

6 February 2023

## Australian real retail sales dip into year-end Q4 real retail sales: -0.2%qtr, 1.8%yr Retail stalls in H2 2022 but wider spending measures firmer

- Real retail sales declined 0.2% in Q4, better than the market expectation of a 0.5% fall but about in line with Westpac's forecast of a 0.3% decline. Recall that preliminary figures released last week showed a surprisingly large 3.9% decline in nominal sales for the Dec month that dragged the nominal Q4 gain down to 0.9%qtr. The result means real retail sales (volumes) effectively stalled flat through the second half of 2022, annual growth slowing to 1.8%yr from 5.5%yr in June.
- As well as Q4 retail volumes, today's final retail report also includes more granular detail by state and industry, and by online vs in-store, and by business size.
- The state breakdown showed a broad-based contraction. Qld continues to lead the decline, a 0.6%qtr fall in Q4 following a 0.3%qtr gain in Q3 and an out-sized 2.1%qtr surge in Q2. Vic and WA recorded 0.3%qtr falls, the latter after a flat Q2. Real sales dipped 0.1%qtr in SA and posted a slight 0.2%qtr rise in NSW.
- The Dec month update showed particularly big falls for non-food retail. That also dominated the quarterly volumes, with non-food retail down 2.1%qtr on a combined basis (department stores -2.9%qtr; 'other' retail -2.4%qtr; clothing -2.3%qtr; and household goods -2.0%qtr).
- Basic food retail – often a 'counter-cyclical' segment – bucked the wider trend with a 2.1%qtr rise in real sales, the first quarterly gain since a 4.7%qtr surge during the 'delta' lockdown in 2021. Notably, food prices stabilised in the quarter, the food retail deflator holding flat in Q4, a welcome relief after an 8.4% surge over the previous nine months. Cafes & restaurants recorded a 0.3%qtr gain but remain at an elevated level, up 21%yr. Prices in this segment continued to post strong gains as well (up 1.8%qtr).
- The extra detail on nominal sales shows some interesting sub-plots. By channel, the Dec fall was bigger for online sales, down 5.7%qtr but following an exceptional 13.5% surge in Nov, 'Black Friday' and 'Cyber-week' sales clearly booming. Nominal sales were well up a robust 6.3%qtr. In-store sales were steady in Nov but dropped 3.3% in Dec and were up just 0.3%qtr for Q4 as a whole. By business size, weakness in the quarter centred on large non-food retailers with nominal sales contracting 0.5%qtr. Small retailers saw a 1.1%qtr gain in nominal sales.
- Other available 'partial' measures have been better supported through Q4, new vehicle sales about flat after a big 9.6%qtr rebound in Q3 (monthly sales also firming a touch in Jan in seasonally adjusted terms). Fuel sales volumes have been patchier, figures for Oct-Nov tracking a slight 0.6%qtr decline for Q4 as a whole.
- Broader measures of consumer spending have been more buoyant, most notably our [Westpac Card Tracker](#). Notably the detail here suggests a weakening in retail segments has been offset by a strong surge in non-retail spend (over and above usual seasonality) particularly around tourism and travel. The wider spending measures in the Q4 national accounts will give a full account when they are released on March 1.

### Real retail sales – Q4

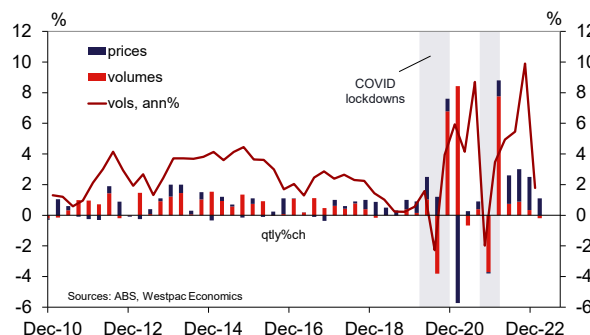
	real \$bn		% chg qtr		% chg yr
	Q4	Q3	Q4	Q3	Q4
sa	96.88	0.3	-0.2	9.9	1.8
trend*	96.65	0.1	-0.4	4.0	1.9

### Other consumer spending indicators – Q4

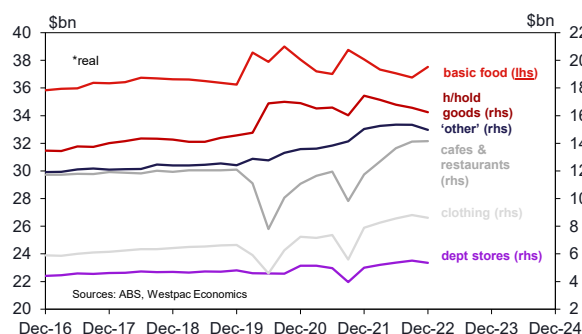
	level		% chg qtr		% chg yr
	Q4	Q3	Q4	Q3	Q4
vehicle sales ('000s)	203	9.6	0.1	10.8	20.8
fuel sales (ML)^	4052	1.9	-0.6	24.1	10.2

\*Westpac estimates; official series suspended; ^ Q4 latest 3mth sum.  
Source: ABS, FCAI, Macrobond, Westpac Economics.

### Quarterly retail volumes and prices



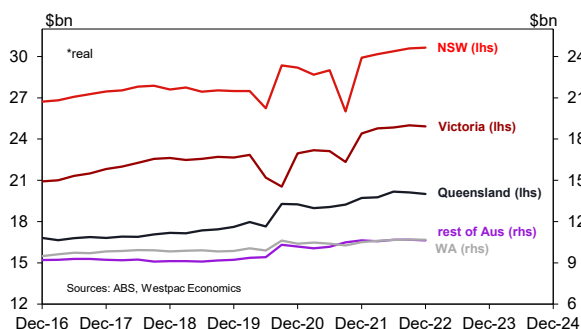
### Quarterly real retail sales by store-type



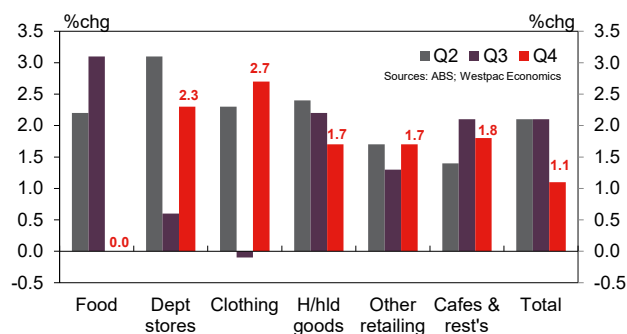
Matthew Hassan, Senior Economist, ph (61-2) 9178 2054

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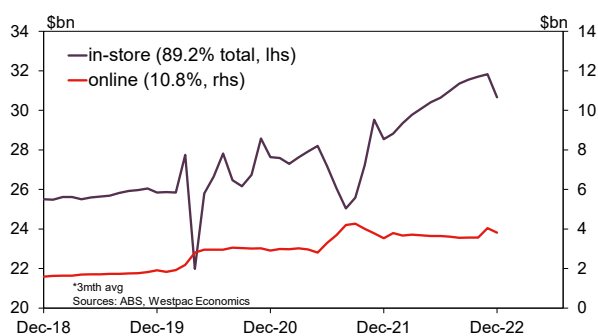
### Quarterly real retail sales by state



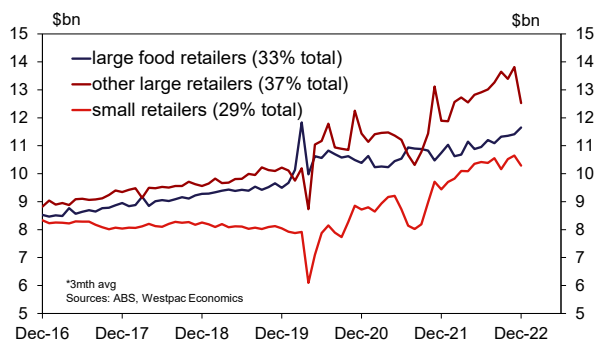
### Quarterly retail prices by store type



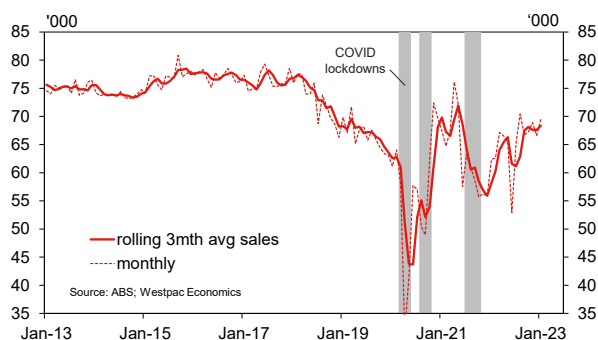
### Monthly retail sales by channel



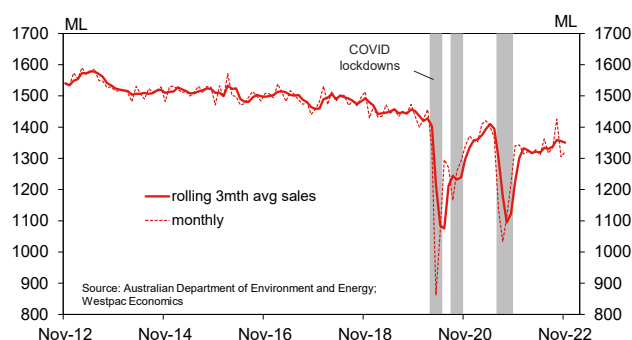
### Monthly retail sales by size



### New vehicle sales: passenger & SUVs



### Auto fuel sales



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