Sales Volumes by State
2023 Q2, Quarterly % Change



Sources: ABS; Macrobond

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The Detail

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