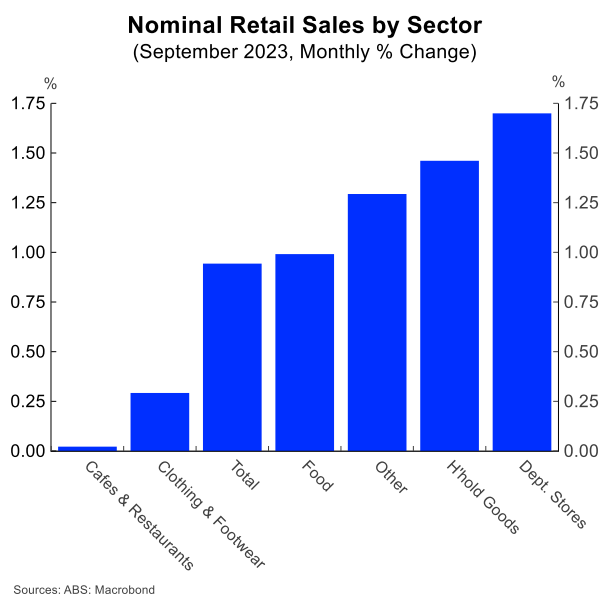
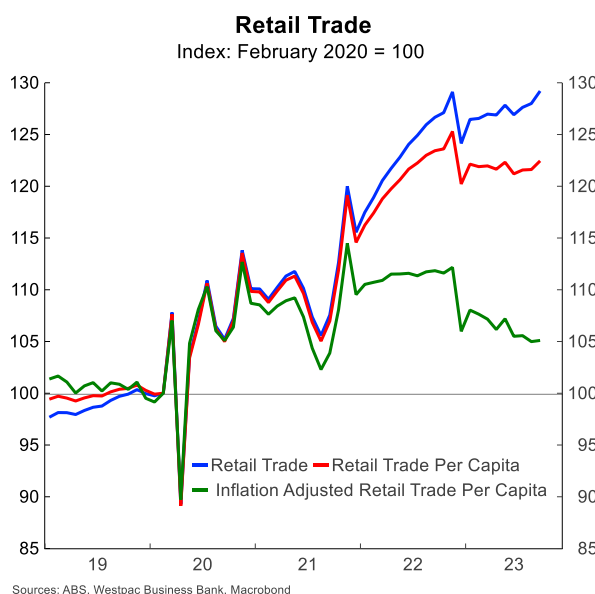


## Retail Sales

### Overseas Arrivals Supporting Resilience

- Retail sales rose 0.9% in September, following upwardly revised increases of 0.3% in August and 0.5% in July. The bounce is likely to reflect some seasonality with the warmer start to spring lifting spending on hardware, gardening, and clothing items. The release of the new iPhone model also contributed to the strength.
- Despite the bounce, the underlying trend remains subdued. Retail trade is 2.0% higher than a year ago, which is well below the pre-pandemic average annual growth rate of 4.8%. Further, at \$35.9 billion retail trade returned to the level it was last November, showing that trade has been flat over the past 10 months despite the strong population growth.
- In per capita terms, we estimate that retail trade is 0.8% lower than a year ago, which is well down on the pre-pandemic average annual growth rate of 3.0%. In real terms (adjusted for inflation), retail trade per capita could be as much as 5.0% lower than a year ago.
- Looking at the September quarter, retail trade grew by 0.8% in nominal terms on average over the quarter and is likely to be slightly positive in real terms (adjusted for prices) - this comes after three consecutive negative quarters.
- The monthly outcome was driven by a bounce across most categories including department stores (+1.7%), household goods (+1.5%) and other retailing (+1.3%).
- Today's outcome points to a significant pullback in spending at the household level. However, strong population growth is offsetting this pullback, and we are seeing spending outperform in those states with strong population growth (such as NSW and Victoria).



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