

Overview

Retail sales rose a seasonally adjusted 0.3% in February, slightly less than the 0.4% pencilled in by market consensus. This followed a solid increase of 1.1% in January.

The annual rate of growth in retail sales picked up to 1.6% from 1.2% in January.

Trend growth, which looks through the short-term volatility, was steady at a meagre 0.1% for the month and 1.4% through the year.

Industry Groups

The details of the February retail trade report were mixed.

There were strong increases in clothing, footwear and personal accessories (+4.2%) and department stores (+2.3%). According to the ABS, this was driven by elevated sales related to Taylor Swift’s concerts over east.

Cafes, restaurants and takeaway food saw a more moderate gain, of 0.5%.

These increases were partly offset by declines in household goods (-0.8%), food (-0.1%) and ‘other retailing’ (-0.4%). Household goods were the only industry that saw an ongoing decline in annual terms (-2.2% YoY).

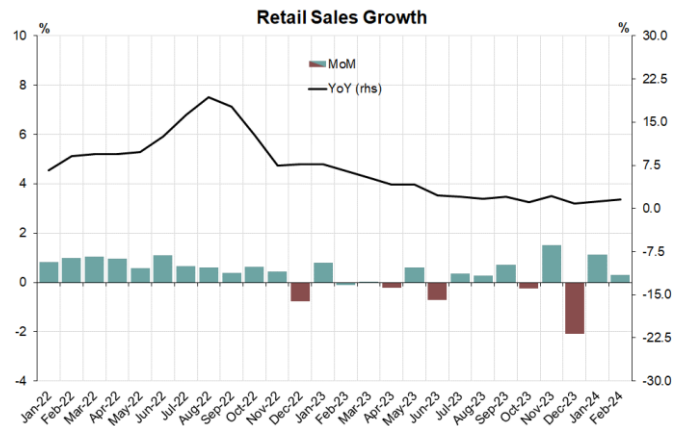
Seasonally Adjusted, %	MoM	YoY
Food	-0.1	1.7
Household Goods	-0.8	-2.2
Clothing, Footwear and Personal Accessories	4.2	4.0
Cafes, Restaurants and Takeaway Food	0.5	2.9
Department Stores	2.3	2.1
Other Retailing	-0.4	2.7
Total	0.3	1.6

States

The strongest gains in retail sales were reported for Victoria (0.7%) and New South Wales (0.6%), where Taylor Swift’s concerts took place. At the same time, retail trade declined in Queensland (-0.5%) and Tasmania (-0.4%).

Western Australian retail sales rose by 0.3% in the month, to be 1.6% up through the year.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.3	1.6
New South Wales	0.6	0.6
Victoria	0.7	1.9
Queensland	-0.5	2.5
South Australia	0.2	2.5
Tasmania	-0.4	2.0



Comment

Retail sales in February received some support from spending related to Taylor Swift’s concerts but were still quite soft. Weakness is even creeping into the relatively resilient food retailing category, though this could be related to lower retail prices for some food products.

Retail growth is weak in trend terms and has been clearly moving sideways since late 2022.

The respondents to the Bloomberg March survey continued to expect consumer spending growth to decelerate further 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 4 April.

The February retail trade report had no meaningful impact on financial markets or cash rate expectations.

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