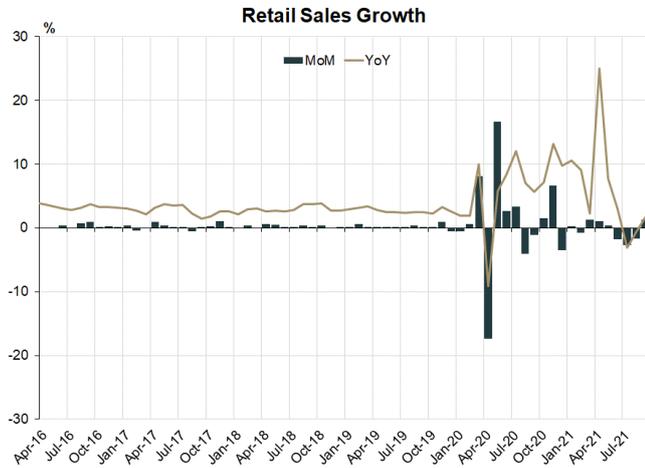


Economic Analysis

Retail trade increased a seasonally adjusted 1.3% in September. This came against a 0.2% increase expected by the markets and followed three months of consecutive declines due to COVID-19 containment measures over east.



The September increase largely reflects the easing of COVID-related restrictions in New South Wales, coupled with solid demand in the states where lockdowns were not in place. New South Wales saw a 2.3% increase but sales were still 8.9% down through the year.

The strongest increase of 5.2% was reported for Queensland, where no lockdown was imposed in September. This followed three consecutive declines due to recurring lockdowns in the previous months.

Western Australia recorded a 1.4% increase in retail sales in September to be up 6.9% YoY.

Seasonally Adjusted, %	MoM	YoY
Western Australia	1.4	6.9
New South Wales	2.3	-8.9
Victoria	-2.1	12.9
Queensland	5.2	5.3
South Australia	0.9	4.5
Tasmania	2.2	4.2

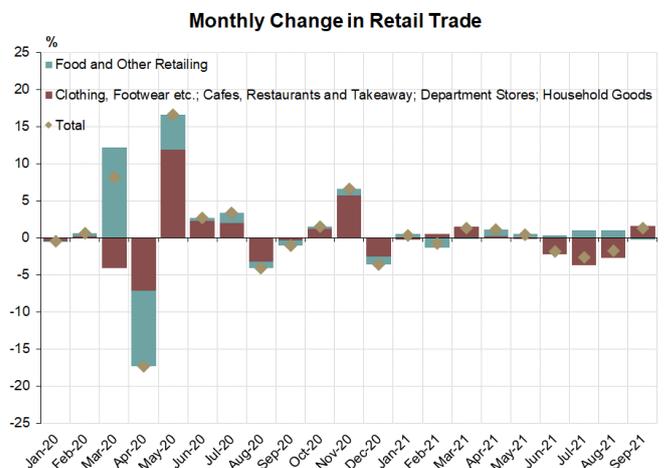
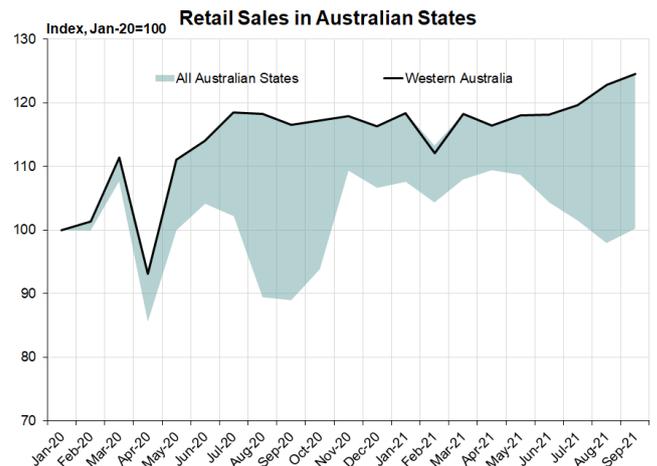
The September increase was broad-based across most industries, with declines reported only for food and department stores.

Seasonally Adjusted, %	MoM	YoY
Food	-1.4	2.7
Household Goods	4.3	1.7
Clothing, Footwear and Personal Accessories	5.9	-11.4
Cafes, Restaurants and Takeaway Food	5.0	0.9
Department Stores	-0.3	-16.9
Other Retailing	2.1	12.1
Total	1.3	1.7

Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.

Retail Trade September 2021



Comment

Due to changes in the ABS publication schedule, the September report did not include the quarterly estimates of retail sales volumes. However, it is certain that when these numbers are released next week, we will see a decline amid lockdowns over east. This implies that consumer spending will contribute negatively to Q3 GDP growth and that GDP will see a fall in the quarter.

The September retail trade report indicates that the decline in consumption will be likely followed by a swift recovery. Credit card and high-frequency data also point to a strong rebound in household consumption after the lockdowns were lifted in October.

International experience suggests that elevated COVID-19 infections can weigh on labour market and economic growth even if no formal restrictions are in place. This is because absences at work due to infections or caring responsibilities translate into labour shortages and supply chain disruptions that constrain business activity. This suggests that consumer spending may struggle after an initial surge.

29 OCTOBER 2021