31 July 2025

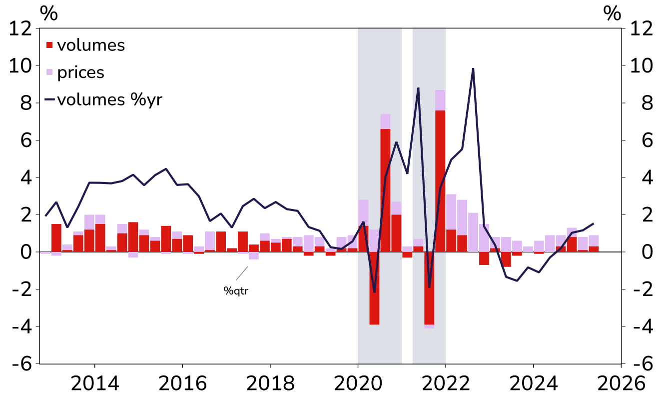
AUSTRALIAN RETAIL SALES BULLETIN

Retail survey's hopeful signoff

Key points

- Real retail sales rose 0.3% in Q2, an improvement on Q1's flat result but still slow compared to the 0.6%qtr gains in the second half of 2024. Sales remain flat in real per capita terms.
- Nominal sales rose 1.2%mth in the June month with upward revisions lifting quarterly growth to 1.0%qtr, up slightly on the 0.8%qtr gain in Q1.
- Non-food segments saw particularly strong gains in June, some of which likely relates to End of Financial Year sales.
- While today's retail update is a little more hopeful on consumer spending its still unclear how much of this is monthly noise coupled with another bout of targeted spending around sales periods versus a more sustained upturn that is gaining more traction. The full wash-up for Q2, from the national accounts on Sep 3, and the extent to which monthly gains carry into Q3 will provide some important guides.

Quarterly retail volumes and prices



Source: ABS, Macrobond, Westpac Economics

Q2 real retail sales: 0.3%qtr, 1.5%yr

Retail's last hurrah

Matthew Hassan
Head of Australian Macro–Forecasting

In a fitting end to its 75 year run, the retail sales survey beat expectations for both the June month (above Westpac's top of the range forecast) and Q2 as a whole. Nominal retail sales rose 1.2%mth in June with May revised up to 0.5%mth from 0.2%mth. The combination saw quarterly growth come in at 1%qtr, well above our forecast of +0.6%qtr which was on the basis of a reasonably solid 1% gain in the June month. With retail prices tracking as expected, this meant real retail sales 'volumes' posted a 0.3%qtr gain. That was a bit better than the expected flat result although both quarterly and annual growth in real retail sales is still basically 'treading water', holding flat on a per capita basis.

Clearer up-trend

Remarkably, June's 1.2% rise was the strongest monthly gain since the post-COVID reopening in late 2021. Along with the upward revision to May, it puts monthly sales on a clearer upward trajectory, annual growth now running at 4.9%yr, the strongest pace since early 2023 (noting that this previous high was when retail price inflation was running at 6–7%yr).

Some of the retail weakness in recent months has been due to noise associated with weather events and the later timing of Easter in 2025. While some of the strength in June reflects these factors dropping out of the picture, the detail also suggests a cyclical upturn is starting to gain more traction.

Non-food retail sales – containing the most cyclical components – have recorded particularly strong gains over the last two months, up 1.2%mth in May and 2%mth in June, lifting annual growth to 6.2%yr. The more granular store-type detail shows strong back-to-back gains for department stores (+2.9%, +1.9%), clothing (+3.5%, +1.5%), and solid gains for household goods (+0.6%, +2.3%) and other retail (+0.1%, +1.9%). Some of the June strength may reflect buyers taking advantage of 'End of Financial Year' sales – while all figures are adjusted for regular seasonal variations, sales periods have been a bigger drawcard for consumers in recent years as they have looked to cope with cost-of-living pressures.

In contrast, basic food has seen more mixed results, sales up 0.9%mth after a dip in May, while cafes & restaurants have seen soft (sales up 0.1% in May and declining 0.4% in June).

Almost all states saw robust rises in retail sales in June. NSW +1.6%, Vic and Qld +1.2%, SA up 0.7% and WA lagging a little with a 0.3%.

Retail sales – June 2025

	$bn	% chg mth		% chg yr	
	Jun-25	May-25	Jun-25	May-25	Jun-25
sa	37.91	0.5	1.2	3.5	4.9
trend	37.68	0.4	0.4	4.1	4.2

Chained volumes – Q2 2025

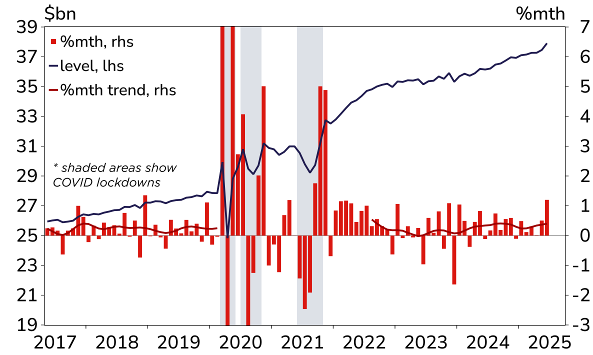
	real $bn	% chg qtr		% chg yr	
	Q2	Q1	Q2	Q1	Q2
sa	106.01	0.1	0.3	1.2	1.5
trend	106.04	0.4	0.3	1.3	1.5

Other consumer spending indicators – Q1 2025

	level	% chg qtr		% chg yr	
	Q2	Q1	Q2	Q1	Q2
vehicle sales ('000s)	228	-2.3	0.0	-6.6	-4.4
fuel sales (ML)*	4059	-2.0	0.7	-4.9	-2.6

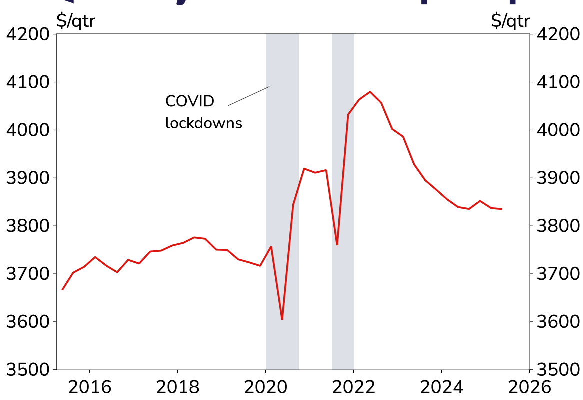
*Q2 is the 3 months to May.
Source: ABS, FCAI, EV Council, Macrobond, Westpac Economics.

Monthly retail sales



Source: ABS, Macrobond, Westpac Economics

Quarterly real retail sales per capita



Source: ABS, Macrobond, Westpac Economics

Volumes inching ahead

As noted, nominal retail sales rose 1% in Q2, up on the 0.8%qtr gain in Q1 and the second fasted pace since late 2022. With retail prices up 0.6%qtr, underlying real retail sales ('volumes') rose 0.3%qtr (note that figures do not sum due to rounding). That's a little better than some broader quarterly indicators had indicated although our **Westpac Card Tracker** had suggested retail segments have been outperforming slightly in the latest quarter (see here). The consensus forecast was for a 0.1%qtr gain in real retail sales.

Annual growth in retail volumes has now tracked up to 1.5%yr, a three year high although still basically in line with population growth. Real retail sales per capita are still nearly 6% below their peak in Q2 2022.

The volume detail also showed a clear divergence between food and non-food categories albeit with a more nuanced picture on the latter. Food recorded small declines, basic food down 0.2% and cafes & restaurants down 0.1%qtr. Across non-food, quarterly volumes were much stronger for household goods (+1.8%qtr) and other retail (–1.2%qtr) with department stores (–1.4%qtr) and clothing (–0.3%qtr) still weak.

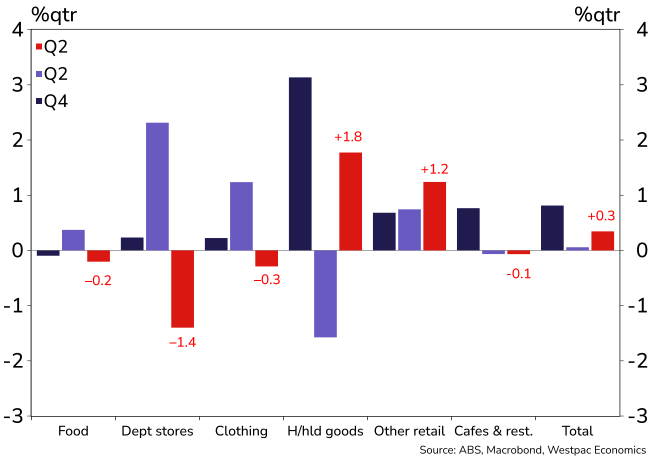
Across the states, sales volumes were down slightly in NSW (–0.1%qtr) and SA (–0.4%qtr), with much stronger 1.1%qtr gains in Qld (rebounding from cyclone effects in Q1) and WA.

Sales by channel

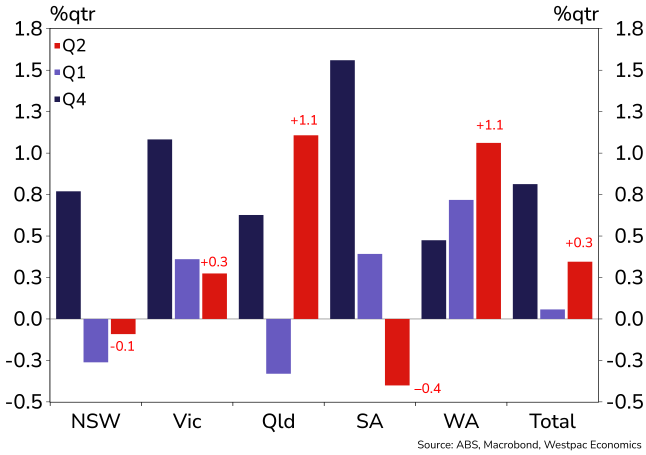
The breakdown by channel lends some support to the 'End of Financial Year' boost idea. Online sales were particularly strong, surging 3.9% in the June month compared to a 0.7% rise for 'bricks and mortar' retail. Online non-food retail sales jumped a striking 4.5%mth.

The breakdown by retail size shows large non-food retailers drove the gain, sales up 3.5%mth in the June month alone and up 1.9%qtr for this segment. In contrast, large food retail saw a 0.8%qtr gain while sales were flat for small retailers (all figures are Westpac seasonally adjusted estimates).

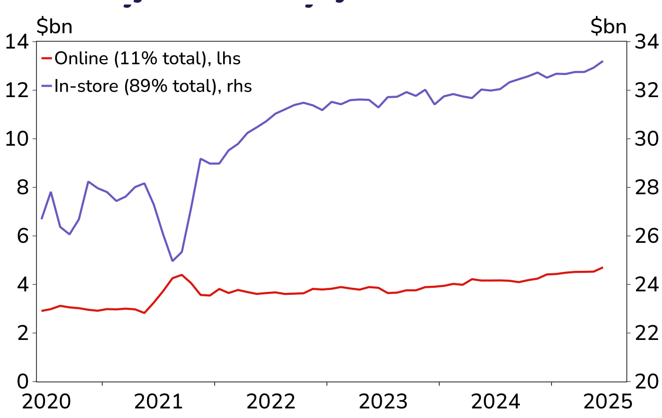
Quarterly real retail sales by store-type



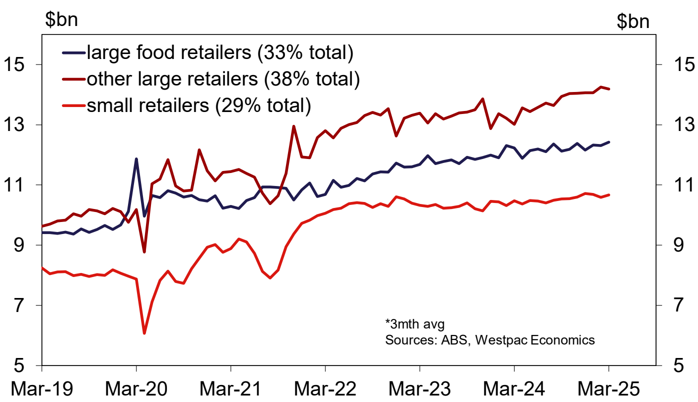
Quarterly real retail sales by state



Monthly retail sales by channel



Monthly retail sales by size



Other spending indicators lift

Other indicators caution against getting too carried away with the strong retail report. Our **Westpac Card Tracker** shows wider momentum picked up through June and early July but is still tracking a relatively slow pace. This is broadly conformed by readings form the monthly ABS household spending and business turnover indicators, both available up to May with June figures due to be released in early August.

Other indicators are looking so-so as well. New vehicle sales (including EVs) have been very patchy month to month but look to have finished about flat for Q2 as a whole, down 4.4%yr. Fuel consumption has also been very choppy looks set for, at best, a rebound from Q1's 2% decline.

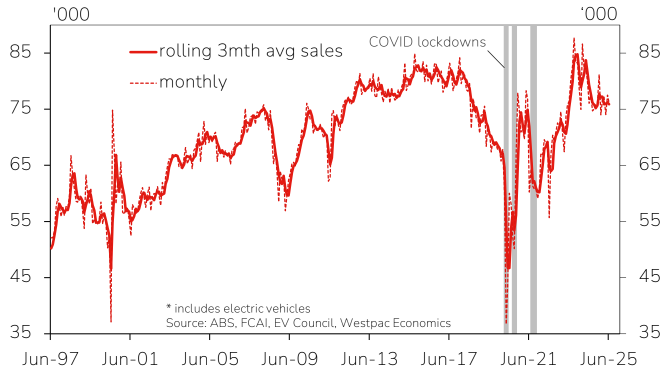
Conclusion

As detailed in our latest **Westpac Red Book**, also released today, the overall picture around consumer sentiment and spending remains lacklustre with recovery momentum stalling in the first half of 2025 (see here). While today's retail update is a little more hopeful its still unclear how much of this is monthly noise coupled with another bout of targeted spending around sales periods versus a more sustained upturn that is gaining more traction. The full wash-up for Q2, from the national accounts on Sep 3, and the extent to which monthly gains carry into Q3 will provide some important guides.

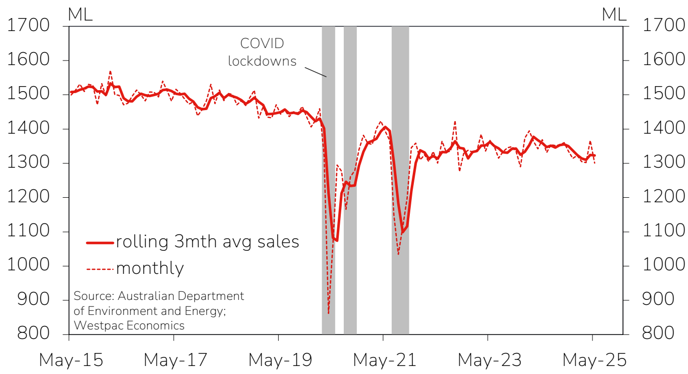
End of an era

For the ABS retail survey though, this June release marks the end of the line. The survey has been permanently decommissioned, replaced by the ABS household spending indicator both as a monthly gauge of demand and a feeder into the compilation of quarterly national accounts estimates of wider consumer spending. For those that still require retail-specific estimates, the household spending indicator does offer experimental estimates of retail turnover that should align a little better (see here). A for readers curious to look back over the full 75 year history of the official retail survey, from inception to retirement, the ABS has provided a special article commemorating its journey here.

New vehicle sales: passenger & SUVs



Auto fuel sales



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