

3 August 2022

Australian real retail sales up again Q2 real retail sales: 1.4%qtr, 5.5%yr Reopening dynamics still dominating mid-way through 2022.

- Real retail sales posted a slightly better than expected 1.4% gain in Q2, a step-up on the 1% rise in Q1 (revised down a touch from 1.2%), and lifting annual growth to 5.5%yr. The main surprise was around retail prices, which posted a 1.8% gain in the quarter, a touch milder than the 2% gain we had factored in.

- The preliminary release had already reported a 3.2%qtr gain in nominal sales for the quarter which a moderating monthly profile (0.9%qtr in Apr, 0.7%qtr in May and 0.2%qtr in June, see [here](#) for more). As well as Q2 retail volumes, today's final retail report also includes more granular detail by state and industry, and by channel and business size.

- By state, Qld was the stand-out, recording a 2.4%qtr gain, other states all posting growth in the 1.1-1.3%qtr range. All states are now seeing sales well above albeit with cumulative gains in NSW (+10.8%) and Vic (+10.7%) a little less spectacular than WA (+16.2%) and Qld (+15.6%).

- The store-type detail continued to show a post-COVID rotation in spend, cafes and restaurants posting another very strong 8.6%qtr gain to be 13.8% above pre-COVID levels. On the other side of the shift, basic food retail fell 0.8%qtr - a third consecutive quarterly decline. Household goods retail, a standout performer through 2020 and 2021, posted a 1.8%qtr decline in volumes following a 1%qtr fall in Q1 (but still up 1.1%yr). Department stores (+3.0%qtr) and clothing (+3.9%qtr) continue to see sales flourish.

- Price-wise, basic food, department stores, clothing and household goods all recorded 2%+ rises, with price gains milder for cafes and restaurants and for 'other retail'. Annual price growth is particularly menacing for household goods, prices up 7.3%yr, basic food prices also rising at a robust 5.4%yr.

- The reopening is also seeing a rotation away from online towards 'in-store' spending. Retailers reported a 2.1%qtr fall in nominal retail sales, 'in-store' sales surging 3.8%qtr. Online now accounts for just over 10% of all sales compared to 14% during the 'delta' lockdowns. That said, this is still well up on 6% share seen pre-COVID.

- By business size, small retailers continue to see a sustained resurgence, nominal sales up another 3.9%qtr, 13.9%yr. Large non-food retailers also posting a robust 3.5% gain to be up 12.5%yr. Large food retailers are seeing slower gains, +2.1%qtr, +5.6%yr. Note that all of these figures include the price effects as well as volumes.

- Other available 'partial' measures are notably weaker, but due more to the vagaries of supply, weather and fuel disruptions than demand factors. New vehicle sales fell 4.2%qtr, retracing from a strong 14.5%qtr gain in Q1. Figures for July show a notable bounce at the start of Q3. Fuel sales volumes to May also point to a 0.9% decline, high oil prices a clear factor.

- Overall, the Q2 retail result was a little better than expected and confirms what is set to be a robust gain for total spending (national accounts estimates due Sep 7). That said, with services not covered by the retail survey driving the gain, the data offers only limited clues about the magnitude of the rise.

Real retail sales - Q2

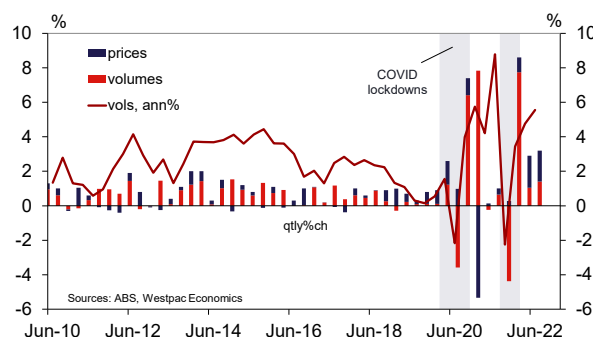
	real \$bn		% chg qtr		% chg yr	
	Q2	Q1	Q2	Q1	Q2	Q1
sa	94.28	1.0	1.4	4.8	5.5	
trend*	94.40	1.3	1.4	4.6	5.6	

Other consumer spending indicators - Q1

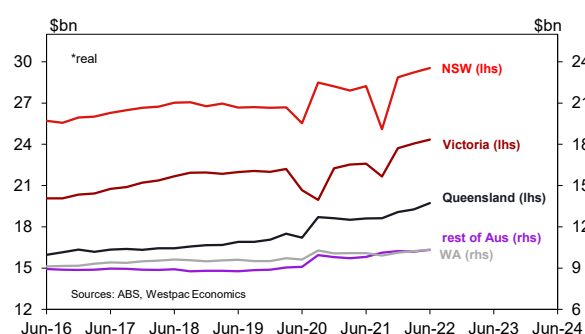
	level		% chg qtr		% chg yr	
	Q2	Q1	Q2	Q1	Q2	Q1
vehicle sales ('000s)	184	14.5	-4.2	-3.7	-10.3	
fuel sales (ML)^	3915	1.3	-0.9	-4.1	-5.9	

*Westpac estimates; official series suspended; ^ Q2 is avg qtr to date. Source: ABS, FCAI, Macrobond, Westpac Economics.

Quarterly retail volumes and prices



Quarterly real retail sales by state

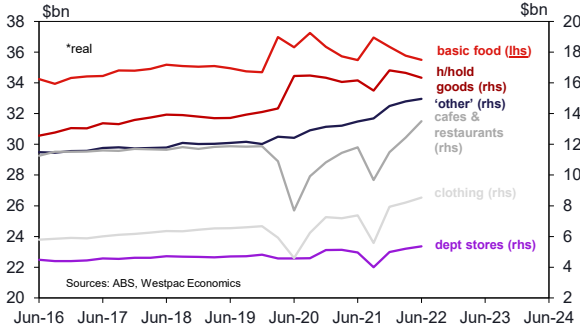


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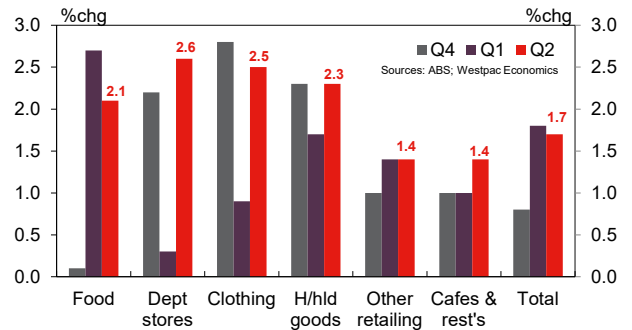
Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.



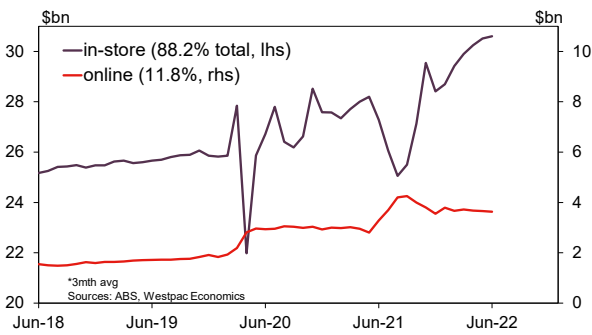
Quarterly real retail sales by store-type



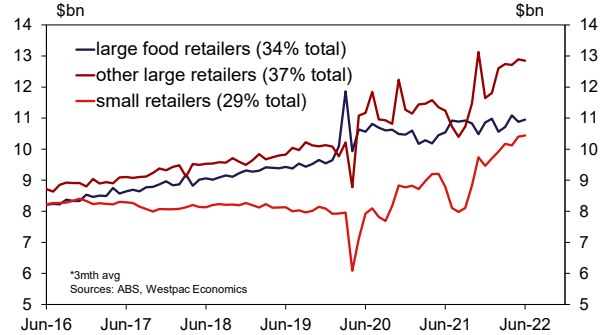
Quarterly retail prices by store type



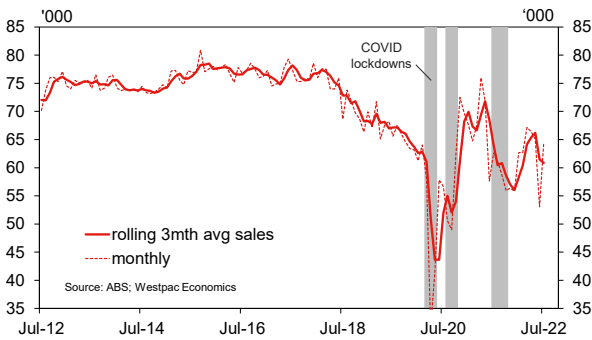
Monthly retail sales by channel



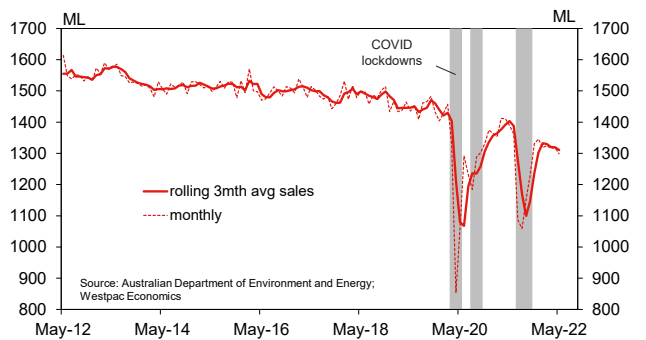
Monthly retail sales by size



New vehicle sales: passenger & SUVs



Auto fuel sales



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