

2 July 2025

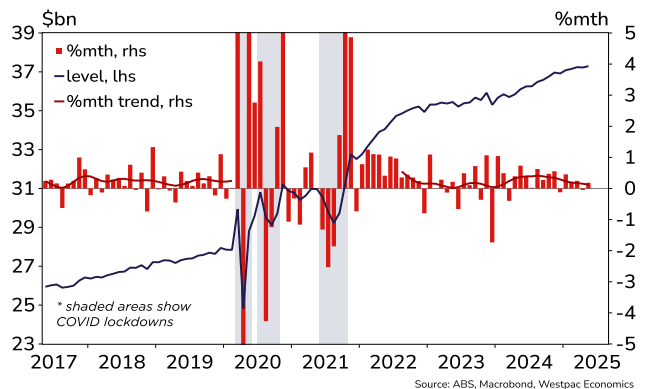
AUSTRALIAN RETAIL SALES BULLETIN

Winter clothing purchases drive modest rise

Key points

- Retail turnover rose a modest 0.2%*mt* in May, undershooting both Westpac and consensus expectations. The annual pace has continued to ease through 2025, slowing to 3.3%*yr*.
- A rebound in clothing & footwear and department stores led the May increase, while food retailing fell for a second consecutive month.
- All major states recorded a rise with WA out in front, up 0.7%*mt*.
- Online and small retailers saw a slip in turnover, while large retailers gained.
- The June retail trade release (due July 31) will be the final publication with the survey set to be discontinued thereafter. Going forward, the Monthly Household Spending Indicator will serve as the primary official early gauge of household consumption. This change will not affect the National Accounts, as the ABS has already transitioned to alternative data sources in place of retail trade.

Nominal Retail Trade



**May retail sales:
0.2%*mt*,
3.3%*yr***

A timid lift



Neha Sharma
Economist

Retail trade rose a mere 0.2%*mt* in May, following an upwardly revised flat outcome for April. Spending continued to disappoint through the second quarter, with turnover up just 0.4% across the first two months of Q2 compared to the same period in Q1. This is a notable step down from gains of 0.7%, 1.3% and 1.1% over the three quarters prior. The annual rate also looks to be on a downward trend in 2025, easing from 3.8% in April to 3.3% in May. The result was below both consensus and Westpac expectations, and softer than what the Westpac Card Tracker Index was suggesting.

At the store-type level, clothing & footwear and department stores were the pillars of growth. Clothing & footwear rebounded 2.9%*mt* after a -2.8%*mt* decline in April, while department store turnover lifted 2.6%*mt* – its strongest result in almost two years. The ABS noted that winter clothing purchases, previously held off due to unusually warm weather, drove these gains. Household goods retailing and cafes & restaurants were flat in May. At the weaker end, food retailing fell for a second consecutive month (-0.4%*mt*) after being a major source of growth in Q1. Other retailing was also softer, down -0.2%*mt*.

Across the major states, gains were broadly based. WA led the pack with a robust 0.7%*mt* rise, followed by Vic at 0.2%*mt*. NSW, Qld and SA each recorded a 0.1%*mt* rise. For a deeper look into state-level dynamics, refer to the latest [Westpac Coast-to-Coast](#).

Online sales slipped -0.6%*mt*, driven by a -1.1%*mt* decline in non-food retailing. Online food retailing rose 0.7%*mt*. This points to a 0.3%*mt* lift in in-store purchases. By firm size, Westpac's seasonally adjusted estimates suggest turnover at large food retailers lifted 1.4%*mt*, a 1.9%*mt* gain at large non-food retailers, and a -0.3%*mt* drop at small retailers. Easter timing has likely impacted the seasonal adjustments here.

Retail spending has now fallen short of market expectations every month since February, highlighting just how entrenched cautious spending behaviour is among households. The RBA has delivered two rate cuts so far this year, with a third widely expected next Tuesday. The lower rate profile and still healthy [labour market](#) should support a gradual recovery in consumption over the second half of 2025 and into 2026, but there are risks. Notably, [consumer sentiment](#) around family finances has trended lower through the first half of the year, suggesting a cautious spending mindset may persist for even longer.

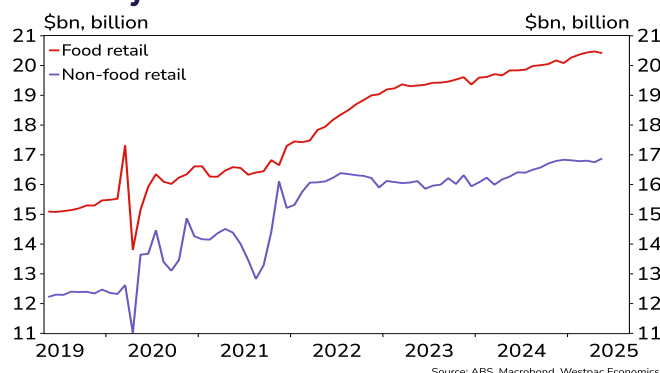
The June retail trade release (due July 31) will be the final publication before the survey is discontinued. It is also worth noting that softer price movements across some of the retail categories may have weighed on nominal growth. The June release will also include Q2 retail volumes and bring to light some of these impacts.

Retail sales – May 2025

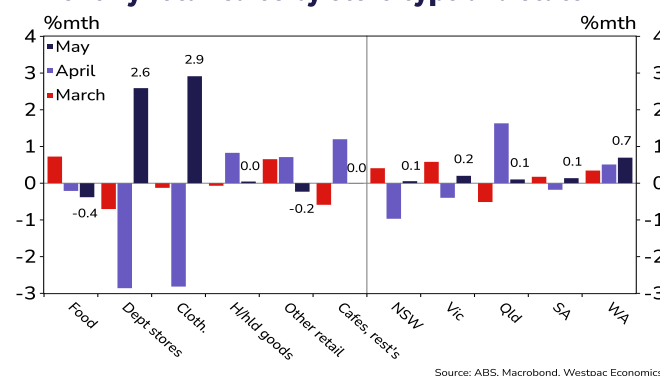
	\$bn	% chg <i>mt</i>		% chg <i>yr</i>	
	May-25	Apr-25	May-25	Apr-25	May-25
sa	37.29	0.0	0.2	3.8	3.3
trend	37.30	0.2	0.1	3.7	3.5

Source: ABS, Macrobond, Westpac Economics.

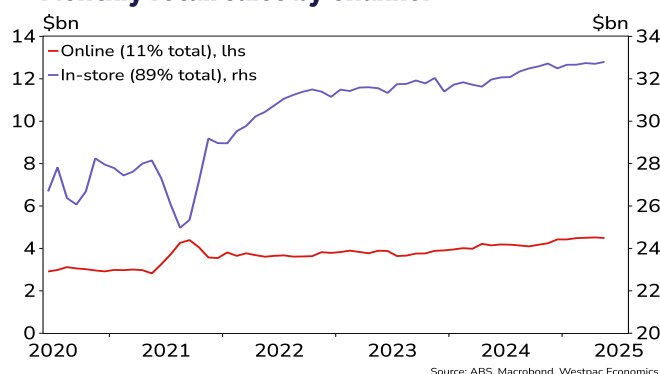
Monthly retail sales: food vs non-food



Monthly retail sales by store type and state



Monthly retail sales by channel





Corporate Directory

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner
Head of Australian Economics & Industry
E: sian.fenner@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Jameson Coombs
Economist
E: jameson.coombs@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au



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