

7 May 2024

Australian real retail sales: wind-back continues Q1 real retail sales: -0.4%qtr, -1.3%yr Per capita spend down for a seventh quarter in a row.

- Retail sales came in weaker than expected for the March quarter, recording a 0.4% fall vs consensus expectations of a 0.3% decline and Westpac's expectation of a slight rise. With nominal sales already reported, the surprise was all around prices, retail prices up 0.6%qtr despite CPI detail that had been pointing to a flatter result. The weak result compares to a 0.4%qtr rise in Q4, the annual pace of decline re-accelerating from -1%yr to -1.3%yr.

- The latest quarter is the fifth decline in the last six quarters, sales volumes now 1.8% below their level in 2022 Q3. The decline is even starker in per capita terms, Q1 marking a seventh consecutive decline and sales volumes 5.9% below their level when the run began in mid-2022. In dollar terms, the per person decline equates to \$227/qtr or \$17.40/week. The speed and scale of the per capita spend wind-back remains unprecedented in the 40yr history of the retail survey.

- The store-type breakdown showed weakness centred on two categories with an out-sized 2.9%qtr fall for household goods retailing, more than unwinding the 2.3%qtr gain Q4, and department store sales volumes down 0.4%qtr. Basic food held flat in the quarter while cafes and restaurants (+0.3%qtr) and 'other retailing' (+0.5%qtr) – both 'small ticket' discretionary categories, posted slight gains. Clothing outperformed with a 1.3%qtr rise in volumes but was coming off back-to-back declines in the second half of last year. Price-wise, food and 'other retail' were both notably firmer than expected.

- All states recorded declines in the quarter, ranging from -0.8%qtr in WA and -0.7%qtr in Qld – both states coming off solid gains in Q4 – to a milder -0.1%qtr in Vic which was coming off a materially weaker -0.4%qtr decline in Q4. In annual per capita growth terms, volumes have been markedly weaker in NSW and Vic (both -4.6%yr) and somewhat milder in SA (-2%yr) and Qld (-2.9%yr).

- The extra detail on nominal sales showed large non-food retailers recorded a big pull-back, sales down 2.3%qtr after rising 0.6%qtr in Q4. Large food retailers posted a 1%qtr rise. By channel, online sales continued to dominate, posting a 3.8%qtr rise in nominal sales following on from a 5.7%qtr rise in Q4. By comparison, in-store sales declined 0.3%qtr in nominal terms after a flat Q4.

- Other spending 'partials' for Q4 also look to be on the soft side. New vehicle sales declined 0.7%qtr vs a -3.4%qtr decline in Q4, albeit with a better performance through the back end of the quarter that has carried into April. Fuel sales volumes have been mixed, down slightly over the 3mths to Feb compared to the 3mths to Nov but much of that reflecting a drop in December.

- All-up the first batch of 'partials' for the Q1 national accounts are pointing to more of the same for consumer spending which looks likely to have been flat at best. Our [Westpac Card Tracker](#) suggests this flat performance has carried into April as well.

Matthew Hassan, Senior economist
Antoinette Ayoub, Graduate

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Real retail sales – Q1

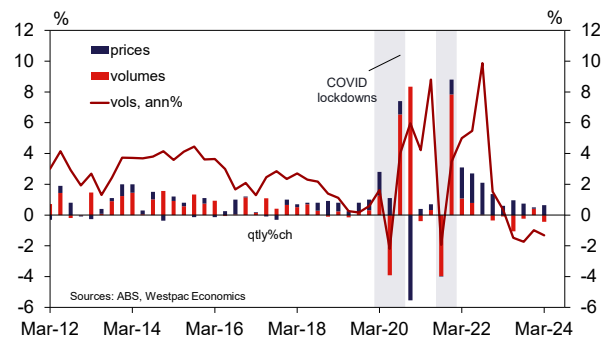
	real \$bn		% chg qtr		% chg yr
	Q1	Q4	Q1	Q4	Q1
sa	97.88	0.4	-0.4	-1.0	-1.3
trend*	98.02	-0.1	0.0	-1.4	-0.9

Other consumer spending indicators – Q1

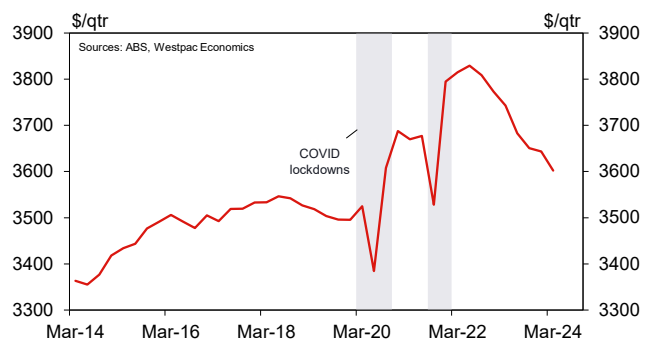
	level	% chg qtr		% chg yr	
	Q1	Q4	Q1	Q4	Q1
vehicle sales ('000s)	231	-3.4	-0.7	15.7	13.4
fuel sales (ML)^	4029	-0.7	-0.7	0.9	1.1

*Westpac estimates; official series suspended; ^Q1 is latest 3mth sum. Source: ABS, FCAI, Macrobond, Westpac Economics.

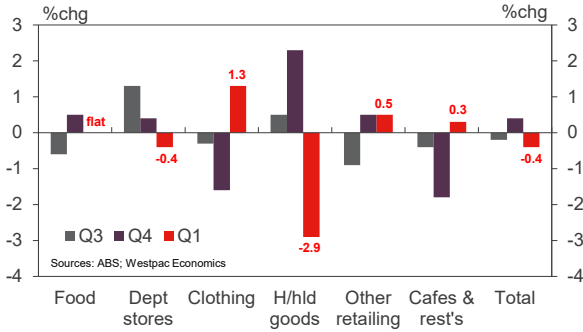
Quarterly retail volumes and prices



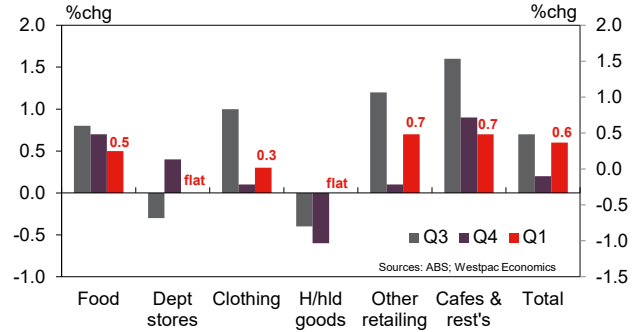
Retail sales per capita



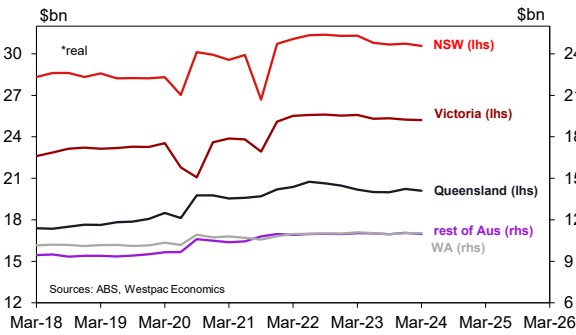
Quarterly real retail sales by store-type



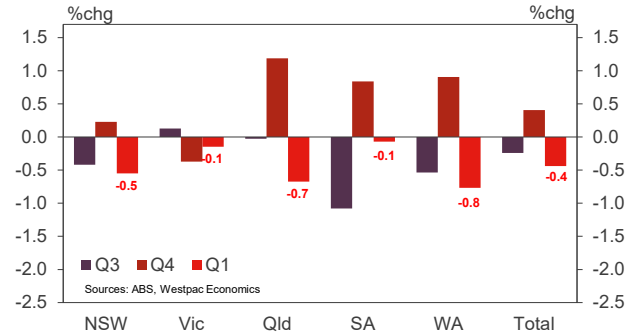
Quarterly retail prices by store-type



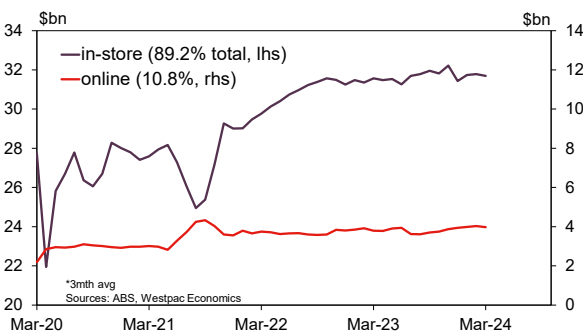
Quarterly real retail sales by state



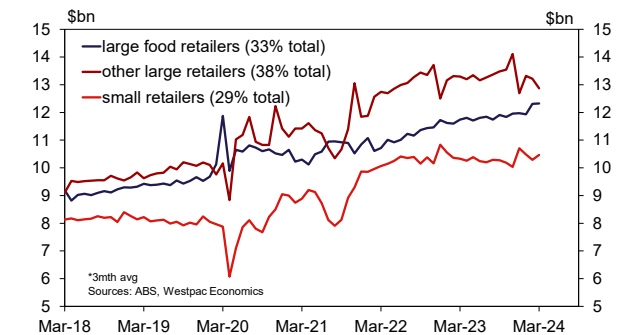
Quarterly real retail sales by state



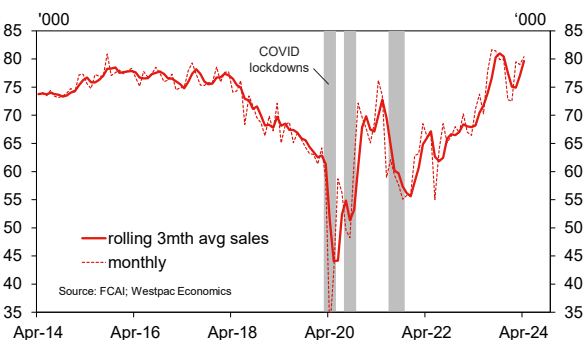
Monthly retail sales by channel



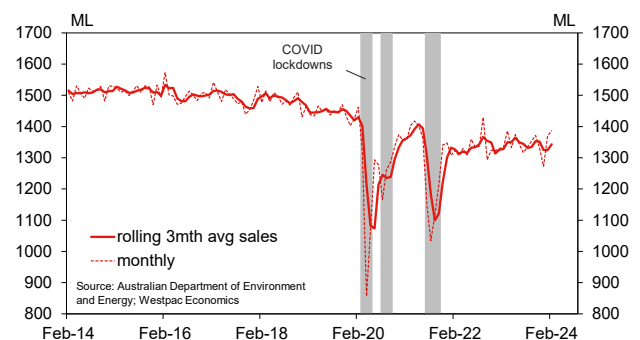
Monthly retail sales by size



New vehicle sales: passenger & SUVs



Auto fuel sales



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