

Australia

Seasonally adjusted retail sales rose by 1.8% in January, to be 6.4% up through the year. The rise followed a 4.4% drop in December as well as strong increases in October and November after New South Wales and Victoria eased their Delta-related COVID restrictions.

Industry Groups

A rise in retail sales occurred across most industries, with department stores seeing the largest gain of 4.9%. The second largest increase was reported for 'other retailing' (4.5%), which is up 15.7% through the year. Food sales rose 2.2% for the second month in a row.

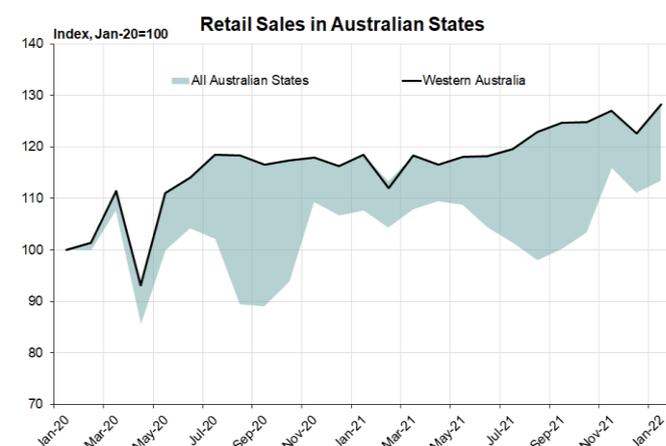
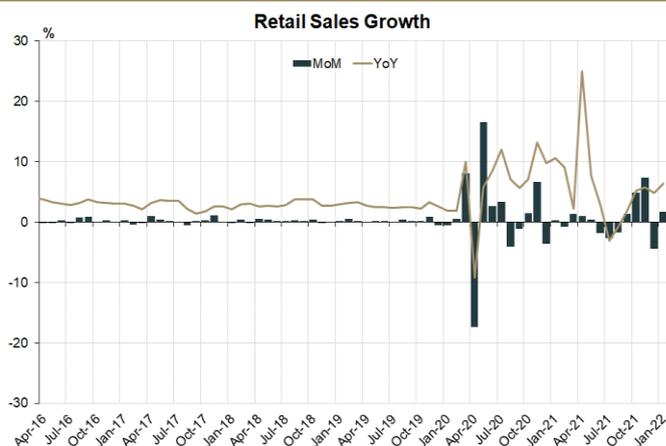
Spending on cafes, restaurants and takeaway food services fell 0.8% as the sharp rise in Omicron cases in the Eastern States saw people opt to eat at home in January.

Seasonally Adjusted, %	MoM	YoY
Food	2.2	4.5
Household Goods	0.6	5.9
Clothing, Footwear and Personal Accessories	-1.0	7.0
Cafes, Restaurants and Takeaway Food	-0.8	6.2
Department Stores	4.9	-3.6
Other Retailing	4.5	15.7
Total	1.8	6.4

States

All Australian states saw a gain in retail trade in January. The largest increase was reported for Western Australia, where the number of Omicron infections was extremely low in January. Western Australia continues to lead other states in terms of retail sales performance through the pandemic.

Seasonally Adjusted, %	MoM	YoY
Western Australia	4.7	8.3
New South Wales	1.0	5.6
Victoria	2.5	8.2
Queensland	0.4	5.8
South Australia	3.1	4.7
Tasmania	0.7	3.6



Comment

As previously shown by the credit card data, retail trade picked-up in January, as the number of Omicron infections eased over east in the second half of the month.

Looking ahead, retail sales and, more broadly, household consumption should rise further, as the number of infections continue to decline in the east and labour market conditions remain favourable. The situation in Western Australia could be a bit different, with Omicron cases on the rise.

There is also some additional downside risk to consumption from the recent rise in oil prices, as higher fuel costs weigh on household spending power and may cause consumers to reduce spending on discretionary goods too in the coming months.

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