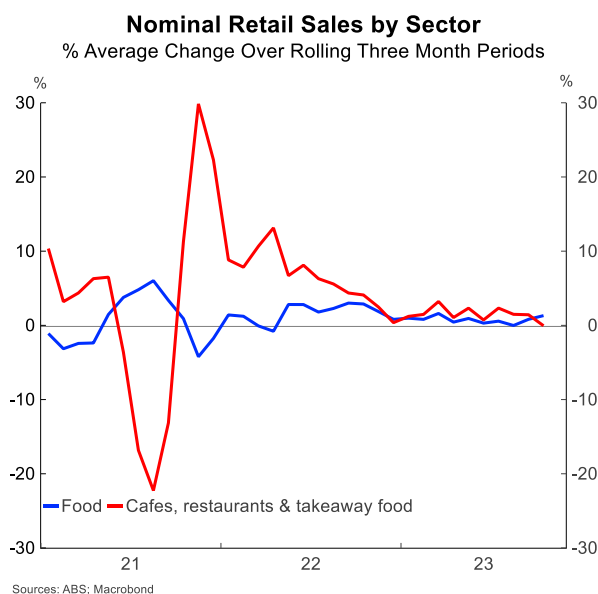
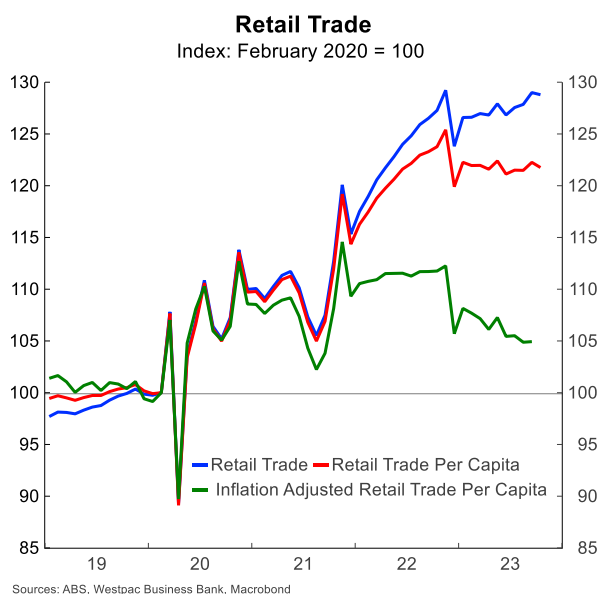


## Retail Sales

### Cash Conscious Consumers Are Eating In

- Retail sales declined 0.2% in October, the first monthly decline since June. Spending declined across all categories, except for food. Seasonal factors likely played a part, as consumers delay spending to take advantage of discounts during Black Friday sales in November.
- Looking through the seasonality, the underlying trend remains subdued. Retail trade is 1.2% higher than a year ago, the weakest annual growth rate since COVID lockdowns. This is despite record population growth. In per capita terms, we estimate that retail trade is 1.6% lower than a year ago, which is the largest fall on record (outside of the pandemic). Compared with the peak recorded in November 2022, per capita retail spending is 2.9% lower.
- Squeezed by elevated inflation and high interest rates, more consumers are pulling back on dining out. Spending on cafes, restaurants and takeaway fell by 0.1% over the past three months – the first quarterly fall since we came out of lockdowns. At the same time, spending on food has increased by 1.3% over the same period, outpacing growth in spending on dining out for the first time post-COVID.
- Outside of this, consumers have also pulled back on other discretionary items – over the past three months, retail trade excluding food and cafes, restaurants & takeaway has increased by 1.0%, down from the 2.6% recorded over the three months to September.
- Retail spending is expected to remain under pressure going forward, reflecting the lagged effect of monetary policy, stretched household budgets, and slowing economic growth.



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