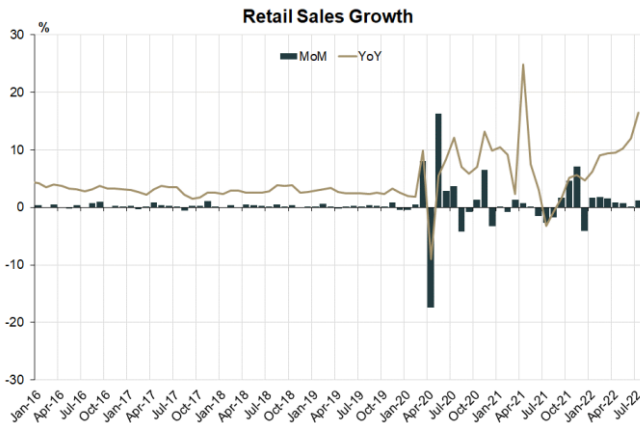


**Australia**

Seasonally adjusted retail sales rose by 1.3% in July in nominal terms, exceeding market expectations of a 0.2% gain. This followed a 0.2% rise in June and a 0.7% increase in May.

Nominal retail sales are now up 16.5% through the year and at a new record high.



**Industry Groups**

Retail trade turnover increased in all industries but household goods. This was the second consecutive monthly decline for this category.

The strongest increase of 3.8% was recorded for department stores, which followed a 3.7% drop in the previous month. A strong 3.3% gain was also reported for clothing, footwear and personal accessories, which are up 52.6% through the year and at a record high.

Spending growth in cafes, restaurants and takeaway food services decelerated to 1.8%, but was still 45.9% higher than a year ago.

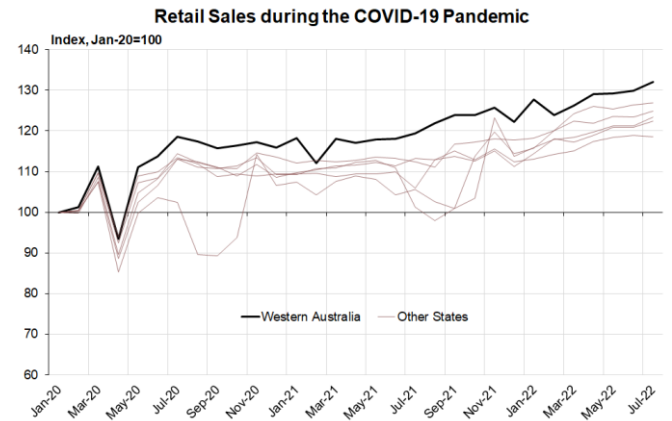
Food retailing continued to underperform against other industries, with an increase of 1.2% in the month and 3.2% over the year. This underperformance, combined with the solid annual gain in dining in and takeaway, reflects the change in spending habits after the COVID-19 restrictions were lifted.

Seasonally Adjusted, %	MoM	YoY
Food	1.2	3.2
Household Goods	-1.1	10.5
Clothing, Footwear and Personal Accessories	3.3	52.6
Cafes, Restaurants and Takeaway Food	1.8	45.9
Department Stores	3.8	35.6
Other Retailing	1.6	17.7
Total	1.3	16.5

**States**

Retail sales rose in all states but Tasmania, which also saw the smallest annual gain.

The strongest monthly increase of 1.8% was recorded for Victoria, though this followed a flat result in the previous month. Queensland saw the weakest rise in the month of just 0.4%.



Western Australian retail sales rose by a solid 1.6%, to be up 10.5% over the year. Western Australia continues to lead other states in terms of the nominal consumer spending performance throughout the pandemic, with a 32.0% gain from January 2020.

Seasonally Adjusted, %	MoM	YoY
Western Australia	1.6	10.5
New South Wales	1.3	23.5
Victoria	1.8	16.9
Queensland	0.4	12.8
South Australia	1.2	15.6
Tasmania	-0.3	4.7

**Comment**

Retail trade is showing remarkable resilience, despite the cost-of-living pressures. It contrasts with the weakness in the card spending data provided by the commercial banks.

However, it is important to bear in mind that the monthly retail sales numbers are in nominal terms and so, it is hard to disentangle the impacts of higher prices from real spending. The preliminary monthly CPI indicator pointed to a 6.8% YoY increase in consumer prices in June.

Some of the strength in retail sales could have been due to a pick-up in overseas arrivals or perhaps some early tax refunds, including low and middle income tax offset payments. The coming months will test the resilience of households to the double shock of high prices and rising mortgage rates.

29 AUGUST 2022

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