

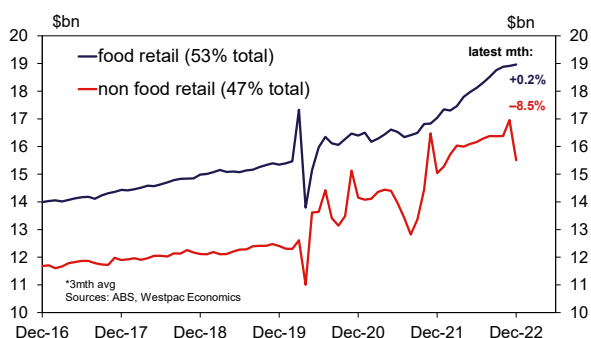
31 January 2023

Australian retail sales post big monthly fall Dec sales: -3.9%¹ mth, 7.5%² yr A not-so-merry Christmas after all.

- ABS preliminary retail estimates showed a very large 3.9% drop in Dec, the fall much bigger than the consensus expectation of a 0.2% decline. Some of this looks to be volatility around the Black Friday/Cyber week sales complicated by seasonal adjustment difficulties – Nov's 1.4% gain was marked up to 1.7% and there was a similar choppy profile around Nov-Dec in 2021. However, the Dec fall more than reverses the Nov gain and, taking the two months together, suggests there has been an underlying trend decline in response to rising interest rates that may have bitten harder late in the year. Annual growth – which arguably gets around some of the sales event and seasonality issues – slowed to 7.5%² yr in Dec from 7.7%² yr in Nov and 12.9%² yr in Oct.
- The Dec fall was heavily concentrated in non-food retail, which saw sales drop 8.5% after a 3.5% surge in Nov. There were particularly big reversals for department stores (-14.3%) and clothing (-13%). The same segments drove choppy Nov-Dec reads last year (+14%; -8.7%) although that was also in the context of post-Delta reopening. Food retail rose 0.2% led by basic food with spend at cafe & restaurants flat.
- All states recorded large falls, Vic and WA down 4.7%² mth, Qld down 3.8%² mth, NSW down 3.4%² mth and SA down 2.5%² mth and Qld up 1%² mth.
- Note that the final estimates due to be released on Feb 6 will include more granular detail on sales by business size and channel (i.e. online vs in-store) and Q4 real retail sales estimates. With nominal sales up 0.9%² qtr, retail volumes now look likely to record a slight dip for Q4.
- That said, most other indicators suggest wider spending held up better into year end, the detail from our [Westpac Card Tracker](#) showing strength more concentrated in non-retail sectors, travel and recreational services in particular.

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

Monthly retail sales: food vs non-food

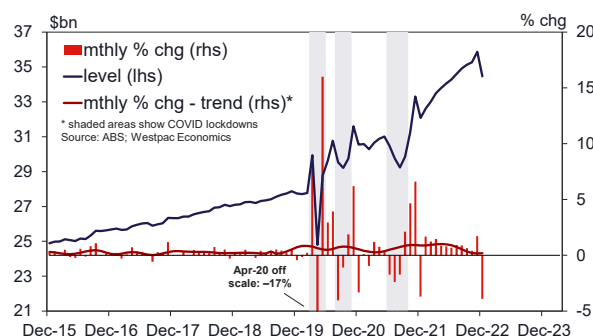


Retail sales – December 2022

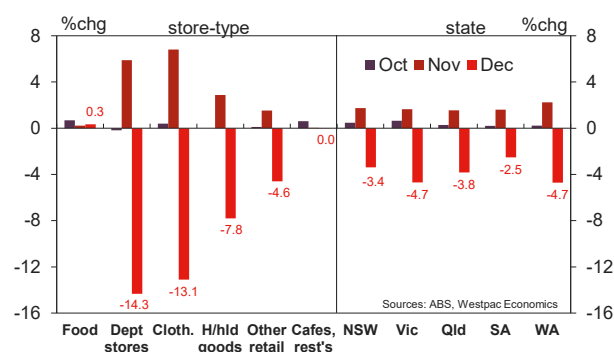
	\$bn		% chg mth	% chg yr
	Dec-22	Nov-22	Dec-22	Nov-22
sa	34.47	1.7	-3.9	7.7
trend*	35.28	0.2	0.2	8.9

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

Monthly retail sales

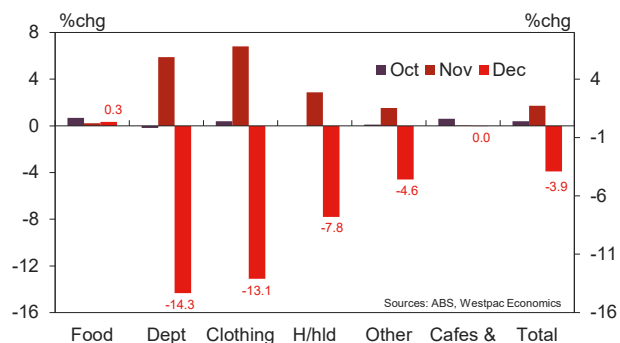


Monthly retail sales by store type and state

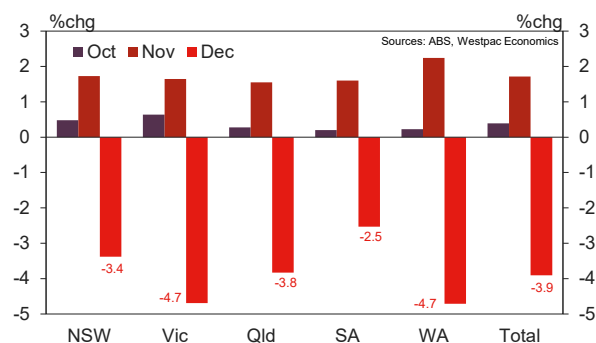


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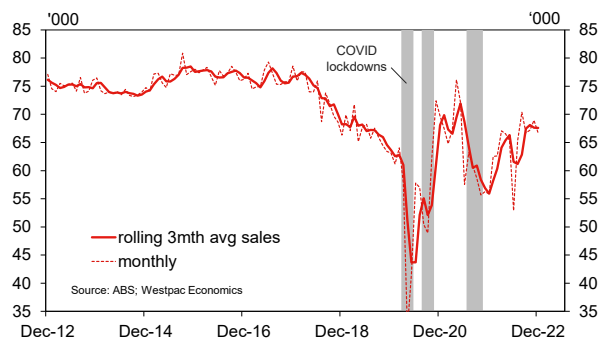
Monthly retail sales by store type



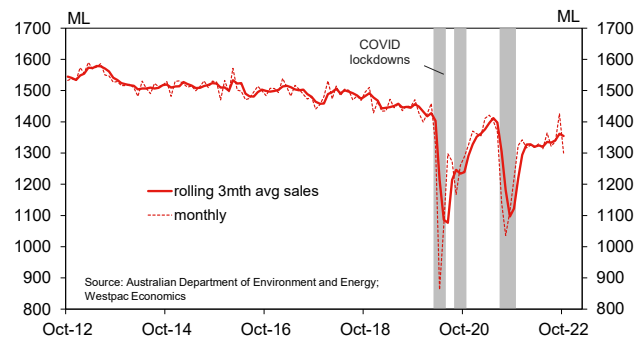
Monthly retail sales by state



New vehicle sales: passenger & SUVs



Auto fuel sales



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