

28 September 2022

Australian retail sales post another gain Aug sales: +0.6%^{mth} (market +0.4%), 19.2%^{yr} Rate hikes still look to be having little impact.

- The ABS preliminary estimates of official retail sales showed a 0.6% rise in Aug, coming in slightly above expectations and following July's surprisingly strong 1.3% gain. Annual growth hit 19.2%^{yr} but is heavily impacted by delta lockdowns this time a year ago.
- Interest rate hikes still look to be having little impact. While gains have slowed a touch since the RBA began lifting the cash rate in May, they are still averaging a solid 0.6-0.7% pace per month. That compares to an average monthly gain of 1.5% in the first four months of the year – a period when post-delta reopening tailwinds still look to have been a factor.
- Note that higher retail prices are likely concealing a more pronounced softening in retail sales volumes. The extent of this effect will remain uncertain until we get the full Q3 detail (the Q3 CPI out in late Oct will provide some clues before then). However, at this stage the mix suggests retail volumes were still ticking over at an above trend pace in the quarter.
- Recall that the ABS retail release now comes in two stages: an early preliminary release with limited detail; and a final estimate that may see some revisions and provides the full range of additional detail. The limited detail available for Aug showed the rise centred on a solid 1.1%^{mth} gain for the large basic food storetype and a 1.3%^{mth} rise for cafes & restaurants. Performances were much more mixed for non-food categories with another strong rise for department stores (+2.8%^{mth}) and a surprise rebound for household goods (+2.6%^{mth}) offset by sharp reversals for clothing & footwear (-2.3%^{mth}) and 'other retail' (-2.5%^{mth}). By state, retailers reported strong gains in NSW (+1.5%^{mth}) and SA (+1.3%^{mth}) but flat conditions in other states.
- Overall, the August update suggests the RBA's tightening has yet to really impact.

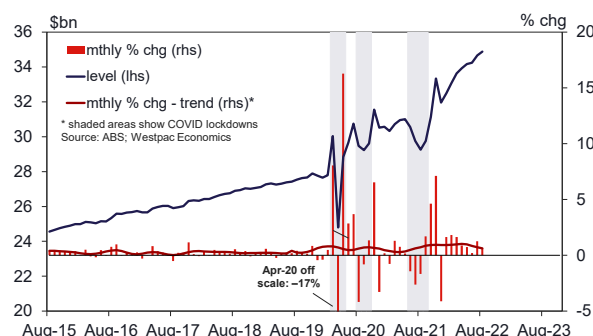
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Retail sales – August 2022

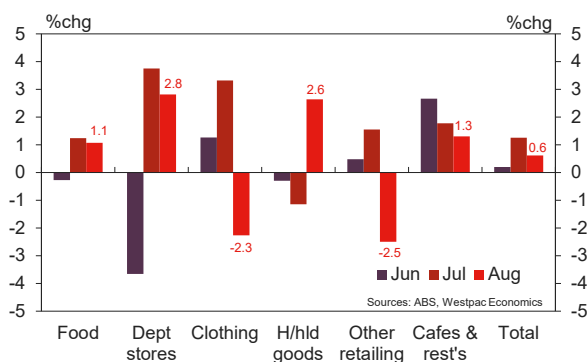
	\$bn	% chg mth		% chg yr	
	Aug-22	Jul-22	Aug-22	Jul-22	Aug-22
sa	34.88	1.3	0.6	16.5	19.2
trend*	34.93	0.7	0.6	11.3	11.2

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

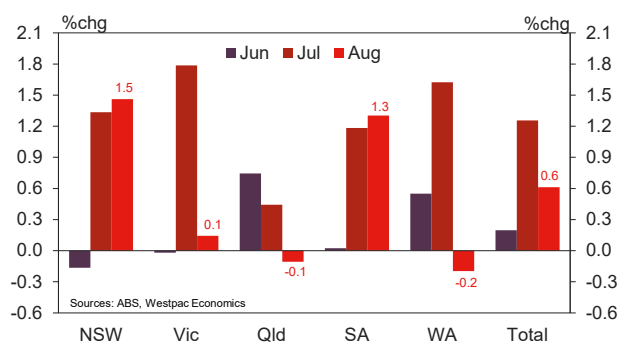
Monthly retail sales



Monthly retail sales by store type



Monthly retail sales by state



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