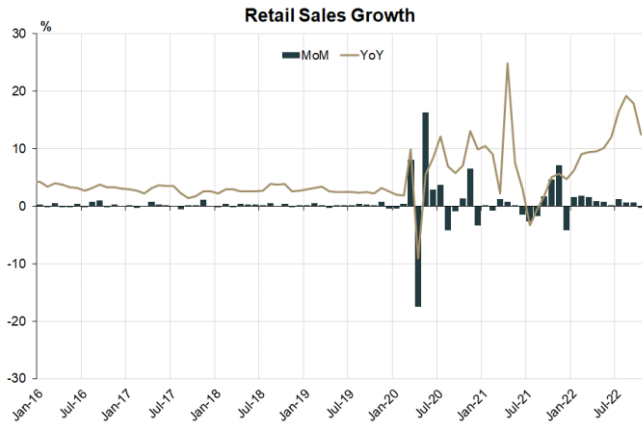


Australia

Seasonally adjusted retail sales declined 0.2% in October, against market expectations of a 0.5% increase. This was the first decline in retail trade since the start of this year.

Despite the decline, retail sales were still up 12.5% through the year.



Industry Groups

Retail trade turnover declined for all industries but food. This followed strong increases for most categories in the previous months.

The strongest decline was recorded for department stores (-2.4%). In September, turnover for this category also saw a slight decline (-0.4%), but in the previous two months significant increases were recorded. According to some market analysts, consumers may have held back their spending ahead of the Black Friday sales in November.

Declines for other categories ranged between -0.2% (other retailing) and -0.6% (clothing, footwear and other personal accessories).

Food retailing picked up by 0.4% in nominal terms, which was a slowdown from the around 1.0% increases over the previous three months.

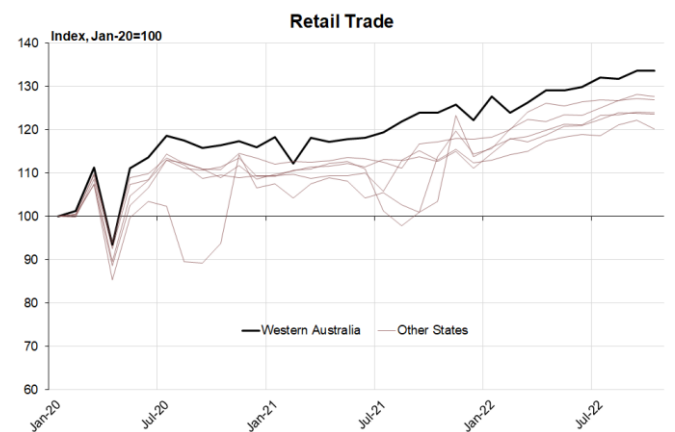
Seasonally Adjusted, %	MoM	YoY
Food	0.4	5.2
Household Goods	-0.5	5.9
Clothing, Footwear and Personal Accessories	-0.6	32.8
Cafes, Restaurants and Takeaway Food	-0.4	35.3
Department Stores	-2.4	23.0
Other Retailing	-0.2	9.3
Total	-0.2	12.5

States

Retail sales fell in all states but South Australia and Western Australia, where trade turnover was flat for the month. The strongest decline was reported for Tasmania (-1.7%), followed by Queensland (-0.4%).

Despite the flat result in October, Western Australia continued to lead other states in terms of retail sales performance throughout the pandemic, with a 33.6% gain since January 2020.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.0	7.7
New South Wales	-0.1	11.6
Victoria	-0.1	19.8
Queensland	-0.4	9.0
South Australia	0.0	9.8
Tasmania	-1.7	6.4



Comment

Retail trade disappointed in October, but it is too early to say if this is the beginning of a turnaround.

Prior to the pandemic, the retail sales seasonal pattern was increasingly distorted by Black Friday sales, which is a relatively new phenomenon in Australia. Consumers might have simply held back their spending waiting for the sales in November. This is indicated by the underperformance of department stores, which was responsible for around half of the decline.

The Black Friday sales will distort the retail trade numbers in the coming months too, with a strong increase in November being quite likely.

However, looking further, the dual shock of high prices and rising mortgage rates will likely be a drag on household spending. This impact will be exacerbated next year, when a significant share of fixed-term mortgages taken at very low rates during the pandemic will be rolled over to higher rates.

28 NOVEMBER 2022

Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.