

Retail Trade May 2025

Overview

Retail trade rose a seasonally adjusted 0.2% in May, somewhat less than the 0.5% increase expected by the markets. This followed a flat result for April (revised up from a 0.1% decline).

The annual rate of growth in retail sales declined to a six-month low of 3.3%.

Trend growth, which looks through the monthly volatility, slowed to 0.1% MoM and 3.5% YoY.

Industry Groups

Retail trade was mixed across the industries.

There were solid gains in department store sales (+2.6%) as well as clothing, footwear and personal accessories (+2.9%), which followed similar declines in the previous month.

Retail trade turnover in household goods as well as cafes, restaurants and takeaway food was unchanged from April.

Spending in the food and 'other retailing' segments declined 0.4% and 0.2% respectively in May. The decline in 'other retailing' was driven by the discretionary 'other recreational goods retailing' (-2.1%) and the 'other retailing not elsewhere classified' (-0.6%) segments.

At the same time, 'other retailing' led gains in annual terms (+4.8%), while food retailing saw the weakest annual gain of 2.6%.

Seasonally Adjusted, %	MoM	YoY
Food	-0.4	2.6
Household Goods	0.0	2.8
Clothing, Footwear and Personal Accessories	2.9	3.5
Cafes, Restaurants and Takeaway Food	0.0	3.8
Department Stores	2.6	3.7
Other Retailing	-0.2	4.8
Total	0.2	3.3

States

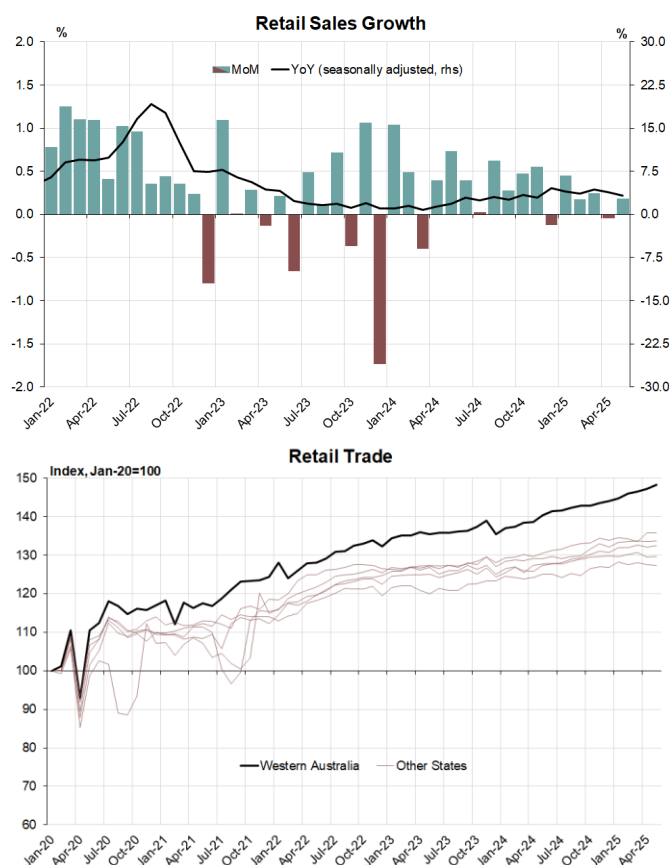
Retail sales rose in all states except Tasmania.

Western Australia saw the strongest gain of all the states, both in monthly and annual terms.

All major industry groups in Western Australia saw gains in May, led by clothing, footwear, and personal goods retailing (2.5%), while household goods retailing saw the smallest increase of 0.3%.

The only subcategories in Western Australia not to see a rise in May were liquor retailing (-0.2%), furniture, floor coverings, houseware and textile goods (-1.5%) as well as newspaper and book retailing (-1.2%).

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.7	5.6
New South Wales	0.1	1.5
Victoria	0.2	3.9
Queensland	0.1	4.1
South Australia	0.1	3.5
Tasmania	-0.1	1.8



Comment

The May retail trade report was again disappointing, despite the tailwinds to consumer spending in Australia.

Aussie consumers remain cautious with spending continuing to be hampered by high prices, even with the recent boost to real disposable income from last year's tax cuts, lower inflation and mortgage rates, as well as ongoing low unemployment.

However, there are some encouraging signs. The most recent CommBank household spending insights suggests that households with a mortgage increased their spending more than other households over the past year. A report by the Morningstar also points to increasing optimism among households. This contrasts with the most recent Westpac or ANZ Roy Morgan consumer sentiment surveys, which suggest confidence remains weak, despite some recent improvement.

For the time being, it seems that household spending growth is undershooting the RBA forecasts for Q2. A more comprehensive assessment will be possible following the release of the monthly household spending indicator on Friday. This report covers around 60% of household consumption (versus 32% for retail trade), and is to replace retail trade in the coming months. The last release of the retail trade report will be on 31 July.

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