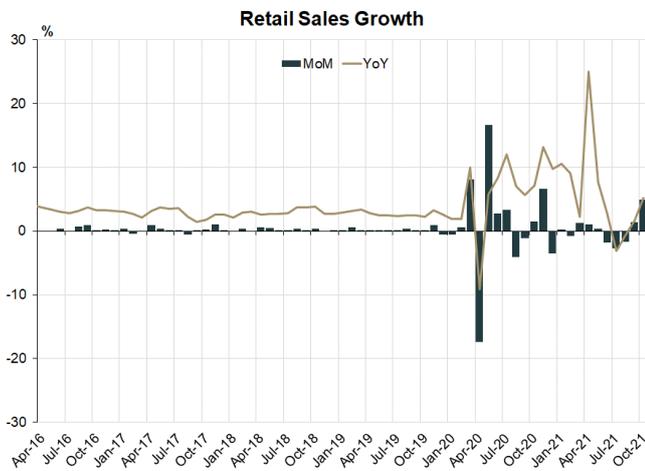


Retail trade rose a seasonally adjusted 4.9% in October, well in excess of expectations for a 2.2% increase.



The rise in retail trade last month reflected the re-opening from the east coast lockdowns. New South Wales, where restrictions were eased on 11 October, led the increase with a 13.3% surge. Victoria, which opened towards the end of the month, recorded a more moderate 3.0% rise.

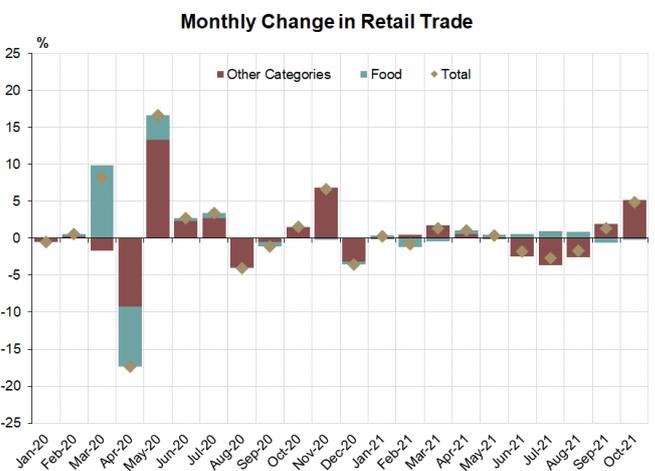
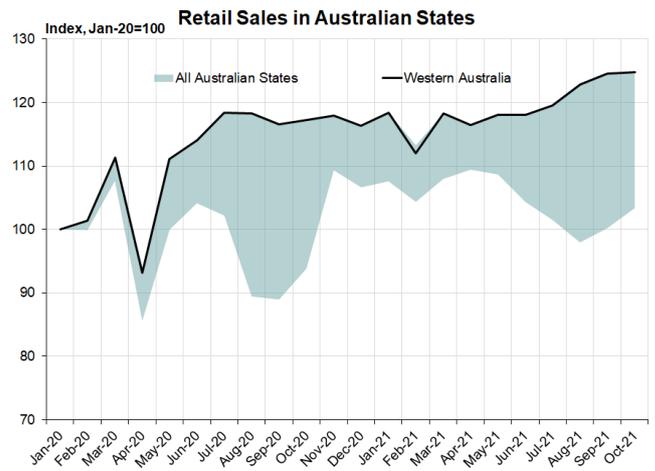
Results in the other states were mixed. Western Australia and Queensland saw slight increases. At the same time, South Australia and Tasmania recorded falls.

Despite a moderate gain in October, Western Australia continued to lead other states in terms of retail turnover during the pandemic.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.2	6.4
New South Wales	13.3	2.4
Victoria	3.0	10.2
Queensland	0.4	5.9
South Australia	-1.2	2.9
Tasmania	-2.4	3.2

The September increase was broad-based across industries, with food being the only category to see a decline. The largest increases were reported for clothing, footwear and personal accessories, department stores as well as cafes, restaurants and takeaway food sales. This pattern is typical of re-opening.

Seasonally Adjusted, %	MoM	YoY
Food	-0.5	2.1
Household Goods	4.5	6.7
Clothing, Footwear and Personal Accessories	27.7	5.8
Cafes, Restaurants and Takeaway Food	12.3	8.3
Department Stores	22.4	-3.3
Other Retailing	2.2	12.5
Total	4.9	5.2



**Comment**

The October retail trade report provided further evidence of a swift recovery from the lockdowns over east. Credit card data suggest that robust retail trade continued in November, to fully reflect the easing of restrictions in Victoria.

The number of new COVID-19 cases remains elevated, particularly in Victoria. However, restrictions continue to be eased as high vaccination rates sees the nation moving to a “living with COVID” strategy.

International experience suggests that absences from work due to self-isolation can exacerbate labour shortages and supply chain disruptions, which is likely to prove a challenge to the retail sector going forward.

Retail sales have been boosted during the pandemic, as border closures have seen consumer spending power “trapped” in the domestic economy. With international borders soon to re-open, the return of overseas holiday travel represents a downside risk to retail sales in the months ahead.

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