5 March 2025

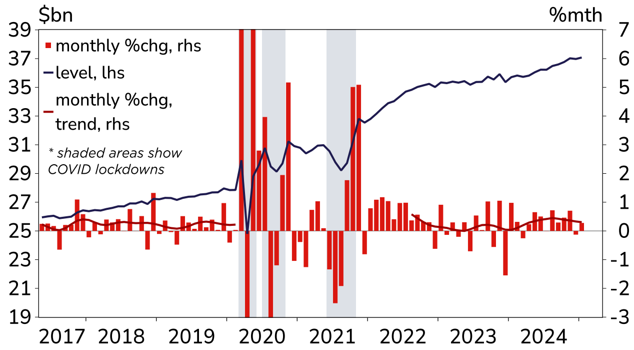
AUSTRALIAN RETAIL SALES BULLETIN

A modest uptick

Key points

- Retail sales rose 0.3% in January, annual growth slowing to 3.8%yr. Nominal sales have tracked a 4% annual pace since June last year.
- Detail was mixed, most of the monthly gain coming from basic food, which was affected by industrial action in December, with a sharp pull-back in household goods retailing as a ‘bargain hunting’ pull-forward unwound. Cafes and restaurants recorded a decent gain, boosted by major sports events.
- Sales declined 0.3% in NSW but rose across all other states.
- The retail survey will be discontinued following the June release in late July.

Nominal Retail Trade



January retail sales: 0.3%mth, 3.8%yr

Modest retail lift, mixed detail

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Retail sales rose 0.3% in January, following a –0.1% dip in December and a 0.7% gain in November (revised up a touch). The result was in line with expectations. Annual sales growth slowed to 3.8%yr from 4.6%yr. Retail spending momentum has faded a little since the September quarter but remains positive.

The storetype detail points to several notable influences in recent months.

Much of the weakness in December centred on basic food, i.e. supermarkets, which accounts for close to 40% of total retail sales and recorded a 0.3% decline. Industrial action reportedly had a hand in the result, and in the reversal in January that saw food retail rise 0.7%mth.

Moving in the opposite direction has been a large swing in household good retail which saw a 3.1% surge in December unwind with a thud in January, sales down 4.4%mth. Excluding this storetype, sales would have fallen 0.8%mth in December and surged 1.2%mth in January. The story here looks to be more around more targeted spending as buyers look to take advantage of the heavier discounts around Black Friday and Boxing Day sales.

A third mini-theme is evident around cafes & restaurants, where a solid 1.1% rise in the January month partly reflected strong turnouts to sporting events – the Australia-India Cricket Test series and the Australian Open – bearing in mind this just captures the hospitality part of this spend rather than tickets and other spend (and even then will only capture spend where the cafe and restaurant spend is the primary activity of the business, i.e. it will exclude food-related spending at hotels, where the primary business activity is accommodation).

Amongst the other categories, clothing and 'other retailing' recorded solid rebounds from weak December results (up 2%mth and 2.4%mth respectively) and department stores sales were up a solid 0.6%mth.

Across the states, retail sales dipped 0.3%mth in NSW, but posted solid gains across other states, ranging up to a 0.9%mth rise in SA.

The other detail showed similar gains across online (0.4%mth) and in-store channels (+0.2%). By firm size, the January gain centred on large food retailers with sales about flat across other large retailers and recording a small decline for small retailers. These figures have been seasonally adjusted by Westpac.

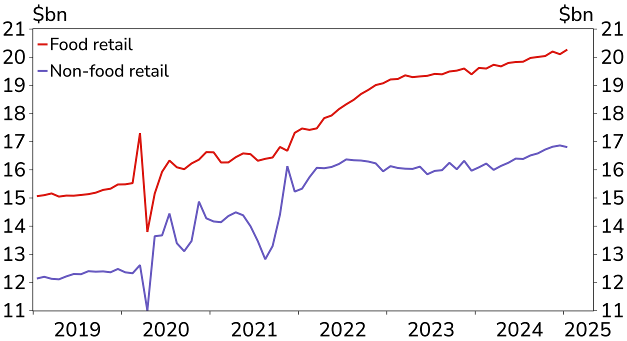
Overall, the January retail data was modest positive but the detail mixed. Note that the ABS will be ceasing this survey in coming months with the June 2025 update in late July set to be the last release. The household spending indicator will then become the main official early indicator of spending.

Retail sales – January 2025

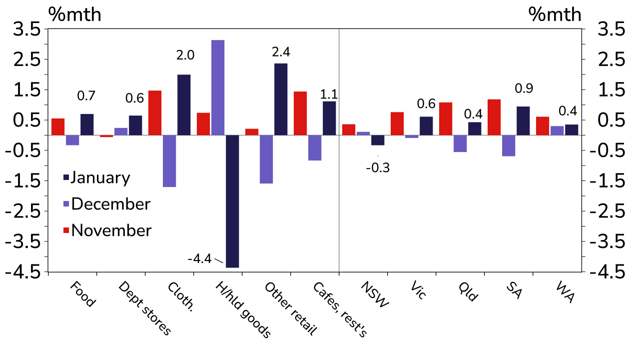
	$bn	% chg mth		% chg yr	
	Jan-25	Dec-24	Jan-25	Dec-24	Jan-25
sa	37.08	-0.1	0.3	4.6	3.8
trend	37.13	0.3	0.3	3.8	4.1

Source: ABS, Macrobond, Westpac Economics.

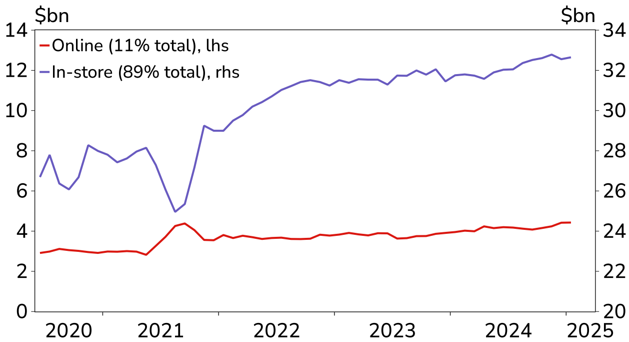
Monthly retail sales: food vs non-food



Monthly retail sales by store type and state



Monthly retail sales by channel



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