

28 July 2023

## Australian retail sales falter June sales: -0.8%*mth*, 2.3%*yr* Decline rounds out another difficult quarter.

- Retail sales unwound all of May's surprise gain, pointing to a flat underlying trend implying declines in real inflation-adjusted terms. Sales fell 0.8% in the June month, coming in below Westpac's forecast of a 0.2% decline and well below the consensus forecast of a flat result.
- The June fall leaves quarterly retail sales up just 0.4%*qtr*. That is a slight improvement on the 0.1%*qtr* fall in Q1 but looks to be largely due to slightly strong price increases in the quarter – food prices in particular look to be up 1.5%*qtr* vs 1%*qtr* in Q1.
- Annual sales growth slowed to 2.3%*yr* in June, comparable to the subdued pace seen just prior to COVID. Annual growth is basically flat in per capita terms, and down substantially in real per capita terms (likely running at about -3%*yr*).
- Weakness was broad-based in June, basic food the only store-type to record a gain (up just 0.1%*mth*) and WA the only state to post a rise (+0.5%*mth*). Department stores recorded a particularly big, and ominous, 5%*mth* fall. clothing also down 2.2%*mth* – both segments having recorded declines in May as well. 'Other retail' also contracted 2.2%*mth* but was coming off a solid gain in May. Household goods (-0.1%*mth*) and cafes & restaurants (-0.3%*mth*) posted much milder declines.
- By state, weakness was again more pronounced in Vic (-1.3%*mth*) and NSW (-1.1%*mth*). With population growth running at a faster pace in the major eastern states, the results imply an even larger decline in real per capita terms.
- Some of the May rise reportedly related to sales events, with online retail posting a particularly strong 4.3% gain. This may have simply 'cannibalised' sales in June which typically gets a seasonal lift from end of financial year sales.
- The final June retail report, due Aug 3, will include an estimate of Q2 real retail sales. This looks likely to show a 0.6%*qtr* contraction, on a par with the decline in Q1.

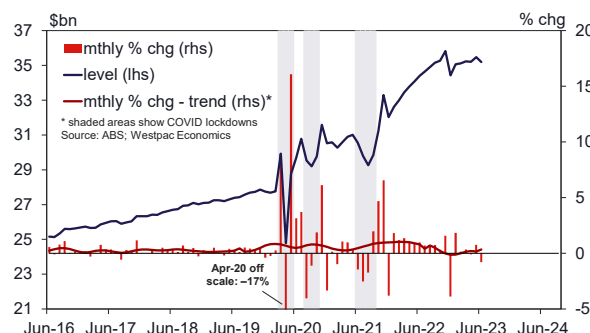
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### Retail sales – June 2023

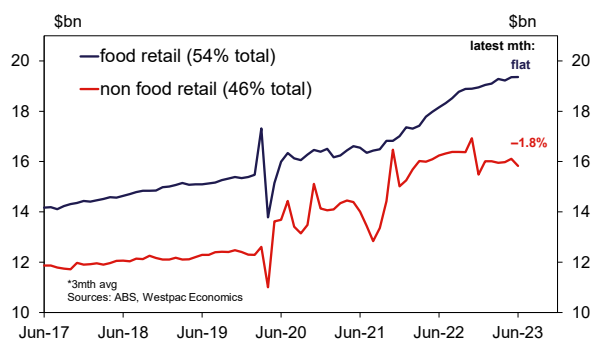
	\$bn	% chg <i>mth</i>		% chg <i>yr</i>	
	Jun-23	May-23	Jun-23	May-23	Jun-23
sa	35.19	0.8	-0.8	4.1	2.3
trend*	35.70	0.5	0.5	3.6	3.3

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

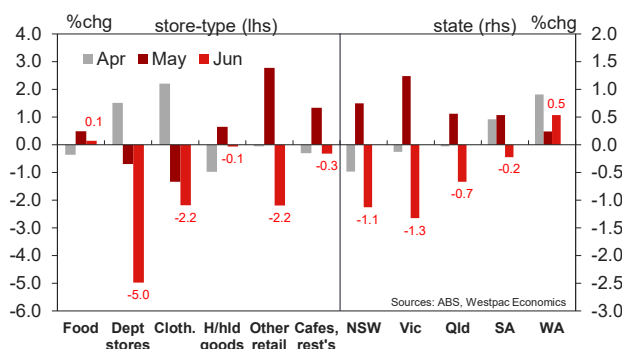
### Monthly retail sales



### Monthly retail sales: food vs non-food



### Monthly retail sales by store type and state



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