

Economic Analysis

Retail sales volumes fell a seasonally adjusted 4.4% in Q3, dragged down by lockdowns in New South Wales, Victoria and the Australian Capital Territory. The decline followed a 0.7% rise in Q2 and was slightly smaller than the 5.0% drop pencilled in by the market. Sales volumes were down 2.2% from a year earlier.

The Q3 decline reflected a 4.4% fall in nominal sales, with the retail price deflator rising 0.1% in the quarter. Nominal retail sales were 0.7% lower than in Q3 2020.

Seasonally Adjusted (%)	MoM	YoY
Nominal Sales	-4.4	-0.7
Sales Volumes	-4.4	-2.2
Retail Prices	0.1	1.6*

*WATC Estimate

Sales Volumes by Industry

The fall in sales volumes was driven by discretionary spending, led by big falls in clothing, footwear and personal accessories, department stores and cafes, restaurants and takeaway foods.

Food sales saw a strong rise as they did in the lockdowns of 2020.

Sales Volumes Seasonally Adjusted (%)	MoM	YoY
Food	5.3	-0.6
Household Goods	-4.3	-5.9
Clothing, Footwear & Personal Accessories	-25.1	-10.5
Cafes, Restaurants and Takeaway Food	-18.7	-2.4
Department Stores	-19.5	-12.9
Other Retailing	0.9	6.0

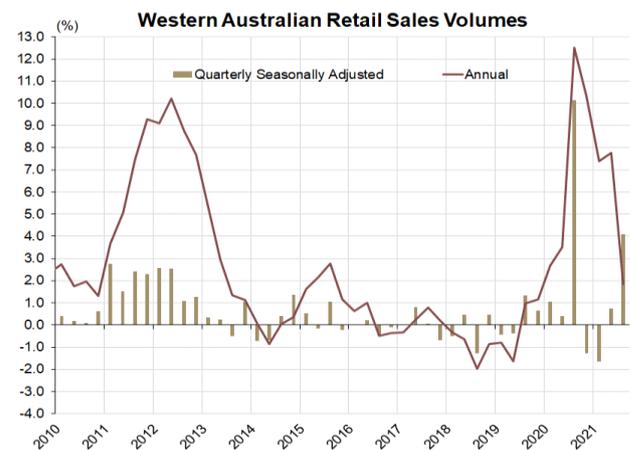
States

The slump in sales volumes in Q3 was unsurprisingly driven by the states that experienced extended lockdowns in the quarter.

Western Australia saw the strongest quarterly growth of 4.1%. Western Australian annual growth was also strongest of all the states but Victoria, which benefitted from the low base due to the Melbourne lockdown in Q3 2020.

Sales Volumes Seasonally Adjusted (%)	MoM	YoY
Western Australia	4.1	1.8
New South Wales	-11.6	-11.9
Victoria	-4.5	8.7
Queensland	0.2	-0.4
South Australia	1.7	-2.0
Tasmania	2.2	0.1

Retail Sales Volumes Q3 2021



Comment

This was the biggest fall in the history of the series, which goes back to 1983, and was driven by the lockdowns in Sydney, Melbourne and Canberra.

However, the decline is pretty much old news now, with the monthly data showing the sales rebound began toward the end of the quarter as New South Wales began to ease up on its restrictions. The monthly data, released last week, showed that sales values rose 1.3% in September after three months of heavy falls.

The fall in sales indicates that the slump in consumer spending will likely see a negative print for Q3 real GDP growth in the national accounts due on 1 December.

On the prices front, retail price inflation was surprisingly tame during the quarter. The implicit price deflator rose by just 0.1% in the quarter (seasonally adjusted), to be up around 1.6% YoY (WATC estimate).

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