

## Economic Analysis

## Retail Trade January 2024

### Overview

Retail sales rose a seasonally adjusted 1.1% in January, less than the 1.5% consensus expectation. This followed a smaller than initially estimated decline of 2.1% in December (originally -2.7%).

The annual rate of growth in retail sales accelerated 0.3pppts to 1.1%.

Looking through the temporary volatility, the estimated trend retail trade was unchanged in the month and up 1.3% YoY.

### Industry Groups

All major industry groups but food retailing saw gains in retail trade in January.

The strongest increases were recorded for clothing, footwear and personal accessories (+2.4%) as well as household goods (+2.3%). This followed strong declines in December, of 5.4% and 8.2%, respectively.

Department stores and 'other retailing' both saw increases of 1.7% in January, with the latter category registering the strongest annual gain of 2.8%.

Turnover in cafes, restaurants and takeaway food retailing rose by 1.3% with sales boosted by catering at large sporting events held during the month, according to the ABS.

Food retailing declined by 0.1% after rising by a solid 0.7% in December.

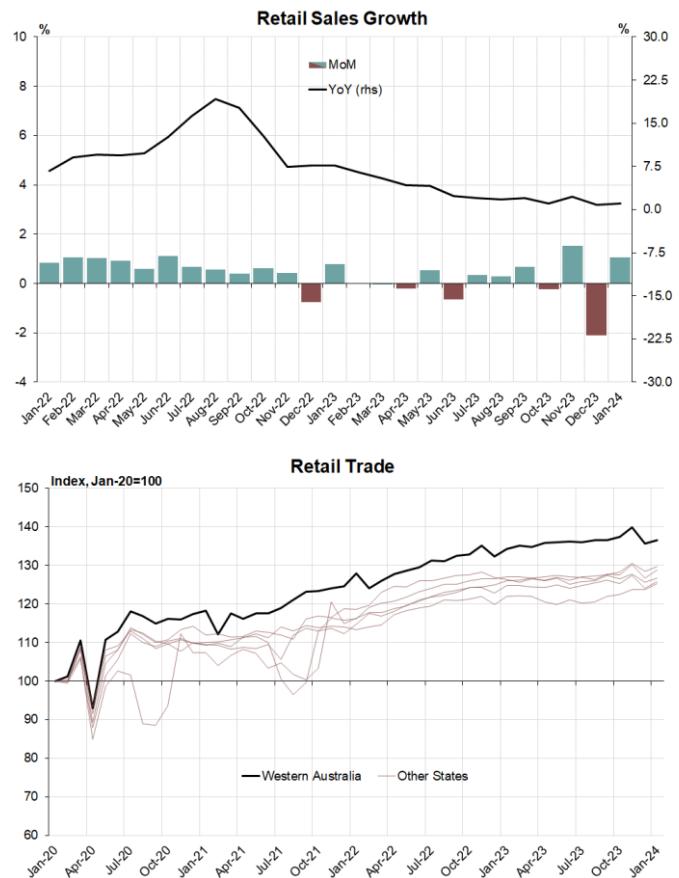
Seasonally Adjusted, %	MoM	YoY
Food	-0.1	1.9
Household Goods	2.3	-1.5
Clothing, Footwear and Personal Accessories	2.4	-1.8
Cafes, Restaurants and Takeaway Food	1.3	2.6
Department Stores	1.7	-1.3
Other Retailing	1.7	2.8
Total	1.1	1.1

### States

Retail sales rebounded in all states in January, after big falls in December.

Western Australian retail sales rose by 0.7% in the month and 1.8% over the year to January and continues to lead other states in terms of retail trade performance over the past three years.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.7	1.8
New South Wales	0.8	-0.3
Victoria	1.4	0.8
Queensland	0.9	2.6
South Australia	1.7	2.3
Tasmania	1.3	2.8



### Comment

The January rebound in retail sales was slightly less decisive than expected, but came from an upwardly revised level for the previous month. Forecasting retail trade remains difficult at this time of the year, with distortions to seasonal patterns from the relatively new Black Friday sales phenomenon continuing to have an impact.

If patterns from last year are any guide, the temporary strength in January may be followed by weaker outcomes in the coming months. After increasing by 0.8% in January 2023, retail trade was flat in February and March and declined in April.

The RBA and respondents to the Bloomberg survey expect consumer spending growth to decelerate until mid-2024, before gaining some pace towards the end of the year.

It is important to bear in mind that retail trade covers only about a third of private consumption. A broader, albeit less timely household spending indicator, which covers around two-thirds of private consumption, is scheduled for release on 7 March.

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