

Economic Analysis

Overview

Seasonally adjusted retail sales rose 0.4% in March, only slightly more than the 0.3% pencilled in by the consensus. The annual growth rate slowed by 1ppt to 5.4%, which is the lowest level since December 2021.

Industry Groups

Retail sales were mixed across industries, with the pattern suggesting that households reduced spending on discretionary goods.

The increases were confined to food-related industries, with food retailing seeing a 1.0% gain in March, while cafes, restaurants and takeaway food registered a 1.5% increase in sales. Both categories recorded the fastest annual increases in retail trade, of 8.6% and 17.0%, respectively.

Other industries registered a decline or no change in March. The largest drop was reported for clothing, footwear and personal accessories (-1.0%), after increases in the previous two months. Household goods retailing saw a further 0.4% decline and was the only industry to record a decline in annual terms (-5.7%).

Seasonally Adjusted, %	MoM	YoY
Food	1.0	8.6
Household Goods	-0.4	-5.7
Clothing, Footwear and Personal Accessories	-1.0	3.6
Cafes, Restaurants and Takeaway Food	1.5	17.0
Department Stores	-0.2	4.7
Other Retailing	0.0	1.6
Total	0.4	5.4

States

Gains in retail trade turnover were recorded in all states.

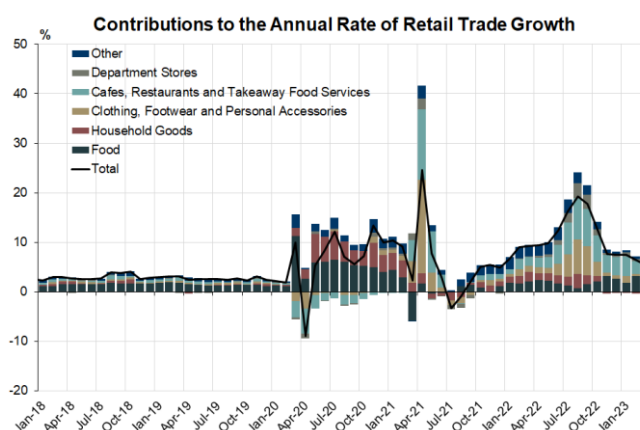
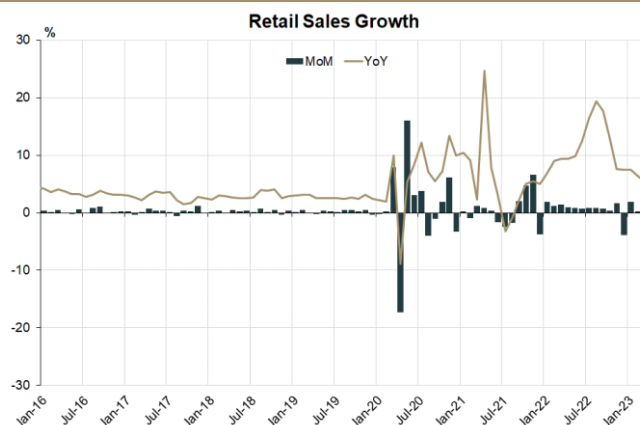
The strongest increase of 1.2% was reported for Queensland, after that state saw a decline in sales in the previous month. A solid gain was also recorded in South Australia (+0.6%), which also had the largest annual increase of all states (+8.2%).

Victoria saw the smallest increase in March, of just 0.1%.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.2	6.9
New South Wales	0.3	5.7
Victoria	0.1	5.6
Queensland	1.2	2.7
South Australia	0.6	8.2
Tasmania	0.4	7.1

Western Australian retail trade rose by 0.2% in March, to be up 6.9% up through the year. The State continues to lead the rest of the country since the pandemic struck, with a 35.0% increase in retail sales since January 2020.

Retail Trade March 2023



Comment

March retail sales came out largely as expected, showing a solid 0.4% monthly increase and a further normalisation in the annual rate of growth.

However, details of the report suggest that the double squeeze from higher inflation and mortgage rates is feeding through to Aussie household spending patterns, with a clear reduction in spending for discretionary items such as household goods, clothing and footwear as well as goods offered at department stores.

Food-related industries appear to be faring relatively well in nominal terms, but this likely in part reflects a rise in retail prices.

The updated retail report on 9 May will contain retail sales volumes and prices for Q1. This will disentangle the impacts of higher consumer demand from price growth, albeit to a limited extent, given the distorted seasonal spending patterns at the turn of 2022 and 2023.

3 MAY 2023

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