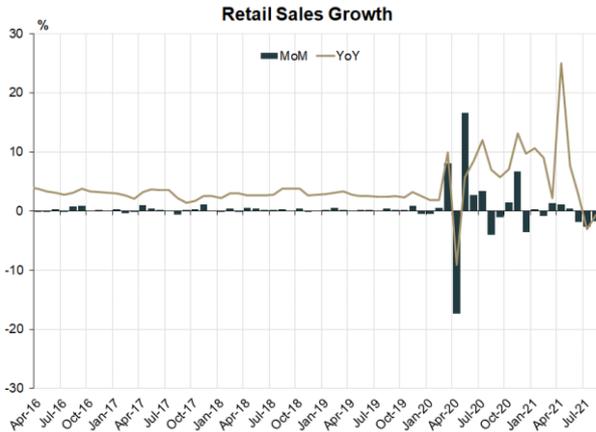


Economic Analysis

Retail Trade August 2021

Retail trade fell by a seasonally adjusted 1.7% in August, slightly less than the 2.2% decline expected by the market and less than the 2.7% fall recorded in July. This was the third straight monthly fall in sales, which were down 0.7% through the year.



The decline in retail sales reflected the ongoing lockdowns on the east coast, with Victoria re-joining New South Wales in a prolonged lockdown on 5 August.

New South Wales again led the decline, with sales falling 3.5% in the month, taking retail sales in that state to the lowest level since the nationwide lockdown in April 2020.

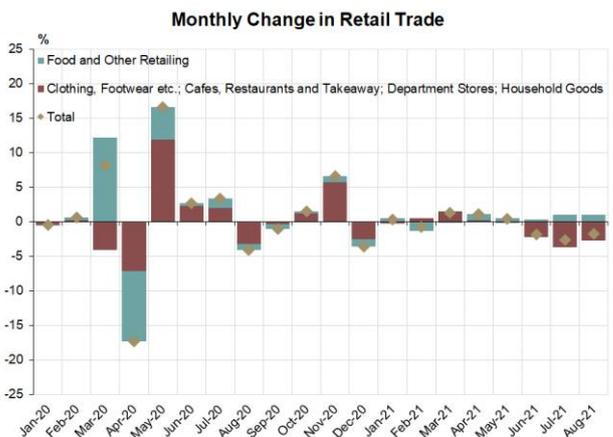
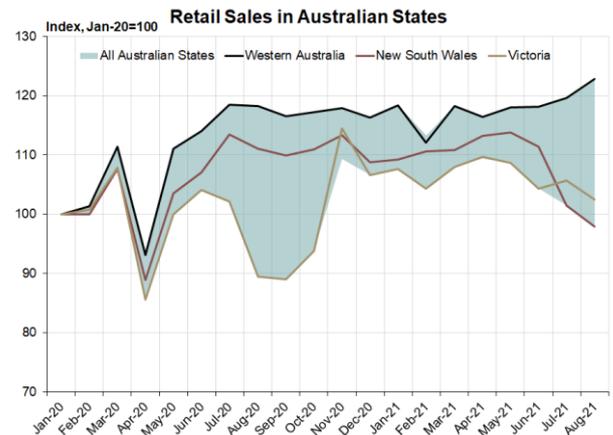
Sales in Victoria retreated 3.0%, however, this was still 14.6% higher than August 2020 when Melbourne was also in the early stages of an extended lockdown.

Sales also fell Queensland (-0.9%) due at least in part to a mid-month lockdown in the south east of the state.

Strong increases were recorded in Western Australia and South Australia, with neither state experiencing restrictions during the month. The big bounce in South Australia followed a significant 3.3% decline due to a lockdown imposed in that state in late July.

Sales in Western Australia posted its fourth consecutive monthly increase and continued to lead the other states in terms of retail sales performance throughout the pandemic.

Seasonally Adjusted, %	MoM	YoY
Western Australia	2.8	3.9
New South Wales	-3.5	-11.8
Victoria	-3.0	14.6
Queensland	-0.9	-1.2
South Australia	6.6	1.0
Tasmania	-1.1	0.2



Large monthly drops were again recorded for clothing, footwear and personal accessories, department stores as well as cafes, restaurants and takeaway foods. Food and other retailing were the only categories to record gains.

	Seasonally Adjusted, %	MoM	YoY
Food		2.1	2.7
Household Goods		-2.3	-5.9
Clothing, Footwear and Personal Accessories		-15.7	-17.4
Cafes, Restaurants and Takeaway Food		-7.0	-0.8
Department Stores		-10.2	-15.9
Other Retailing		0.8	8.8
Total		-1.7	-0.7

Comment

Eastern states lockdowns weighed heavily on household consumption in Q3 and will be a major reason why GDP growth will almost certainly be negative in the quarter. Plans to ease restrictions in Q4 as certain vaccination milestones are met, along with resilient consumer confidence, implies that consumption should pick up in the final quarter of the year. However, the international experience suggests that, going forward, COVID-19 cases themselves can weigh on employment and spending even if with no restrictions in place.

28 SEPTEMBER 2021

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