

Overview

Retail sales volumes rose a seasonally adjusted 0.3% in Q4 2023, more than the 0.1% pencilled in by consensus.

The Q3 figure was revised down to a decline of 0.1% from the initial estimate of a 0.2% increase.

Despite a Q4 gain, retail sales volumes were down 1.0% from a year earlier and continued to fall in trend terms, though slower than in previous quarters (-0.1% QoQ).

Retail sales volumes fell by 0.3% QoQ in per capita terms, the sixth quarterly decline in a row, to be down 3.5% through the year.

The implicit retail sales deflator rose by just 0.1% in Q4 2023, the weakest price growth since a -0.1% decline in Q3 2021.

Industry Groups

The rise in retail trade volumes was mainly driven by a 2.3% surge in household goods sales, which saw a 0.6% fall in prices due to promotional activity. Food, department stores and 'other retailing' saw more moderate gains, of 0.2-0.5%.

Clothing, footwear, and personal accessories (-1.6%) as well as the cafes, restaurants, and takeaway services (-2.1%), saw big falls in sales volumes, with the latter registering the strongest increase in prices of all the groups (+1.0%).

QoQ, Seasonally Adjusted, %	Nominal	Volumes	Prices
Food	1.1	0.5	0.6
Household Goods	1.6	2.3	-0.6
Clothing, Footwear and Personal Accessories	-1.6	-1.6	0.0
Cafes, Restaurants and Takeaway Food	-1.2	-2.1	1.0
Department Stores	0.6	0.2	0.4
Other Retailing	0.3	0.4	0.0
Total	0.5	0.3	0.1

States

Retail sales volumes rose in all states except Victoria.

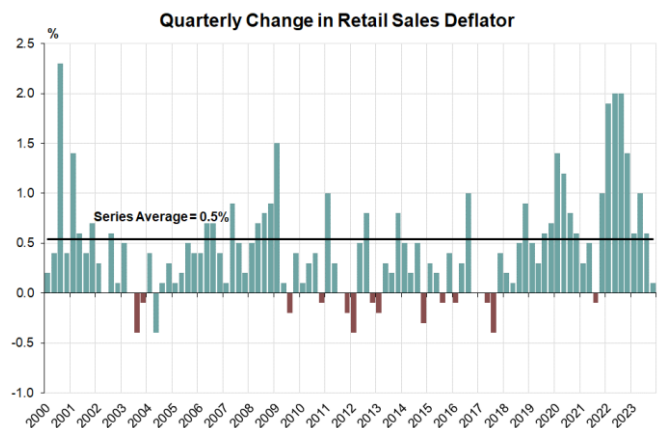
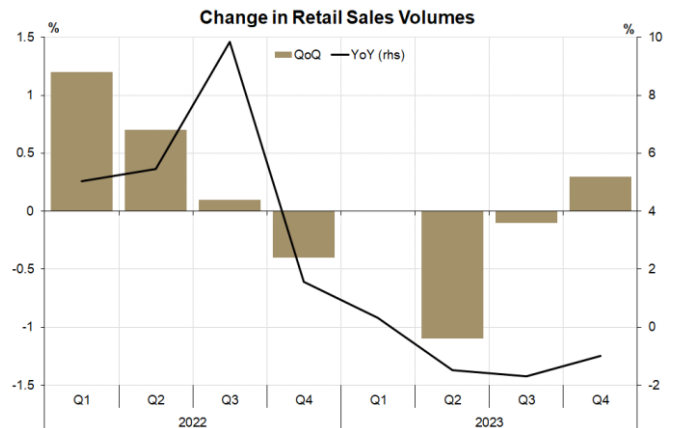
The less populous states, including Western Australia, registered solid gains in trade volumes of 0.8-1.5%, while New South Wales saw a modest 0.2% gain.

Western Australian real retail sales rose 0.8% in Q4, which was the strongest gain in two years.

Retail prices were mixed across the states, with increases in Victoria, Queensland and Tasmania, no change in South Australia and slight declines in New South Wales and Western Australia.

The 0.1% decline in Western Australian retail prices was the first fall since Q3 2017.

QoQ, Seasonally Adjusted, %	Nominal	Volumes	Prices
Western Australia	0.8	0.8	-0.1
New South Wales	0.1	0.2	-0.2
Victoria	0.0	-0.5	0.5
Queensland	1.3	1.2	0.2
South Australia	0.8	0.8	0.0
Tasmania	1.8	1.5	0.3



Comment

The headline numbers of the Q3 retail sales report were better than expected, but this was mainly due to consumers taking advantage of increased promotional activity in furniture and electronic goods, amid the relatively new phenomena of Black Friday/Cyber Week sales. These new events are not fully captured by ABS seasonal adjustment.

Looking through those temporary volatilities, real retail sales still look weak, falling in per capita and trend terms, and being significantly down through the year.

The increased spending on household goods was at the cost of other discretionary spending, such as eating out or purchases of apparel. This could suggest that household budgets remain stretched.

The report provided another piece of the puzzle for the disinflation picture, with retail prices growing at the slowest pace in two years. However, part of this deceleration came from increased promotional activity, particularly in household goods retailing.

The Q4 retail sales report had no impact on cash rate expectations, with the first cash rate cut almost fully priced in for August.

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