

Australia

Seasonally adjusted retail sales rose by another 0.9% in May, exceeding market expectations of a 0.3% increase. Retail trade is now 10.4% up over the year and at a new record high.

According to the ABS, the May increase was partly driven by higher prices, particularly in cafes, restaurants and takeaway services as well as food retailing.

Industry Groups

Retail sales rose across all industry groups but clothing, footwear and personal accessories, which saw a setback after increases in the previous three months.

The strongest gain was reported for department stores, where sales surged by 5.1% after a decline in April. Increases for other industries were more moderate, ranging between 0.4% for household goods and 1.8% for cafes, restaurants and takeaway food.

Seasonally Adjusted, %	MoM	YoY
Food	0.6	6.2
Household Goods	0.4	8.9
Clothing, Footwear and Personal Accessories	-1.4	14.6
Cafes, Restaurants and Takeaway Food	1.8	16.2
Department Stores	5.1	12.1
Other Retailing	1.5	15.5
Total	0.9	10.4

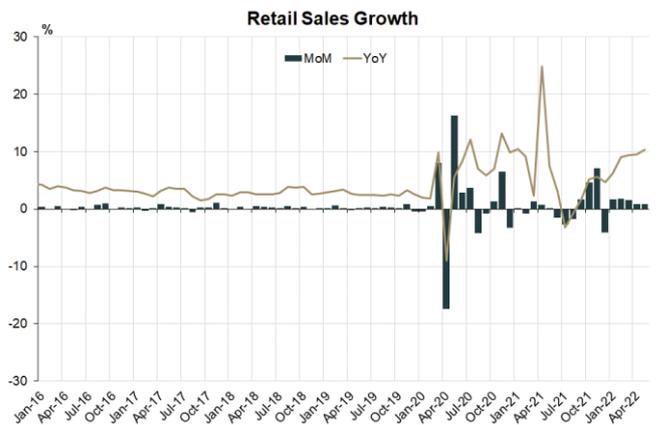
States

Gains in retail sales were reported for all states but Queensland, which saw strong increases in the previous months amid the recovery from floods and a surge in tourist arrivals.

The growth rates of retail sales ranged between 0.2% in Western Australia and 1.9% in Tasmania.

Slower growth in Western Australian retail sales followed two months of very strong increases. Western Australia continues to lead other states in terms of retail trade performance during the pandemic, with a 28.0% rise since December 2019.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.2	9.7
New South Wales	1.6	9.8
Victoria	1.3	12.3
Queensland	-0.4	10.6
South Australia	1.9	10.6
Tasmania	1.1	5.7



Comment

Retail trade continued its solid performance in May, supported by the robust labour market, strong household balance sheets and, most recently, rising prices.

The extent of the impact of inflation is hard to quantify at this stage, as sales volumes are only available on a quarterly basis. More information on sales volumes will be available in the June retail sales report scheduled for release in early August.

The deterioration in consumer sentiment seems to have had little impact to date. However, higher inflation, coupled with the increase in mortgage rates and rents, is likely to weigh on spending volumes going forward. Some commercial banks have already noted a softening in consumer spending in their most recent card transactions data.

29 JUNE 2022

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.