



Tuesday, 28 February 2023

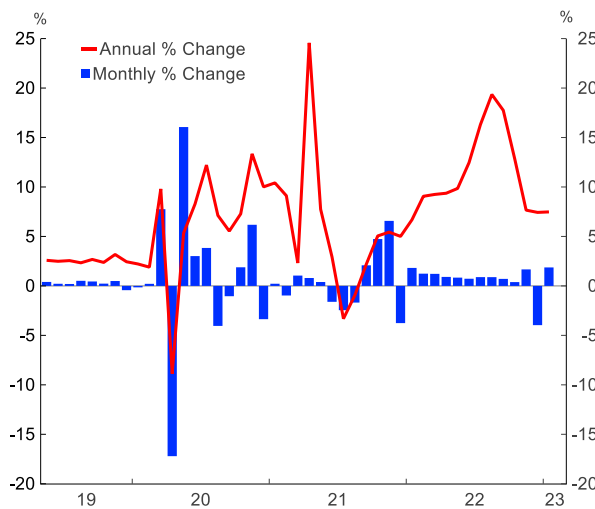


Retail Sales

Bounce in Spending Masks Underlying Softening

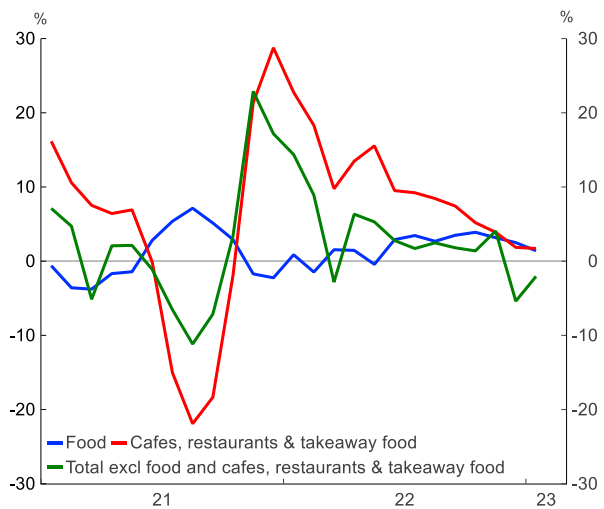
- Retail trade increased by 1.9% over the month of January 2023, partly retracing the revised 4.0% fall in December 2022. The bounce was recorded across most spending categories and all states.
- Spending over the four months to January 2023 has been heavily impacted by seasonality – Black Friday sales, Christmas spending and January holidays.
- Looking through this seasonality, it is evident that spending growth has eased. In fact, over the four months to the end of January 2023, retail trade has fallen by 0.2%, or by almost \$60 million.
- Consumers have pulled back on certain discretionary items – retail trade excluding food and cafes, restaurants & takeaway food has fallen by 2.1% over the four months to January. This includes spending at department stores and on household goods and clothing & footwear.
- Cafes, restaurants & takeaway food spending continues to grow, increasing by 1.7% over the four months to January. Similarly, spending on food grew by 1.4% over the four months.
- We have recently reported that net overseas arrivals are returning at a record pace. A larger population will continue to support higher food consumption going forward. Overseas migrants may also be more likely to eat out and undertake tourist activities before they settle into their working routine.
- However, other components of retail spending such as household goods and clothing & footwear are likely to continue to slow as rising cost-of-living pressures and higher interest rates squeeze household budgets.

Nominal Retail Trade Monthly



Sources: ABS; Macrobond

Nominal Retail Sales by Sector % Change over four month periods



Sources: ABS; Macrobond

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