

Economic Analysis

Retail sales volumes rose a seasonally adjusted 0.2% in Q3, less than the 0.4% expected by the market participants and down from 1.0% in the previous two quarters.

The Q3 increase took retail sales volumes 10.0% higher YoY, which is the fastest annual pace of increase on record (since 1984). Retail sales volumes are now at a record high.

The Q3 increase in sales volumes came despite another strong 2.0% increase in retail sales prices, which was slightly slower than the previous quarter's upwardly revised growth (2.1%).

Nominal retail sales were 2.3% up in the quarter.

Industry Groups

Retail sales volumes in Q3 were mixed across industries. There were declines in food, household goods and other retailing, which were offset by solid-increase groups, that were most heavily impacted by COVID-19 restrictions last year.

Retail prices rose in all industries but clothing, footwear, and personal accessories. Food saw the strongest price increase of all groups. Prices also rose rapidly for household goods and for cafes, restaurants, and takeaway food services.

QoQ, Seasonally Adjusted, %	Nominal	Volume	Deflator
Food	2.2	-0.6	2.8
Household Goods	0.3	-1.8	2.1
Clothing, Footwear and Personal Accessories	2.8	3.2	-0.4
Cafes, Restaurants and Takeaway Food	5.5	3.3	2.1
Department Stores	4.7	4.4	0.3
Other Retailing	0.7	-0.5	1.2
Total	2.3	0.2	2.0

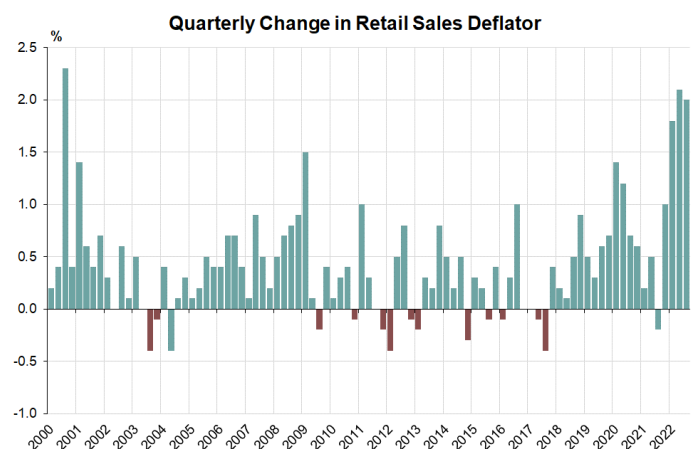
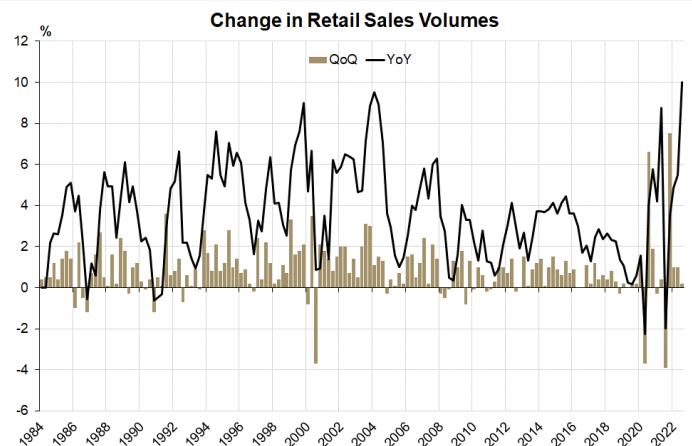
States

An increase in retail sales volumes was reported for all states, except for Queensland and Tasmania. Retail sales prices rose in all states.

Western Australian retail sales volumes ticked up by 0.1% in Q3, to be 5.2% up YoY. Western Australia continues to lead the other states in terms of retail sales volumes since the start of the pandemic, with a 16.0% increase.

QoQ, Seasonally Adjusted, %	Nominal	Volume	Prices
Western Australia	2.4	0.1	2.2
New South Wales	2.8	0.6	2.1
Victoria	2.4	0.6	1.8
Queensland	1.0	-0.8	1.8
South Australia	2.6	0.3	2.3
Tasmania	2.0	-0.3	2.3

Retail Trade Q3 2022



Comment

Growth in retail sales volumes slowed sharply in Q3 and, except for those quarters heavily impacted by lockdowns, was the slowest since December 2019. The performance of individual industries was mixed, however, and it is too early to judge if this is a start of a downward trend.

At the same time, retail price growth remains rapid and broad-based, with particularly strong increases for food.

In today's Statement on Monetary Policy, the household consumption forecasts were revised upwards for Q4 and kept unchanged for the first half of 2023 but were downgraded significantly for the following quarters.

According to the RBA, the behaviour of households facing the double whammy of higher prices and interest rates, continues to be the major source of downside risk to the Australian economy.

4 NOVEMBER 2022

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