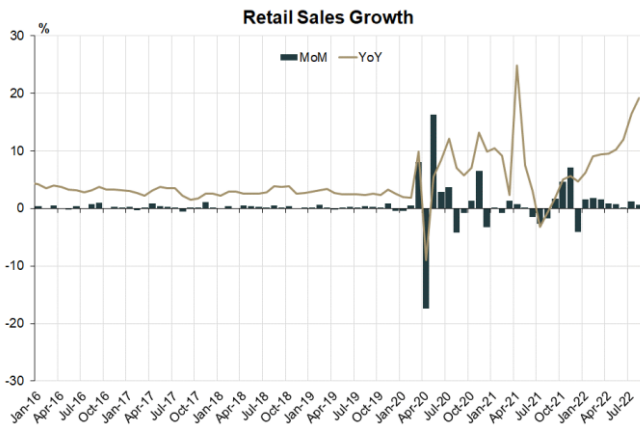


**Australia**

Seasonally adjusted retail sales rose by 0.6% in August in nominal terms, roughly in line with market expectations of a 0.5% gain. This followed a 1.3% rise in July.

Nominal retail sales were up 19.2% through the year.



**Industry Groups**

Retail trade turnover increased in most categories, with department stores again seeing the strongest increase (+2.8%). Household goods retailing rose by 2.6%, following two months of declines. Spending growth in cafes, restaurants and takeaway food services rose by another 1.3%.

Food retailing, by far the largest category, saw a 1.1% rise during the month, to be up 1.8% through the year. The relatively slower annual growth rate for food retailing is partly due to the fading base effect of lockdowns imposed in New South Wales and Victoria a year ago.

Clothing, footwear and personal accessories (-2.3%) and 'other retailing' (-2.5%) were the only industry groups to record a fall in August, although this came after strong increases in July.

Seasonally Adjusted, %	MoM	YoY
Food	1.1	1.8
Household Goods	2.6	16.4
Clothing, Footwear and Personal Accessories	-2.3	80.4
Cafes, Restaurants and Takeaway Food	1.3	58.8
Department Stores	2.8	54.6
Other Retailing	-2.5	13.8
Total	0.6	19.2

**States**

Retail sales were higher in most states, led by strong increases in Tasmania (+2.2%), New South Wales (+1.5%) and South Australia (+1.3%).

Seasonally Adjusted, %	MoM	YoY
Western Australia	-0.2	8.0
New South Wales	1.5	29.5
Victoria	0.1	20.3
Queensland	-0.1	14.2
South Australia	1.3	9.8
Tasmania	2.2	7.2

Sales slipped 0.2% in Western Australia, following a 1.6% rise in July. Western Australia continues to lead other states in terms of the retail sales performance through the pandemic, with a 31.7% gain from January 2020.



**Comment**

Retail trade remains resilient as consumers continue to shop despite the impact of higher cost-of-living pressures.

It is important to bear in mind that the monthly retail sales numbers are in nominal terms, and so it is hard to disentangle the impacts of higher prices from real spending. The monthly CPI indicator for July and August, scheduled for a release tomorrow, should give some insight into the monthly price developments. However, the quarterly retail trade deflator numbers are scheduled for release in a month.

Some of the recent strength in retail sales could have been due to tax refunds and a pick-up in overseas arrivals. The coming months will test the resilience of households to the dual shock of high prices and rising mortgage rates.

Monetary policy works with a lag, and it will take some time for the impact of interest rate hikes to be fully reflected in the consumer spending numbers.

28 SEPTEMBER 2022

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