

Thursday, 28 September 2023

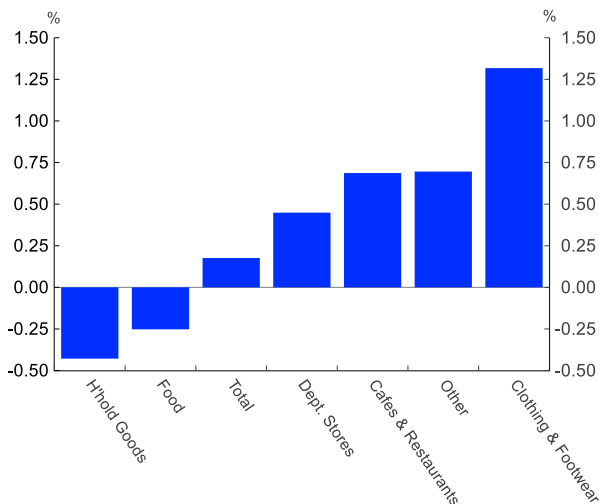


Retail Sales

Annual Pace At 2-Year Low Despite WWC

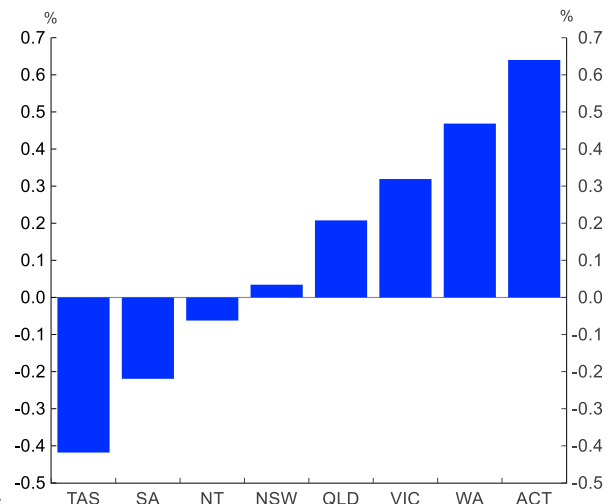
- Retail sales rose 0.2% in August, following a 0.5% gain in July. Temporary tailwinds again helped to support spending, as the 2023 FIFA Women’s World Cup (WWC) escalated to its climax in August, driving expenditure on sporting & fan apparel and at cafés & restaurants.
- Hospitality spending hit a new record. However, considering the tailwind from the WWC, the result suggests households substituted spending from other categories to the event. A flat outcome in NSW – which hosted major games during the knockout state – supports this view.
- Despite the tailwinds, aggregate growth stayed soft and also underwhelmed consensus expectations. In annual terms, nominal retail spending increased by only 1.5% – the weakest annual growth rate in two years.
- The picture deteriorates further once we adjust for record population growth and still strong price increases. Indeed, nominal per capita spending fell 0.1% in the month and 1.3% through the year – demonstrating the pressure households are under in an environment of elevated inflation and higher interest rates.
- In August, spending was driven by gains in clothing, footwear & personal accessories (1.3%), cafés, restaurants & takeaway and other retailing (both 0.7%), and department stores (0.4%). In contrast, spending on household goods (-0.4%) and food (-0.3%) both fell.
- Retail spending is expected to remain under pressure for quite some time, as tight monetary policy continues to be a strain on household budgets. Today’s result adds weight to our expectations that the Reserve Bank will stay on hold when it meets next Tuesday.

Nominal Retail Sales by Sector
August 2023, Monthly % Change



Sources: ABS; Macrobond

Nominal Retail Sales by State
August 2023, Monthly % Change



Sources: ABS; Macrobond

Contact Listing

Chief Economist

Besa Deda
dedab@bankofmelbourne.com.au
(02) 8254 3251

Senior Economist

Jarek Kowcza
Jarek.kowcza@bankofmelbourne.com.au
0481 476 436

Senior Economist

Pat Bustamante
pat.bustamante@bankofmelbourne.com.au
0468 571 786

Economist

Jameson Coombs
jameson.coombs@bankofmelbourne.com.au
0401 102 789

The Detail

The information contained in this report (“the Information”) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom Bank of Melbourne has a contract to supply Information, the supply of the Information is made under that contract and Bank of Melbourne’s agreed terms of supply apply. Bank of Melbourne does not represent or guarantee that the Information is accurate or free from errors or omissions and Bank of Melbourne disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to Bank of Melbourne products and details are available. Bank of Melbourne or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. Bank of Melbourne owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of Bank of Melbourne.

Any unauthorised use or dissemination is prohibited. Neither Bank of Melbourne- A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac’s subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.
