

1 October 2024

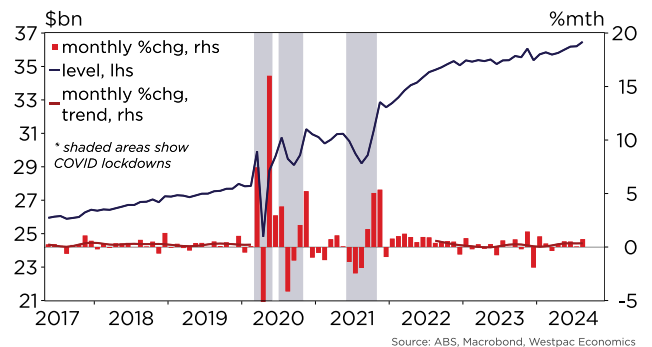
# AUSTRALIAN RETAIL SALES BULLETIN

Weather and tax cuts drive a more upbeat result.

## Key points

- Retail sales came in above market expectations in August, from an upwardly revised July.
- Gains were seen across all industries except household goods, which is continuing its unwind from a mid-year boost.
- All states and territories saw a rise, with gains led by the big eastern states.
- While warm weather may have played a part, today's result also looks to be a clearer sign that tax cuts and other fiscal support measures are starting to provide some lift to spending.

Nominal Retail Trade



**August  
retail sales:  
0.7%*mth*,  
3.1%*yr***

# Is it an early Spring or tax cuts? Maybe both



**Neha Sharma**  
Economist

Retail sales rebounded in August, up 0.7%*mth*. The results came in above market expectations of 0.4%*mth*, and was a touch below Westpac Economics' forecast of 0.9%*mth*. Annual sales growth was 3.1%*yr*, up from 2.4%*yr* in July, the strongest annual rise since May 2023.

Gains were seen in most industries, the ABS citing 'warmer-than-usual' August weather as a boost to sales. Of the non-food industries, department stores (1.6%*mth*), clothing (1.5%*mth*) and other retailing (1.3%*mth*) experienced solid rises. Meanwhile, basic food (0.6%*mth*) and cafes and restaurants (1.0%*mth*) saw more modest increases. Household goods (-0.3%*mth*) fell for the second consecutive month, likely reflecting the continued unwind from higher spending during mid-year sales.

We are skeptical about the weather explanation and instead see tax cuts as the more likely driver. This time last year, nominal retail sales growth was flat. This was despite August 2023 being the second warmest August since 1910. So while part of today's results may be due to warm weather, we suspect the rise is more to do with the stage 3 tax cuts and other fiscal measures starting to filter through to spending. History suggests that it takes some time for this to occur. The current path for retail sales is very similar to that seen following the tax cuts in 2006-07 (the most readily comparable period given disruptions from aggressive interest rate rise and the GFC in 2007-08 and the GST introduction in 2000-01). This lag likely reflects a mix of consumers opting to save tax gains initially (including paying down debt) and the delayed cash-flow boost for those paid monthly.

All states recorded a rise over the month. The big eastern states led the gains with a 0.9%*mth* rise in Vic, 0.8%*mth* in Qld and 0.7%*mth* in NSW. Spending was more subdued in SA (0.3%*mth*) and WA (0.4%*mth*). The other details indicated a weaker month for online sales which were down -1.1%*mth*. In-store purchases fared better, up 1.0%*mth*.

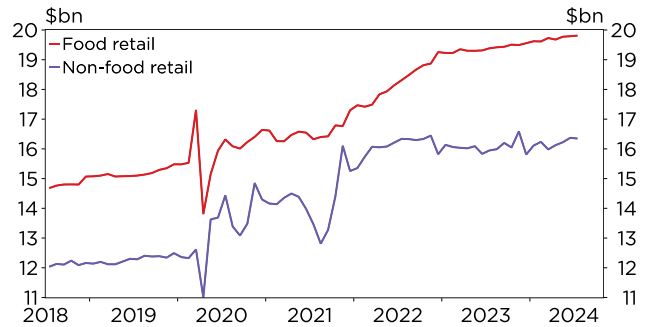
Households have been under intense pressure in recent years. Today's retail figures and [Westpac's Card Activity data](#) (up to 21 September) both suggest this pressure is starting to ease a little. However, neither are pointing to a particularly strong pick-up to date with results tracking broadly in line with Westpac's forecasts for the September quarter as a whole.

## Retail sales – August 2024

	\$bn		% chg mth		% chg yr	
	Aug-24	Jul-24	Aug-24	Jul-24	Aug-24	Jul-24
sa	36.47	36.38	0.1	0.7	2.4	3.1
trend*	36.38	36.38	0.3	0.3	2.5	2.6

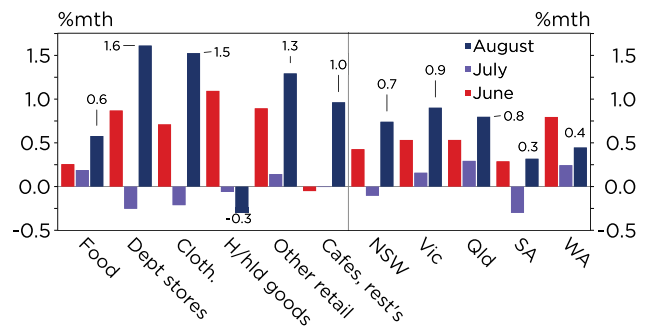
\*Westpac estimates; official series suspended; ^Q1 is latest 3mth sum.  
Source: ABS, Macrobond, Westpac Economics.

## Monthly retail sales: food vs non-food



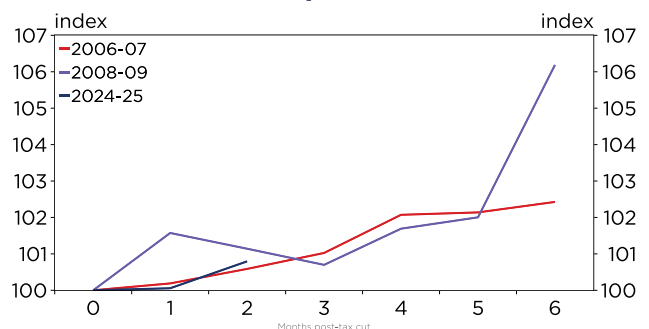
Source: ABS, Macrobond, Westpac Economics

## Monthly retail sales by store type and state



Source: ABS, Macrobond, Westpac Economics

## Evolution of retail sales post-tax cuts



Source: ABS, Macrobond, Westpac Economics

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