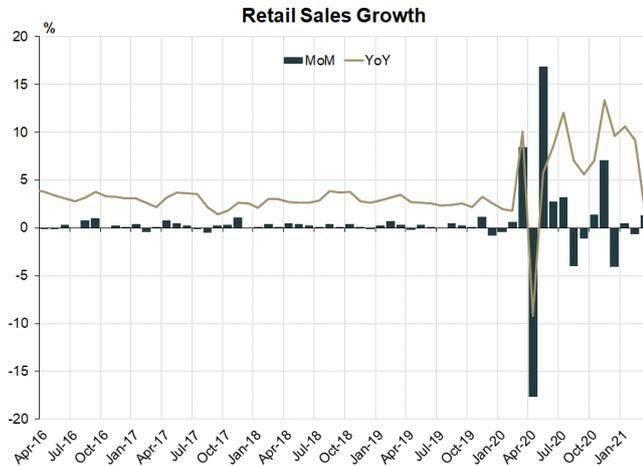


Economic Analysis

Retail Trade March 2021

Seasonally adjusted retail trade picked up by 1.3% in March, broadly in line with the original ABS estimate (1.4%). This followed a 0.7% decline in February caused by snap lockdowns introduced in Victoria and parts of Western Australia.



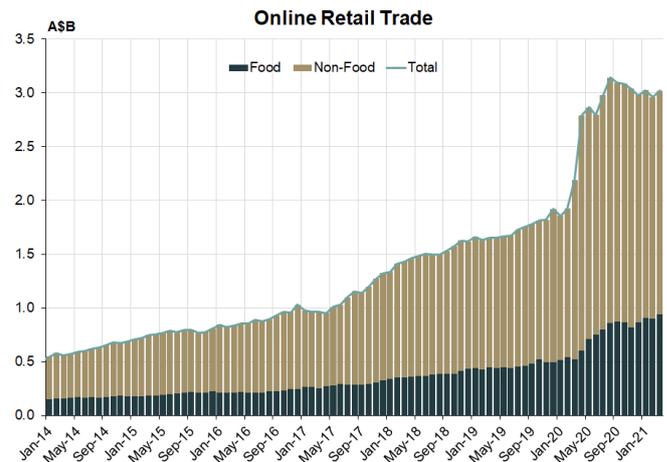
Unsurprisingly, the rise in retail sales was led by Western Australia and Victoria, which reflects depressed levels from the previous month. South Australia and Queensland saw slight declines.

Seasonally Adjusted, %	MoM	YoY
Western Australia	5.5	5.8
New South Wales	0.2	2.9
Victoria	3.5	-0.3
Queensland	-0.5	2.2
South Australia	-1.1	-1.3
Tasmania	1.3	2.6

Nationwide, retail trade sales rose in all industries except for food and household goods retailing. Department stores saw the largest increase, followed by clothing, footwear and personal accessories as well as cafes, restaurants and takeaway food.

Food retailing recorded a significant 14.9% fall for the year, reflecting the elevated sales due to panic buying ahead of the national lockdown a year ago.

Seasonally Adjusted, %	MoM	YoY
Food	-0.9	-14.9
Household Goods	-0.1	9.5
Clothing, Footwear and Personal Accessories	5.4	55.0
Cafes, Restaurants and Takeaway Food	4.8	33.2
Department Stores	8.5	25.8
Other Retailing	1.4	-0.7
Total	1.3	2.0



Online trade remained elevated compared to pre-pandemic levels, with online food retailing rising to a new record high.

Retail sales volumes were 0.5% down in the quarter, reflecting softer numbers for January and February and a setback from very strong increases over the second half of 2020. Results were mixed across the industries, as consumers were returning to their pre-pandemic patterns. Food and household goods retailing saw the largest declines, while turnover in cafes, restaurants and takeaway services managed to rise by a solid 5.8%.

Despite a decline over the quarter, retail sales volumes were still 4.7% higher than a year ago.

In Western Australia, retail sales volumes fell by 1.8%, to be still up 7.7% YoY.

Comment

The on-off nature of COVID-19 restrictions and changes in consumer spending patterns translated into heightened volatility of monthly retail sales data. Even though they came off their elevated levels in Q1, retail sales volumes remain solid, underpinned by a strong labour market, decade-high consumer confidence and significant improvement in household balance sheets over the past year. This morning's NAB business survey confirmed that retail has one of the highest capacity utilisation rates of all industries.

Absent of further COVID-19 outbreaks, the months ahead should see further normalisation in retail trade growth rates and spending patterns. However, in the Statement on Monetary Policy released on Friday, the RBA identified the extent Australian households choose to draw on their improved balance sheets to support additional spending as an important risk factor of further consumption growth.

10 MAY 2021

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