

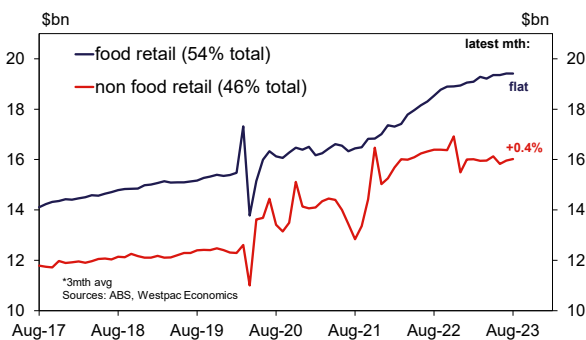
28 September 2023

## Australian retail sales disappoint Aug sales: 0.2% mth, 1.5% yr Sales barely tick-up despite 'Matilda-mania'

- Retail sales disappointed in August, posting another feeble gain of just 0.2% in the month despite several factors that had suggested a better outcome. The result came in slightly below consensus expectations of +0.3% and Westpac's bullish forecast of a 1% gain. Annual growth overall slowed to just 1.5%yr, representing a sizeable decline in real terms (retail prices rose 5% over the year to June), and an even bigger contraction in real per capita terms (population growth currently running at 2.3%yr).
- Our strong expectation for August was based on card data that had shown a material lift, particularly in the hospitality sector where the FIFA Women's World Cup looked to have delivered a boost. But this failed to show through even in the detail of the August retail report with cafes & restaurants recording a fairly muted 0.7% gain in sales in the month. Clothing and footwear outperformed with a 1.3% rise. Department stores recorded a modest 0.4% gain while both basic food (-0.3%) and household goods (-0.4%) continued to post outright declines.
- By state, WA (+0.5%) and Vic (+0.3%) outperformed slightly, sales stalled flat in NSW and SA continues to see slight declines. On an annual basis, growth is weakest in Qld (+0.3%yr) and NSW (+0.6%yr), notably firmer in Vic (+1.9%yr) and SA (+2.6%yr) and still tracking a relatively strong pace in WA (+4%yr).
- Clearly the downside surprise in the retail survey questions the extent to which consumer spending may be starting to stabilise. Certainly the picture from our [Westpac Card Tracker](#) which now had data through to late September, is still of a broad firming, led by discretionary services (much of which is outside of the scope of the retail survey) but with a moderation in declines in discretionary goods that is yet to show through in the retail survey. Other broader ABS spending indicators for August due in coming weeks may provide more clues as to how consumer spending is really travelling.

**Matthew Hassan, Senior Economist**

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



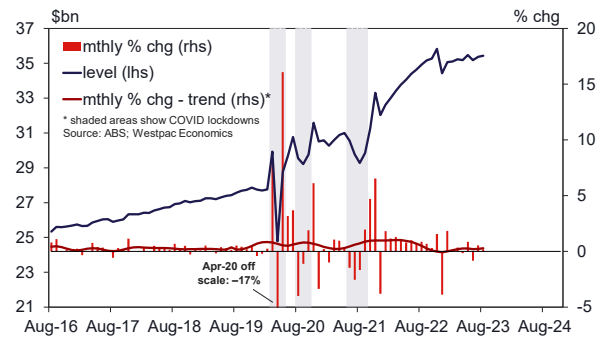
### Retail sales – August 2023

	\$bn		% chg mth		% chg yr
	Aug-23	Jul-23	Aug-23	Jul-23	Aug-23
sa	35.43	0.5	0.2	2.1	1.5
trend	35.62	0.2	0.3	2.0	1.8

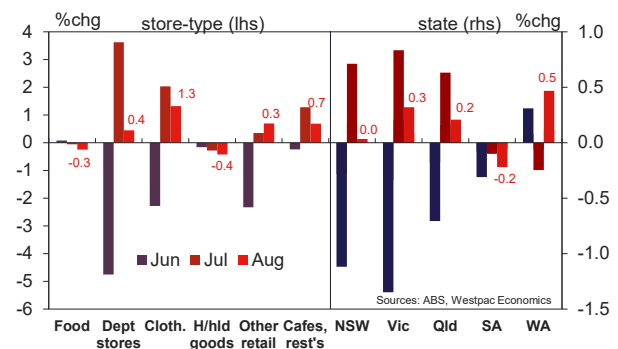
\*na not available

Source: ABS, Westpac Economics.

### Monthly retail sales



### Monthly retail sales by store type and state



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