

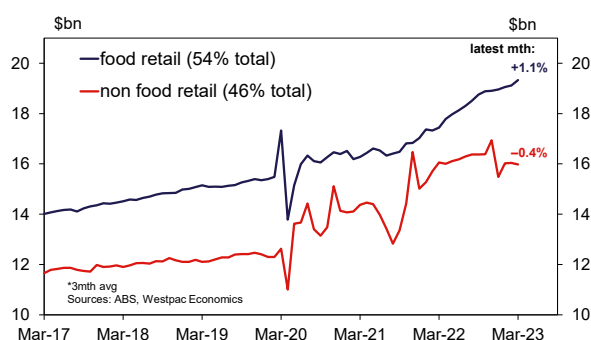
03 May 2023

Australian retail sales: inching along March sales: 0.4%*mt*, 5.4%*yr* Slight gain in a flat quarter.

- Retail sales posted a 0.4% rise in March, basically in line with the consensus forecast of a 0.3% gain. The key message continues to be of a material slowing in momentum, flat nominal sales for Q1 as a whole pointing to a material contraction in real, inflation-adjusted terms.
- Recall that retail sales recorded a sharp 3.9% drop in the December month, gains since then (+1.9% in January, +0.2% in February and now +0.4% in March) only marking a partial recovery. In annual terms, sales growth has slowed from 7.5%*yr* in 2022 to 5.4%*yr* currently.
- For the March month, the store-type detail shows solid gains for basic food (+1%) and cafes & restaurants (+1.5%) but declines across most non-food categories: department stores (-0.2%), clothing (-1%), household goods (-0.4%) and 'other retail' flat. For Q1 as a whole, nominal non-food retail declined 1.6%*qtr*, while food retail rose 1.3%*qtr* (most, if not all of which looks to be price-driven).
- By state, Qld and SA recorded slightly better gains in March (+1.2% and +0.6% respectively), with other states subdued, NSW +0.3%, Vic +0.1% and WA +0.2%. For Q1 as a whole, nominal sales fell more sharply in Qld (-1.5%*qtr*), were flat in NSW but posted gains in Vic (+0.4%*qtr*), WA (+0.6%*qtr*) and SA (+0.4%*qtr*).
- The flat Q1 result for nominal retail sales compares to a 0.9% gain in Q4. Allowing for inflation, it points to a sizeable decline in real retail sales of around 1%*qtr* (ABS estimates of real retail sales will be released on May 9). Other partial indicators suggest vehicle purchases were also flat or down slightly in Q1 vs Q4, while fuel consumption looks to have posted a small rise. There are few partial indicators of services spend but what is available (including our [Westpac Card Tracker](#)) hint at some softness as well. All up, there look to be significant downside risks to our current forecast of a 0.3% gain in wider consumer spending in the Q1 national accounts due June 7.

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Monthly retail sales: food vs non-food

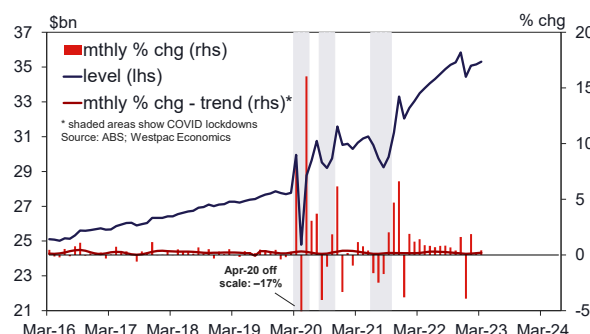


Retail sales – March 2023

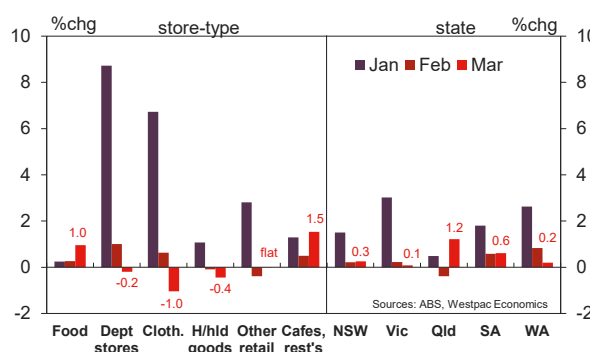
	\$bn	% chg mth		% chg yr	
	Mar-23	Feb-23	Mar-23	Feb-23	Mar-23
sa	35.31	0.2	0.4	6.4	5.4
trend*	34.67	0.2	0.2	2.5	2.6

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

Monthly retail sales



Monthly retail sales by store type and state



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