

28 March 2023

Australian retail sales: stalling Feb sales: 0.2%^{mth}, 6.4%^{yr} Slight monthly gain but a material slowing since late 2022

- Retail sales posted a 0.2% rise in Feb, in line with the consensus forecast. The key point to note here is the volatile monthly profile leading into Feb, sales posting a steep 3.9% drop in Dec and only a partial 1.8% rebound in Jan (revised slightly from -4% and +1.9% respectively). This means that Feb was always likely to post a month to month gain but that this conceals a material underlying weakening in sales on a 3mth basis. Indeed, sales are down 1.5%^{qtr} on a rolling 3mth basis (i.e. Dec-Jan-Feb vs Sep-Oct-Nov).
- The store-type detail showed monthly gains for department stores (+1%), clothing (+0.6%) and cafes & restaurants (+0.5%) and a slight 0.2% rise for basic food more than offset a flat result for household goods and a dip in sales for 'other retail' (-0.4%). On a rolling 3mth basis, the weakening in sales centres on non-food components, department stores down 5.6%^{qtr}, clothing down 5%^{qtr} and household goods down 5.5%^{qtr} compared to slight gains for food retail.
- By state, WA and SA recorded slightly better gains (+0.8% and +0.6% respectively), NSW and Vic broadly in line with the national result and Qld recording a 0.4% decline. Again, on a rolling 3mth basis, sales have shown a more pronounced weakening in Qld (-2.7%^{qtr}) but a milder softening in SA (-0.2%^{qtr}).
- The trend weakening is closely in line with signals we have been getting from retail components of our [Westpac Card Tracker](#). These have improved slightly through March but remain consistent with another muted gain in retail sales for the March month. That's likely to see nominal sales about flat for Q1 as a whole (vs Q4), a material slowing on the 0.9%^{qtr} gain in Q4 and 2.4%^{qtr} gain in Q3. With elevated inflation also in the mix (retail prices rose 1.1%^{qtr} in Q4), this implies a material contraction in retail sales volumes.

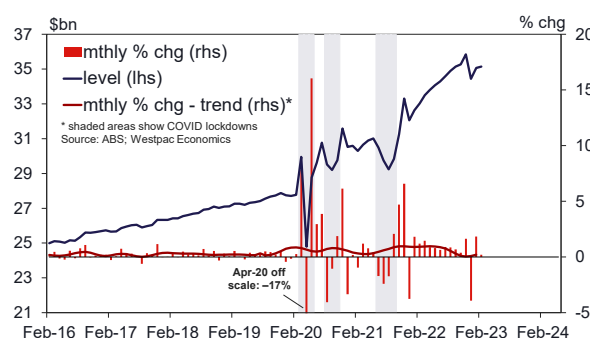
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Retail sales – February 2023

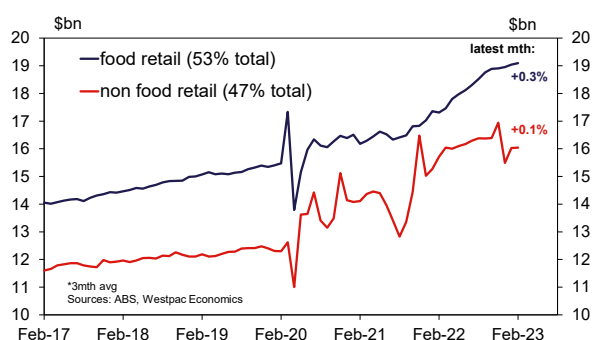
	\$bn	% chg mth		% chg yr	
	Feb-23	Jan-23	Feb-23	Jan-23	Feb-23
sa	35.14	1.8	0.2	7.5	6.4
trend*	35.20	0.1	0.2	6.5	5.8

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

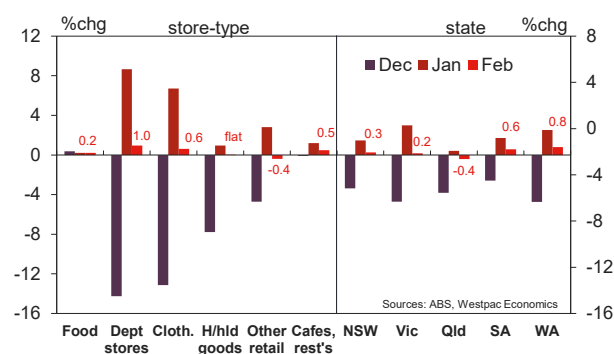
Monthly retail sales



Monthly retail sales: food vs non-food



Monthly retail sales by store type and state



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