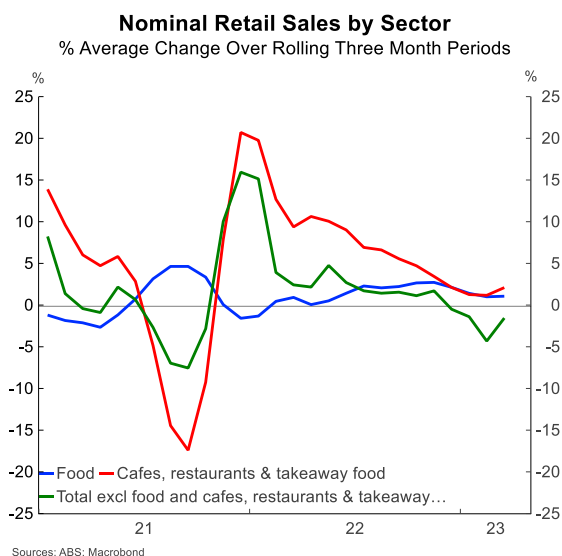
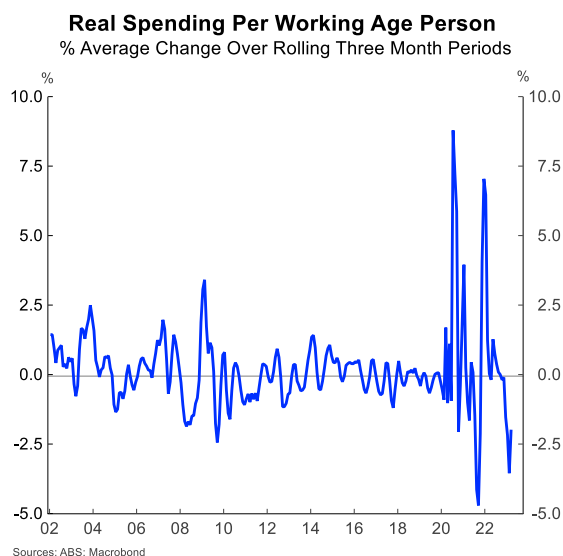


Retail Sales

Population and Prices Masks Pointed Slowdown

- Retail trade increased by 0.4% over the month of March. Only two categories recorded an increase over the month – food and cafes & takeaway food services, both directly related to the population surge. Retail turnover also increased across all states.
- A growing population will continue to support higher consumption, especially spending on food and essentials. Overseas migrants are also likely to dine out and undertake tourist activities, supporting spending on cafes, restaurants & takeaway.
- Outside of this, consumers have pulled back on discretionary items – over the past three months, retail trade excluding food and cafes, restaurants & takeaway has fallen by a massive 1.6% - the sharpest drop since March 2018, outside of COVID.
- Over the March quarter, spending growth was flat, clearly pointing to a slowdown in spending. At the same time, consumer prices increased by 1.3% over the quarter. This suggests that after adjusting for inflation, retail trade could have declined by more than 1% in volume terms (which is what matters for the economy). Retail trade accounts for around 20% of aggregate demand.
- The picture softens further when adjusting for population. Spending per working-age person declined by 0.6% over the March quarter – outside of COVID, this fall is in line with the fall observed during the GFC. Adjusting for population and consumer prices suggests that real spending per capita fell by around 2% - this is sizeable and raises concerns about the slowdown.
- The underlying weakness in household spending evident in the December quarter National Accounts has continued into 2023, as cost-of-living pressures weigh on household income.



Pat Bustamante, Senior Economist
Ph: +61 468 573 786

Contact Listing

Chief Economist

Besa Deda
dedab@stgeorge.com.au
+61 404 844 817

Senior Economist

Jarek Kowcza
jarek.kowcza@stgeorge.com.au
+61 481 476 436

Senior Economist

Pat Bustamante
pat.bustamante@stgeorge.com.au
+61 468 573 786

Economist

Jameson Coombs
jameson.coombs@stgeorge.com.au
+61 401 102 789

The information contained in this report (“the Information”) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom St.George has a contract to supply Information, the supply of the Information is made under that contract and St.George’s agreed terms of supply apply. St.George does not represent or guarantee that the Information is accurate or free from errors or omissions and St.George disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to St.George products and details are available. St.George or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. St.George owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of St.George.

Any unauthorised use or dissemination is prohibited. Neither St.George Bank - A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac’s subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.
