

# Retail Trade February 2025

## Overview

Retail trade rose a seasonally adjusted 0.2% in February, which was slightly less than the 0.3% gain pencilled in by the market consensus and registered in the previous month.

Annual growth in retail sales decelerated 0.2 percentage points to a three-month low of 3.6%.

Trend retail trade growth slowed to 0.2% MoM, but accelerated to 4.1% YoY.

## Industry Groups

Retail trade was mixed across the industries.

The strongest increase was recorded in department stores, where turnover rose by 1.5%, the most since September 2023.

Other discretionary categories saw only slight gains or declines. Apparel retailing picked up by 0.4%, with a 0.3% decline in footwear and personal accessories.

Household goods retailing declined by 0.3%, dragged down by lower sales of furniture and gardening supplies.

The discretionary components of 'other retailing' saw sharp declines in February, with a 2.7% drop in newspapers and books, and a 1.7% fall in other recreational goods. The essential pharmaceutical, cosmetic, and toiletry retailing picked up by 0.6%.

Growth in the essential food retailing remained at a solid 0.6% MoM and 4.1% YoY, accounting for nearly half of the annual increase in retail trade.

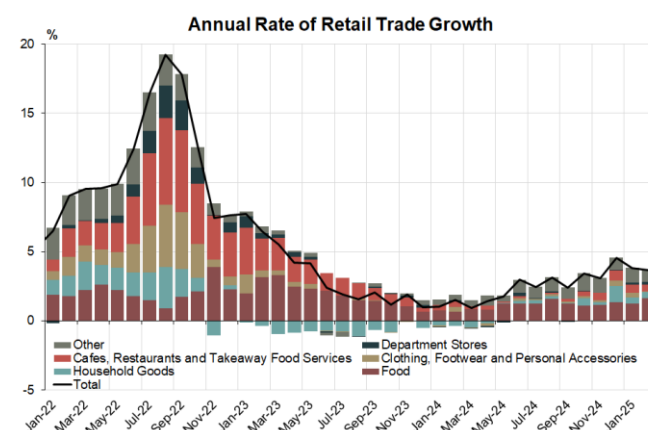
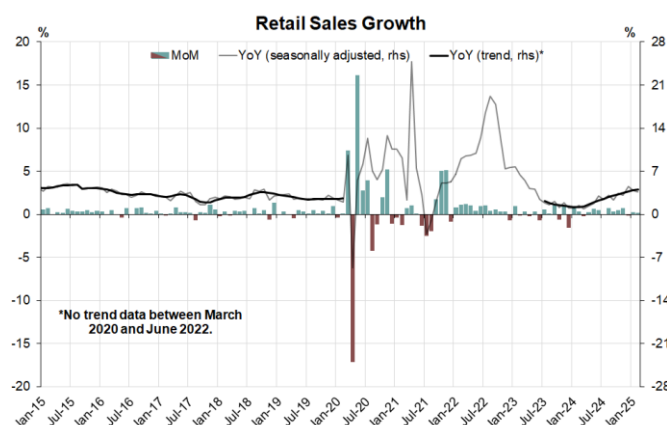
Seasonally Adjusted, %	MoM	YoY
Food	0.6	4.1
Household Goods	-0.3	2.9
Clothing, Footwear and Personal Accessories	0.4	0.4
Cafes, Restaurants and Takeaway Food	0.2	3.4
Department Stores	1.5	3.2
Other Retailing	-1.0	5.6
Total	0.2	3.6

## States

Retail trade declined in Queensland and Tasmania, was flat in Victoria, and rose in the rest of the states.

Western Australia saw the strongest gains of all states, of 0.8% MoM and 6.2% YoY. In contrast to the rest of Australia, there were gains across discretionary items, from household goods to recreational goods. Turnover at dining in/eating out also rose more than nationwide.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.8	6.2
New South Wales	0.5	2.5
Victoria	0.0	4.0
Queensland	-0.4	3.7
South Australia	0.2	3.8
Tasmania	-0.5	2.7



## Comment

Following solid gains in late 2024, the pace of revival in consumer spending slowed in the first two months of this year, with a clear shift away from discretionary goods. This was consistent with consumer confidence flattening out ahead of the RBA February meeting.

The recovery of consumer spending in 2024 was supported by 'Stage 3' tax cuts and a range of cost-of-living measures rolled out by Commonwealth and state governments. That said, the bank transaction data suggest that consumers saved most of the income boost. The 2025-26 Commonwealth budget delivered a mini-version of measures from a year before – much smaller tax cut effective next year and one batch of energy bill relief. However, the households have also seen a decline in mortgage payments due to the recent RBA cut.

According to the RBA and Bloomberg consensus forecasts, household consumption recovery should continue this year, albeit at a slower pace than thought several months ago. The downward revision to household spending forecasts reflects the cautiousness of the Australian consumers after the 2024 income boost and the rise in uncertainty about global economic conditions after the start of the Trump presidency.

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