

Economic Analysis

Overview

Retail trade was unchanged in April, which came against the market expectations of another 0.2% gain. The flat result in April followed a 0.4% increase in March and a 0.2% rise in February.

The annual rate of growth continued to normalise, slowing to 4.2%, which is still well above the sluggish growth rates recorded before the COVID-19 pandemic.

Industry Groups

April results were mixed across the industries.

On the one hand, there were strong increases in clothing, footwear and personal accessories (+1.9%) and department stores (+1.5%). According to the ABS, this reflects increased spending on winter clothing amid relatively cool and wet weather.

On the other hand, household goods retailing saw a third consecutive monthly decline in retail turnover and remains the only industry where turnover is down from a year ago. Food and dining out/takeaway saw only marginal declines in April (of 0.1% and 0.2%, respectively).

Sales in the 'other retailing' category were unchanged in April.

Seasonally Adjusted, %	MoM	YoY
Food	-0.1	6.3
Household Goods	-1.0	-4.9
Clothing, Footwear and Personal Accessories	1.9	5.0
Cafes, Restaurants and Takeaway Food	-0.2	13.3
Department Stores	1.5	6.5
Other Retailing	0.0	0.3
Total	0.0	4.2

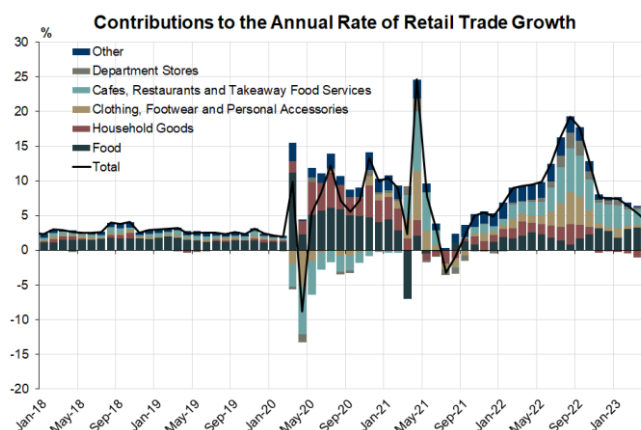
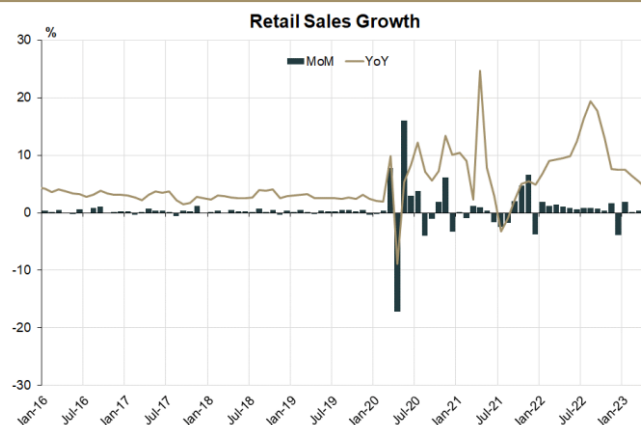
States

Retail sales were also mixed across states, with declines in the two most populous states being offset by gains in other mainland states.

Seasonally Adjusted, %	MoM	YoY
Western Australia	1.0	6.3
New South Wales	-0.4	4.4
Victoria	-0.1	4.5
Queensland	0.1	1.5
South Australia	0.6	7.6
Tasmania	-1.5	2.5

Western Australia again saw the strongest monthly gain (+1.0%) and recorded the second largest annual increase of all the states (+6.3%). It also continued to lead other states in terms of retail sales performance since COVID-19 first struck, with a 36.6% rise since January 2020.

Retail Trade April 2023



Comment

The April retail sales report was mixed, mainly due to distortions caused by the relatively cold and wet weather conditions.

However, looking through these temporary factors, there was a continuation of tendencies observed over the past six months. This is evident in the contributions to the annual rate of growth. Food, either eating at home or dining out, continues to add over a half to the annual gains in retail trade. At the same time, contributions from the other discretionary spending categories, which were significant through much of last year, have disappeared.

The monthly retail sales numbers are nominal, which means that they partly reflect higher prices. With limited information provided in the preliminary monthly release, it is hard to disentangle the impacts of higher prices and sales volumes. Given the likely further increases in prices, retail sales most probably declined in real terms in April.

Market pricing for another 25bps RBA cash rate hike in June remains relatively low and declined a little further this morning. We also continue to expect a pause next week.

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