



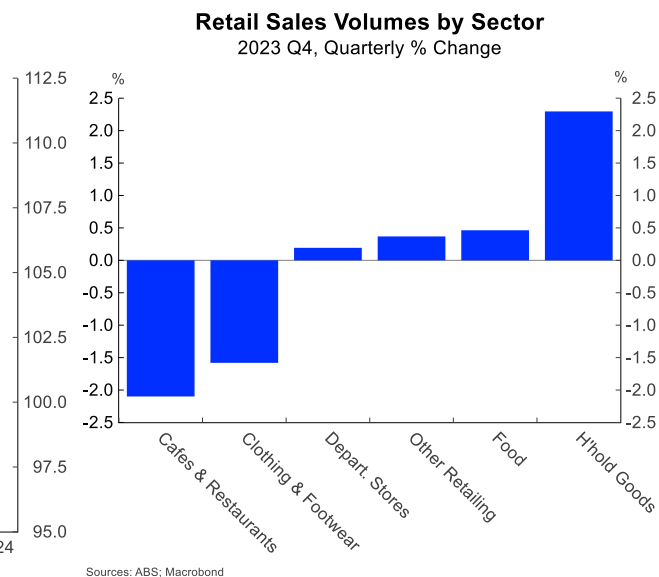
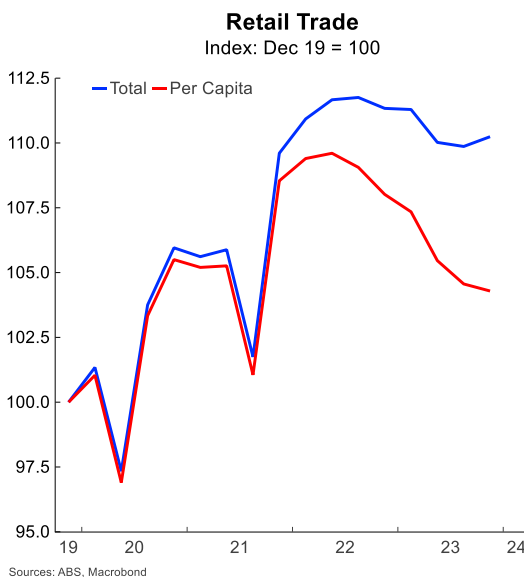
Tuesday, 6 February 2024



Retail Sales Volumes

Struggling Retailers Resort to Discounting

- The volume of retail spending rose 0.3% in the December quarter. This followed a 0.1% fall in the September quarter, which was revised down from an initially reported 0.2% gain.
- The gain was stronger than expected, as the pace of price increases slowed to their weakest since the September quarter of 2021. This reflected some retailers resorting to offering discounts to get consumers in the door. Households remain price conscious in an environment still characterised by high inflation.
- The Australian Bureau of Statistics (ABS) regularly reviews its data to ensure reported statistics provide the best possible representation of the underlying information. The ABS reviewed the retail spending seasonal factors to better account for the change in spending patterns as Black Friday sales become more popular, impacting historical estimates.
- The volume of spending on household goods (2.3%), food (0.5%), other retailing (0.4%), and department stores (0.2%) rose in the quarter. Cafes (-2.1%) and clothing (-1.6%) declined.
- Per capita spending continues to be crunched, as households struggle with cost-of-living pressures, bracket creep, and higher interest rates. Per capita spending declined 0.3% in the quarter, to be 3.5% lower in annual terms. The volume of per capita retail spending has been going backwards for 1½ years and was at its lowest level since the June quarter of 2022.
- Retail spending represents around a third of household consumption. Spending continues to be under pressure. We expect consumption in the December quarter to be weak when the national accounts are printed. Today’s stronger-than-expected result will not turn the tide, but it may help to temper some of the downside risks in the quarter.



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