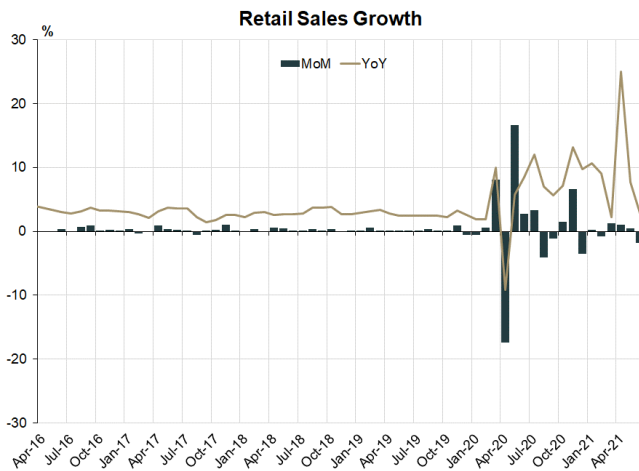


Economic Analysis

Retail Trade June 2021

Seasonally adjusted retail trade fell by 1.8% in June, in line with the initial ABS estimate. The annual growth rate continued to normalise, easing back to 2.9% YoY.



The June fall in retail sales reflected the lockdowns introduced across the country over the course of the month. The largest drop in turnover was recorded in clothing, footwear and personal accessory retailing, followed by department stores as well as cafes, restaurants and takeaway food.

Food retailing was the only industry to record a rise in turnover in June, mainly due to panic buying ahead of the lockdowns and the relatively low restrictions imposed on that industry.

Seasonally Adjusted, %	MoM	YoY
Food	1.5	-0.5
Household Goods	-1.3	-3.2
Clothing, Footwear and Personal Accessories	-9.5	9.6
Cafes, Restaurants and Takeaway Food	-6.0	19.4
Department Stores	-7.0	-0.7
Other Retailing	-1.6	6.8
Total	-1.8	2.9

Similarly to the previous lockdowns, online trade saw a significant rebound, rising 11.6% in the month.

States

The state-wise contribution to the June fall in retail trade reflected largely the stringency of COVID-19 restrictions during the month.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.1	3.6
New South Wales	-2.0	4.1
Victoria	-4.0	0.2
Queensland	-0.9	4.5
South Australia	0.6	0.0
Tasmania	-1.6	2.4

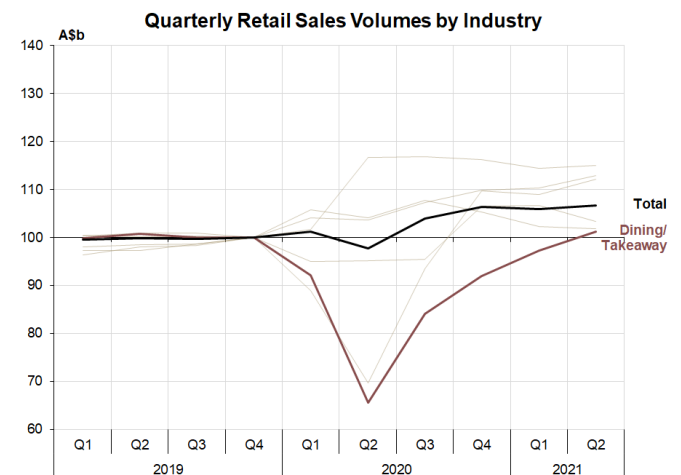
The largest decline in retail sales was recorded in Victoria, which entered the month with the fourth Melbourne lockdown in place. New South Wales, where social distancing restrictions were gradually being tightened throughout June across Greater Sydney, saw the second strongest decline.

Western Australia was one of the two states to see a slight increase in retail trade in June, despite a short lockdown introduced for the Perth and Peel regions towards the end of the month.

Quarterly Retail Trade

Retail sales volumes rose by 0.8% over Q2, in line with market expectations. The quarterly rise was led by cafes, restaurants and takeaway services (+3.9%), which are the last sector to have crept back to pre-pandemic levels despite the distortions due to the recent lockdowns.

The largest increase in Q2 retail sales volumes were recorded in New South Wales (+1.3%) and Western Australia (+0.8%).



Comment

Lockdowns continue to be a key driver behind volatility in retail sales.

Retail trade volumes made a positive contribution to Q2 GDP growth. However, stay-at-home orders in Greater Sydney and imposed temporarily across Australia will put a significant drag on consumer spending in the coming months.

In yesterday's post-meeting statement, the RBA Governor judged that once the outbreaks are contained, demand will recover quickly, particularly given the strong underlying momentum ahead of the recent lockdowns. The longer-run outlook for consumer demand remains favourable, though the evolution of the pandemic is still the key uncertainty.

4 AUGUST 2021

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