

28 July 2022

## Australian retail sales topping-out June sales: +0.2%*month* (market +0.5%), 12%*year* Growth moderates.

- Retail sales came in a touch softer than expected, rising just 0.2% in June with May's gain revised down from 0.9% to 0.7%. The trend suggests a modest slowing in momentum but with sales still running at a high level, up 12%*year*.
- Nominal sales still rose 3.2%*quarter* in Q2, up from 2.9%*quarter* in Q1 despite the soft finish. Yesterday's CPI release showed strong gains for some retail categories, notably food prices up 2%*quarter*, clothing up 3.5%*quarter*, furniture up 6.2%*quarter* and furnishings and household equipment both up 4%*quarter*. Expenditure switching will tend to moderate the gains as measured in the retail deflator, but a quarterly rise in the order of 2% looks likely. That would imply a quarterly volume gain of 1.2%*quarter*, in line with that seen in Q1. **Official estimates will be released with full June retail report on Aug 3.**
- As highlighted previously, there are many moving parts in the retail picture. On the plus side, post-COVID reopening and normalising spending and saving patterns are a major positive dynamic. The direct effects of price inflation are also supporting nominal sales. On the downside: reopening dynamics are also seeing more spending shift towards 'non retail' items such as travel and tourism; and a sharp rise in fuel costs is siphoning demand away from retail (fuel is not covered by the retail survey); and RBA rate hikes are hitting the mortgage belt and sentiment more widely, which has slumped sharply since the start of the year to historic lows. On balance, we expect the mix to sustain reasonable momentum near term but with an abrupt slowing towards year end.
- The June detail showed weakness centred on department stores (-3.7%*month*) and softer food and household goods (both down 0.3%*month*) but a strong gains for cafes & restaurants (+2.7%*month*) and clothing (+1.3%*month*). By state, gains in Qld (+0.7%*month*) and WA (+0.5%*month*) combined with flat results in Vic and SA and a 0.2% dip in NSW.

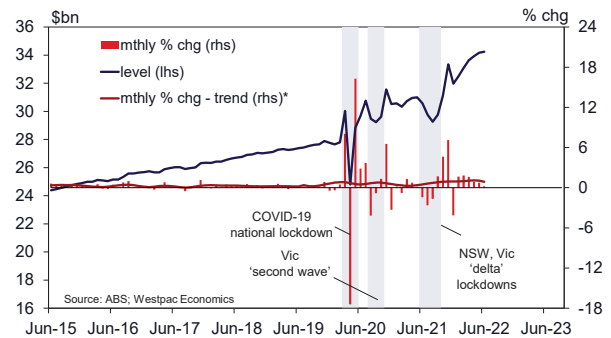
Matthew Hassan, Senior Economist, ph (61-2) 8254 2100

### Retail sales – June

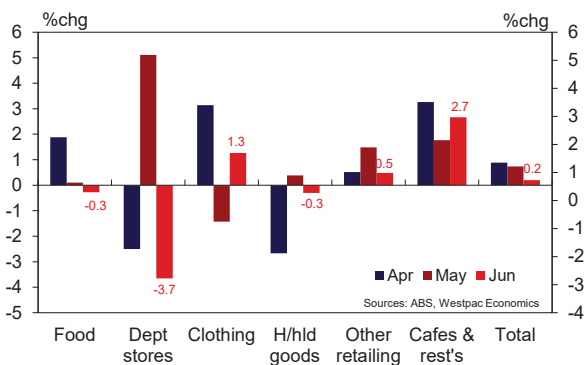
	\$bn		% chg mth		% chg yr	
	Jun-22	Jun-22	Jun-22	May-22	Jun-22	May-22
sa	34.24		0.7	0.2	10.2	12.0
trend*	34.58		1.0	0.9	11.0	11.5

\*Westpac estimates; official series suspended.  
Source: ABS, Westpac Economics.

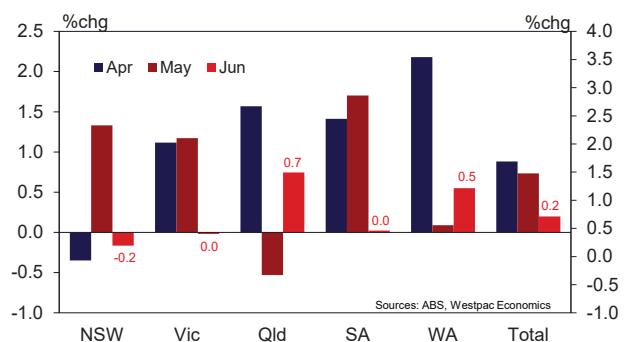
### Monthly retail sales



### Monthly retail sales by store type



### Monthly retail sales by state



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