

Economic Analysis

Overview

Seasonally adjusted retail sales jumped 1.9% in January (mkt exp 1.2%), following a revised 4.0% drop in December (originally -3.9%).

The rebound in January maintained the increase in monthly sales volatility that began with a Black Friday sales-related increase of 1.7% in November.

The annual growth rate edged up 0.1ppts to 7.5%.

Industry Groups

All the major sales categories increased in seasonally adjusted terms during the month, following broad-based falls in December.

The biggest increases were seen in department store sales, along with clothing footwear and personal accessories. Both categories saw double-digit declines in December.

Food sales, by far the largest category, rose just 0.3% for the second month in a row. At the same time, cafés, restaurants, and takeaway food sales saw the strongest growth in four months.

Household goods retailing, which is heavily influenced by developments in the housing market, posted a 1.1% rise following a near 8% drop in December, although sales remained lower in YoY terms.

Seasonally Adjusted, %	MoM	YoY
Food	0.3	4.5
Household Goods	1.1	-1.1
Clothing, Footwear and Personal Accessories	6.5	17.5
Cafes, Restaurants and Takeaway Food	1.2	26.3
Department Stores	8.8	16.6
Other Retailing	2.9	2.4
Total	1.9	7.5

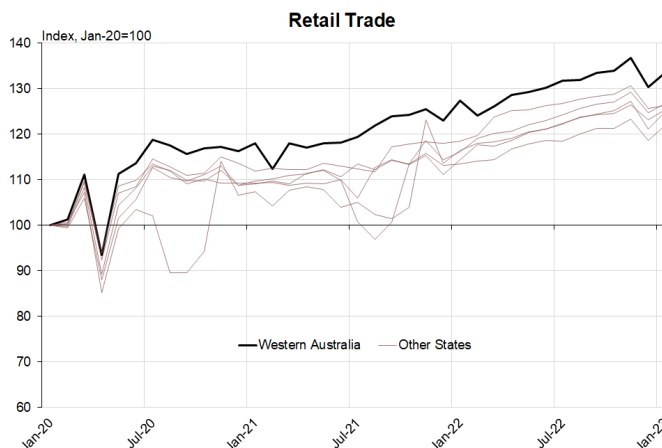
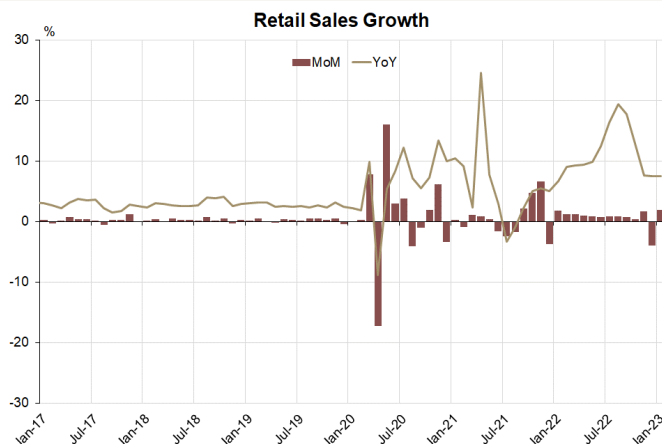
States

Seasonally adjusted retail sales rose in all states in January, after heavy falls in December.

Western Australian retail trade gained 2.4%, following a hefty 4.7% fall in December, with annual growth slipping to 4.8% YoY from 5.9% in December.

Seasonally Adjusted, %	MoM	YoY
Western Australia	2.4	4.8
New South Wales	1.6	9.1
Victoria	3.0	7.2
Queensland	0.5	6.5
South Australia	1.7	9.5
Tasmania	2.7	7.3

Retail Trade January 2023



Comment

Sales volatility at this time of year means that it is always difficult to determine the trend in consumer spending. That difficulty has become even more pronounced in recent years due to the growing importance in Australia of Black Friday sales, which have increasingly dragged December Christmas sales into November.

As a result, seasonally adjusted turnover in January was well off the November peak and the lowest since August last year. While the level of retail sales remains healthy compared to pre-COVID times, it does appear that momentum in consumer spending growth is easing. This should not be a surprise, with rising mortgage payments and high inflation posing an increasing burden on household finances, and consumer sentiment in the doldrums.

In other news today, RBA figures show credit growth continued to ease in January. Private sector credit outstanding rose 0.4% in January, with annual growth slowing by 0.3ppts to 8.0%. Within the detail, monthly housing credit growth was steady at 0.3%, with annual growth slowing to an 18-month low of 6.1%. Business lending gained 0.5% to be up 12.5%YoY.

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