

Retail Trade April 2025

Overview

Retail trade ebbd a seasonally adjusted 0.1% in April, which was a downside surprise to market participants who expected a 0.3% gain. The decline in April followed three consecutive months of moderate increases.

Annual growth in retail sales slowed to 3.6%.

Trend growth, which looks through the monthly volatility, decelerated to just 0.1% in April, taking the annual rate down to 3.8%, the slowest so far in 2025.

Industry Groups

Retail trade was mixed across industry groups.

Department stores as well as clothing, footwear and personal accessories both fell by a solid 2.5%. This could be partly due to the late timing of Easter this year. However, clothing retailers surveyed by the ABS also pointed to lower demand for winter collections due to unusually warm weather.

Food retailing slipped 0.3%, but cafes, restaurants and takeaway food saw a solid 1.1% gain. 'Other retailing' picked up by 0.7% in April, while household goods retailing rose by 0.6%.

Seasonally Adjusted, %	MoM	YoY
Food	-0.3	4.2
Household Goods	0.6	3.7
Clothing, Footwear and Personal Accessories	-2.5	1.5
Cafes, Restaurants and Takeaway Food	1.1	3.6
Department Stores	-2.5	0.0
Other Retailing	0.7	5.4
Total	-0.1	3.8

States

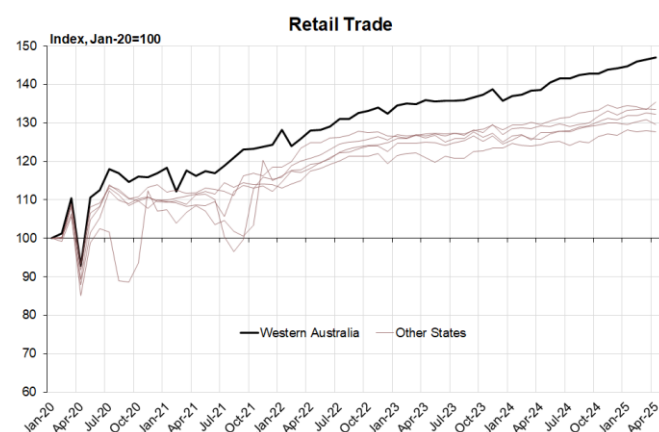
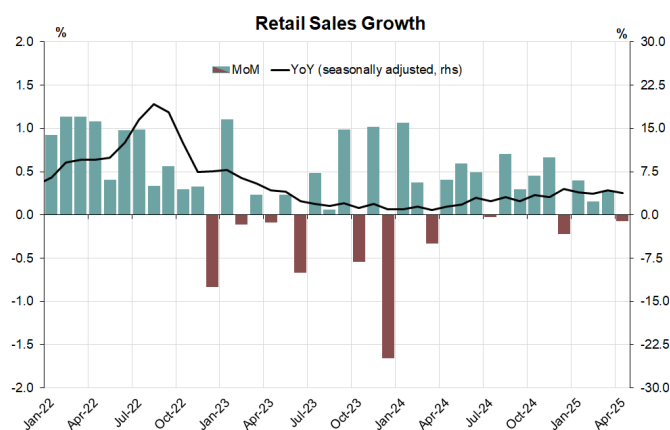
Retail sales fell in most states in April, with New South Wales seeing the largest decline of 1.0%.

Queensland saw a 1.4% gain, as businesses reopened after Cyclone Alfred. The gains in Queensland were driven by household goods, apparel and 'other retailing', while food retailing retreated by 1.0% after a 1.5% spike caused by stocking up ahead of the cyclone.

Western Australia was the only state other than Queensland that saw a rise in retail sales in April. The 0.4% monthly gain took the annual rate of retail sales growth to 6.1%, which is by far the fastest of all the states.

The 0.4% gain in Western Australian retail trade in April was driven the discretionary subcategories of 'other retailing', dining out/takeaway and household goods. This was partly offset by lower food retailing, while other categories were flat.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.4	6.1
New South Wales	-1.0	1.7
Victoria	-0.3	5.1
Queensland	1.4	4.5
South Australia	-0.1	3.3
Tasmania	-0.3	2.7



Comment

The April retail sales report brought more evidence that consumer demand is levelling off, after a spike in the second half of 2024 sparked by tax cuts, cost-of-living measures and increased promotional activity.

That said, the scale of the late 2024 rebound and the current underperformance could be exaggerated by issues with seasonal adjustment caused by a change in spending patterns in the final months of the year. In addition, the April weakness partly reflects the late timing of Easter this year, which came unusually close to Anzac Day.

Due to lags in the transmission mechanism, it is too early to see the impacts of the RBA rate cut from February, not to mention the May cut. However, the weakness in consumer confidence due to tariffs and the caution of Australian households suggests that the boost to consumer spending from lower mortgage rates could be disappointing.

The downside surprise to April retail sales led to a slight intensification of cash rate cut expectations, but the next cut is still not fully priced until August. Our view is the same as the market's, but we will be watching the upcoming data, including the more comprehensive household spending indicator next week.

30 May 2025