

29 February 2024

## Australian retail sales: ticking over slowly Feb sales: 0.3% mth, 1.6% yr Taylor Swift boost masks underlying weakness.

- Retail sales posted a slightly softer than expected 0.3% gain in Feb, coming under the consensus forecast of +0.4%. Annual growth lifted to 1.6%yr. Looking through recent volatility, momentum still looks weak, trend growth tracking +0.1% mth and sales down 0.5% on a quarterly basis.
- Note that the Feb month would have included some boost from the blockbuster Taylor Swift concert performances in Sydney and Melbourne. According to the ABS, retailers reported a significant boost to clothing and accessory sales with some modest lift for hospitality – the latter may have been dampened by ‘displacement’ effects – i.e. spending that might otherwise have gone ahead that did not because of concert commitments.
- Overall, clothing and department stores recorded a strong 4.2% mth gain that followed a decent Jan rise. Department store sales were up 2.3% mth and cafes & restaurants saw a more muted 0.5% mth rise. These gains were partially offset by declines for basic food (-0.1% mth) and household goods retail (-0.8% mth). Some of the latter may be price-related.
- By state, NSW and Vic posted solid 0.6% and 0.7% gains in the month. Retail sales declined 0.5% in Qld and showed subdued gains in SA and WA..
- Overall, while there are some positives in the detail, the overall picture remains consistent with a lacklustre consumer environment. We suspect this will remain the case until cost-of-living pressures ease more materially and policy supports – tax cuts from July, and interest rate cuts from September – come into play.

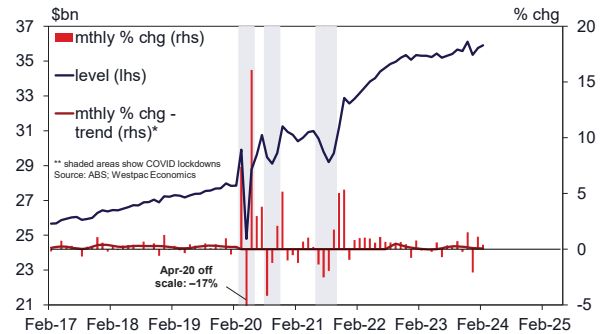
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### Retail sales – February 2024

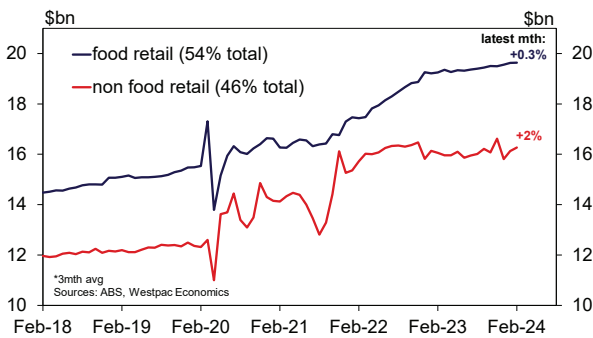
	\$bn		% chg mth		% chg yr
	Feb-24	Jan-24	Feb-24	Jan-24	Feb-24
sa	35.87	1.1	0.3	1.2	1.6
trend	35.80	0.1	0.1	1.4	1.4

Source: ABS, Westpac Economics.

### Monthly retail sales



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



### Monthly retail sales by store type and state



Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.