

3 February 2025

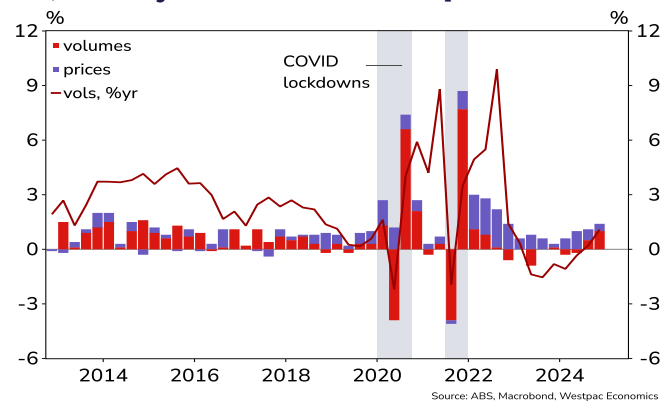
AUSTRALIAN RETAIL SALES BULLETIN

Solid rise in retail volumes

Key points

- Real retail sales rose 1.0%qtr in Q4, the second consecutive lift. Sales also rose in real per capita terms. Nominal sales fell -0.1%mt in December to finish up 1.4%qtr.
- The detail shows strength in non-food volumes, Black Friday and Cyber Monday sales boosting household goods retailing.
- All states saw a rise in real retail sales, with SA leading the pack, and WA recording its third consecutive lift.
- With six months of post-tax-cuts data on hand, we see some evidence of improved consumer spending. But there is uncertainty on how this will fare outside of discount periods.

Quarterly retail volumes and prices



Q4 real retail sales: 1.0%qtr, 1.1%yr

Retail volumes post second consecutive lift



Neha Sharma
Economist

Nominal retail spending fell slightly in the December month, but ended the quarter 1.4%qtr higher. Removing price effects, real retail spending posted a solid 1.0%qtr lift, with per capita real retail sales up for the first time since Q2 2022.

Nominal spending falls, seasonal volatility high

Nominal retail sales fell -0.1%mt in December, following a downwardly revised 0.7%mt increase in November. Base effects drove the annual rate higher from 3.1%yr to 4.6%yr, its strongest pace since March 2023. The monthly result was against our expectations for a 0.6%mt gain and market expectations for a -0.7%mt fall. As flagged previously, shifting spending patterns can cause extra volatility around November-December, with estimates at risk to substantial revisions over time.

The food versus non-food detail showed the monthly fall was slightly bigger for non-food retail (-0.2%mt), with food retailing down -0.1%mt.

Across store-types, household goods retailing rose for the fourth consecutive month, up 1.6%mt, with the ABS attributing this gain to Cyber Monday discounting early in the month. Department stores sales were up 0.4%mt. November's result saw a substantial downward revision from 1.8%mt to -0.2%mt. Basic food retailing was up 0.1%mt.

Other industries posted declines. Clothing and footwear saw the largest fall, down -1.8%mt, this was followed by other retailing, down -1.4%mt on account of lower recreational goods retailing. Cafes and restaurants fell -0.5%mt.

State results were mixed. Retail sales rose 0.2%mt in WA and 0.1%mt in NSW but declined -0.2%mt, -0.4%mt and -0.7%mt respectively in Vic, Qld and SA.

The path of retail spending in the six months following the 2024-25 tax cuts has been broadly similar to the path of the 2006-07 cuts, though substantially weaker than the 2008-09 tax cuts. The evolution has been around -0.3ppts weaker than 2006-07 and -3.8ppts weaker than the 2008-09 cuts (subject to GFC-related disruptions).

Volumes on the rise, even in per capita terms

Retail sales rose 1.4%qtr in nominal terms, with retail prices up 0.4%qtr this left underlying real retail sales ('volumes') up 1.0%qtr. This a touch below our expectations for a 1.1%qtr rise and above the market median of 0.8%qtr. This result marks the second consecutive quarterly lift in volumes and

Retail sales – December 2024

	\$bn	% chg mth		% chg yr	
	Dec-24	Nov-24	Dec-24	Nov-24	Dec-24
sa	36.99	0.7	-0.1	3.1	4.6
trend	37.05	0.4	0.4	3.5	3.9

Chained volumes – Q4 2024

	real \$bn	% chg qtr		% chg yr	
	Q4	Q3	Q4	Q3	Q4
sa	105.82	0.5	1.0	0.2	1.1
trend	105.49	0.4	0.6	0.3	1.0

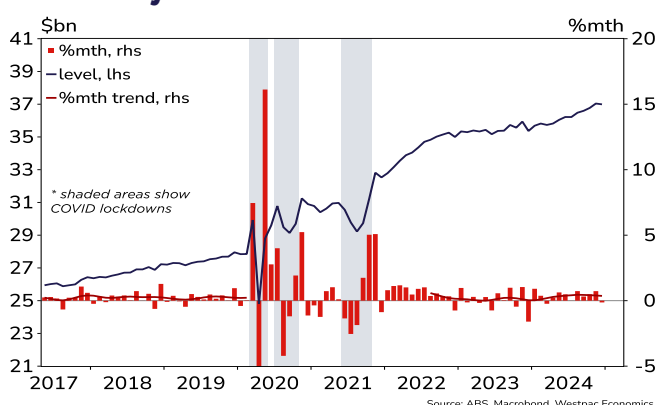
Other consumer spending indicators – Q4 2024

	level	% chg qtr		% chg yr	
	Q4	Q3	Q4	Q3	Q4
vehicle sales ('000s)	222	-3.6	0.9	-9.5	-4.3
fuel sales (ML)*	4046	0.7	0.5	1.7	0.6

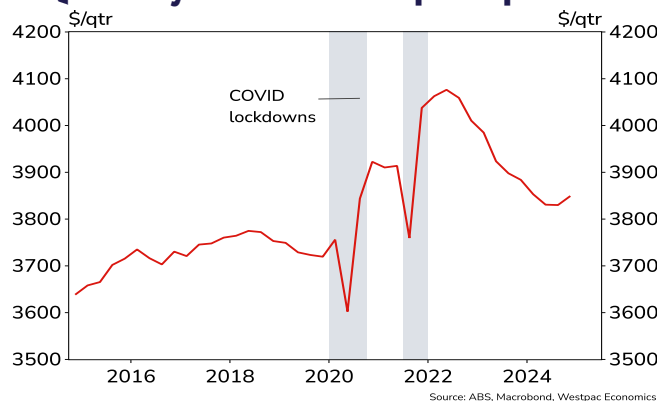
*Q4 is the 3 months to November.

Source: ABS, FCAI, Macrobond, Westpac Economics.

Monthly retail sales



Quarterly real retail sales per capita



the strongest rise since Q1 2022. The annual pace rose from 0.2%yr to 1.1%yr.

Real retail sales per capita has likely troughed, rising for the first time in over two years (+0.5%qtr) and following an upwardly revised flat print from the last quarter.

The food versus non-food split for volumes shows gains were centred in the non-food segment with volumes up 1.5%qtr. This is the third consecutive rise for non-food volumes. Household goods retailing recorded the largest gain (+3.3%qtr), this was followed by other retailing (+0.7%qtr), department stores (+0.2%qtr), and a flat result for clothing. In aggregate, non-food retail prices were up 0.3%qtr in Q4 from a flat result in Q3.

Volumes for the wider food segment (covering both basic food and cafes & restaurants) were up 0.5%qtr. The strength was focused on cafes and restaurants, up 1.2%qtr, with basic food volumes up 0.2%qtr. Food prices as a whole were up 0.5%qtr in Q4, slowing from a 1.1%qtr lift in Q3.

All states recorded a gain in retail volumes in the December quarter. SA had a strong rebound from a -0.6%qtr fall in Q3 to +1.8%qtr in Q4. This is also the strongest rise for the state since Q3 2020. WA recorded its third consecutive increase, up 0.7%qtr respectively. Meanwhile, NSW, Qld and Vic posted their second consecutive lifts, up 0.9%qtr, 0.9%qtr and 1.3%qtr respectively.

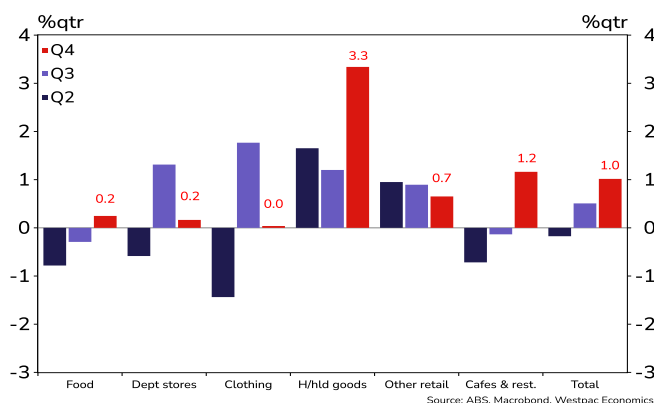
Online spending rebounds

The nominal sales detail also sheds light on online versus in-store spending, as well as across retailers of varying sizes.

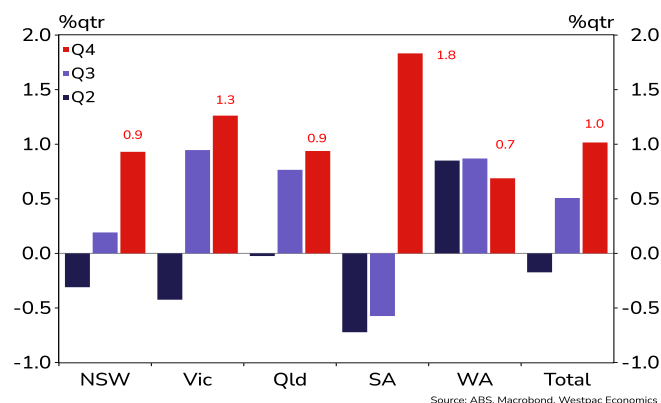
Online sales rebounded in Q4, up 3.4%qtr from a -1.5%qtr fall in Q3. Online food retailing drove the efforts, rising 4.9%qtr with online non-food retailing up 2.7%qtr.

By size (seasonally adjusted by Westpac), spending at large food retailers rose 0.3%qtr, while large non-food retailers saw a 1.9%qtr lift. Spending at smaller retailers jumped to 2.0%qtr.

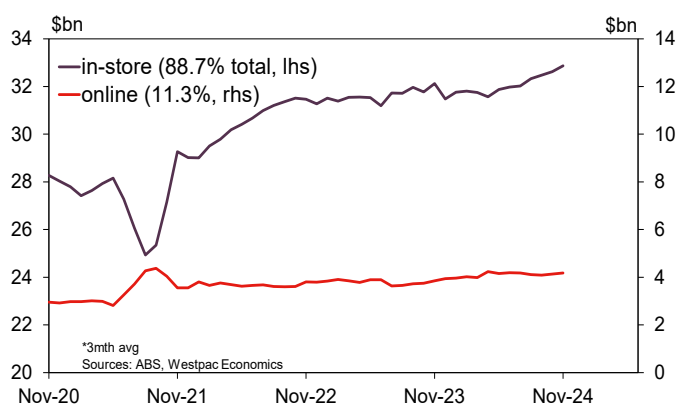
Quarterly real retail sales by store-type



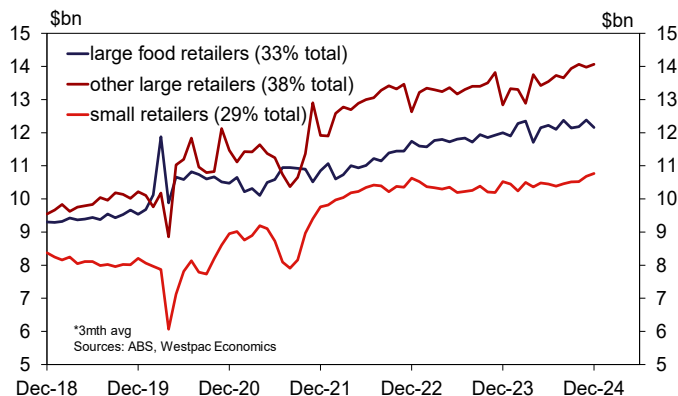
Quarterly real retail sales by state



Monthly retail sales by channel



Monthly retail sales by size



Other spending indicators lift

Despite the 0.5%qtr lift in retail sales volumes other 'partial' indicators are showing more muted results.

After a sharp fall in Q3, new vehicle sales retraced some lost ground to be 0.9%qtr higher in Q4. Though on an annual basis, vehicle sales remain -4.3%yr lower.

Meanwhile fuel consumption figures to November are up 0.5%qtr over the quarter to be 0.6%yr higher over the year, a slowing from Q3.

Conclusion

All in all, nominal retail spending finished the year 2.4% higher. The consumer response to tax cuts was a key uncertainty heading into the second half of the year, and while there was a bit of a shallow start, total retail spending picked-up in H2 2024 to be 2.2% higher than H1 2024.

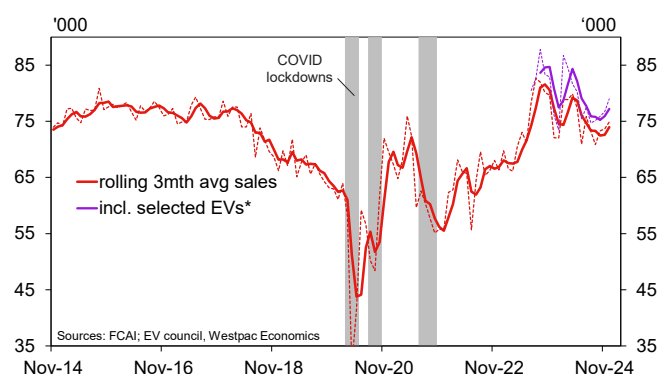
The volumes detail tell a similar story. Real retail sales were virtually flat in 2024, though has made a solid recovery from the -0.9% decline in 2023, and improved throughout the year with H2 2024 results being 0.9% higher than H1 2024.

While these results look promising, a lot of this pick-up happened in H2, so there is uncertainty on whether spending is on sustained path up or if it is just driven by the end-of-year discounting.

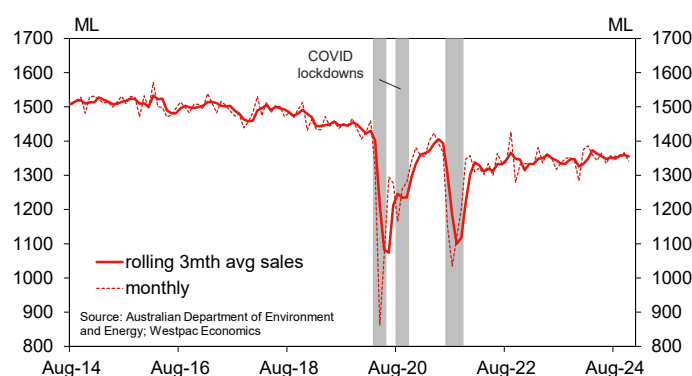
While we will not have more complete details till the release of Q4 2024 National Accounts (due 5 March), today's result suggests retail segments will have a positive contribution to household consumption in Q4. Westpac is forecasting a 0.7%qtr lift in real household consumption for the December quarter, though there is some downside risk to this expectation, especially given the weak services spending detail in our [Westpac Card Tracker](#).

We now turn our attention to tomorrow's monthly household spending indicator, which provides a wider coverage of consumption (around two-thirds), though is a relatively new measure.

New vehicle sales: passenger & SUVs



Auto fuel sales





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