

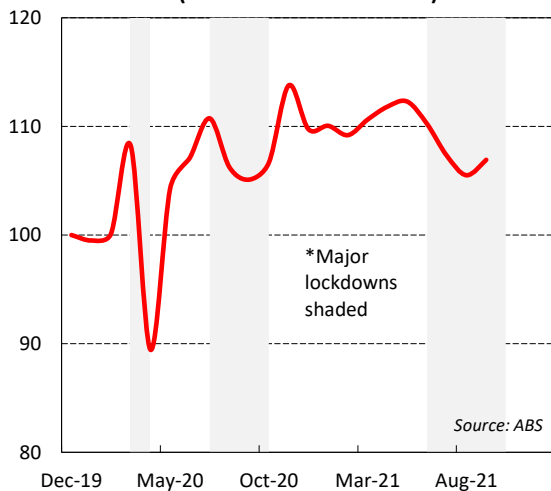
Friday, 29 October 2021

Retail Sales

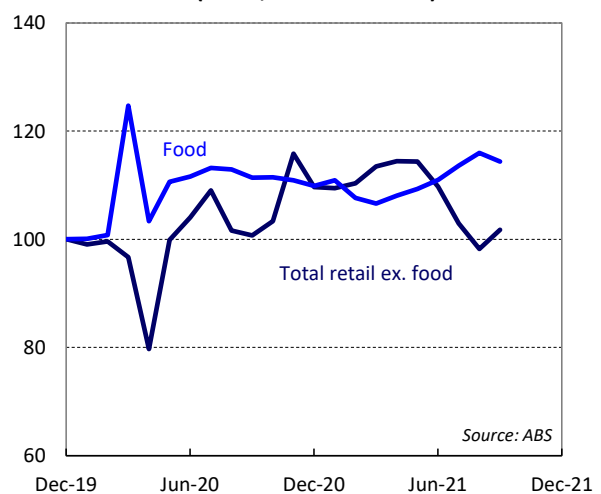
Spending Lifts as Some Restrictions Ease

- Retail spending bounced back in September as some lockdown restrictions eased in NSW. Sales also increased in states and territories that were not in lockdown, particularly Queensland.
- Sales rose 1.3% in the month, to be 6.9% above pre-COVID levels. The monthly increase follows three consecutive months of falls as Delta-related lockdowns impacted sales across the country.
- Queensland sales increased strongly (5.2%) to their highest ever levels, boosted by reopening after short lockdowns in prior months. Sales also bounced back in NSW (2.3%). While the state was still in lockdown, some restrictions eased, including allowing picnics.
- Sales continued to fall in Victoria (-2.1%) and the ACT (-12.0%) as both remained in lockdown. In Victoria, sales were at their lowest level since October 2020. In the ACT, sales have fallen sharply over the past two months (down almost 30%) and are at their lowest levels since March 2015.
- Sales bounced back in most non-food categories, in line with an easing of restrictions. Sales excluding food rose by 3.6% in the month to be back above pre-pandemic levels.
- Looking forward, the economy is on a good footing to recover from the Delta outbreak. Sales are expected to continue to bounce back as restrictions have now eased across NSW, Victoria and the ACT. Restrictions are expected to continue to ease through the December quarter as each state and territory hits the vaccination targets.

Retail Sales Values
(index with Dec 19 = 100)



Retail Sales by Sector
(index, Dec 2019 = 100)



Retail spending bounced back in September as some lockdown restrictions eased in NSW and sales increased in states and territories that were not in lockdown, particularly Queensland.

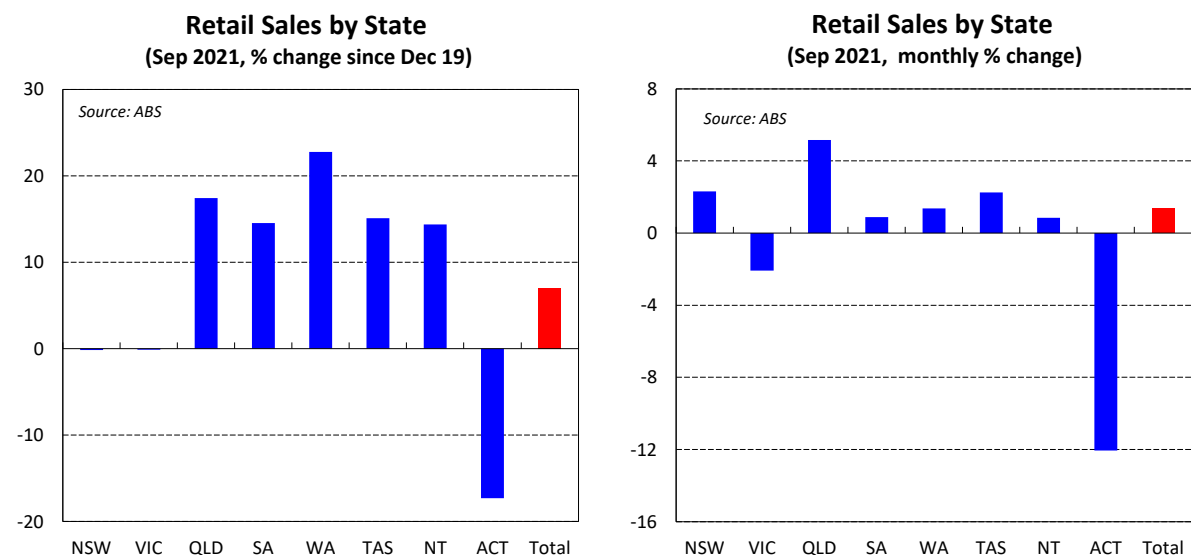
Sales rose by 1.3% in the month, to be 1.7% higher over the year to September 2021 and 6.9% above pre-COVID levels (as of December 2019). The monthly increase follows three consecutive months of falls as Delta-related lockdowns impacted sales across the country. The bounce partly offsets the falls over recent months, but sales were still 4.8% below levels in May 2021, prior to the Delta outbreak. Sales since May 2021 were hit particularly hard in NSW, Victoria, and the ACT. Retail sales across all three regions remain below May 2021 levels.

Sales across Queensland increased strongly in September. Sales rose by 5.2% to their highest ever levels, as there were no disruptions from lockdowns during the month. Sales also bounced back in NSW by 2.3%. While the state was still in lockdown during the month, some restrictions eased, leading to an increase in retail spending.

Sales continued to fall across Victoria (-2.1%) and the ACT (-12.0%) in September. Both regions remained in lockdown for the full month. In Victoria, sales are at their lowest level since October 2020. In the ACT, sales have fallen sharply over the past two months (down almost 30%) and are at their lowest levels since March 2015.

Sales were also up in Tasmania (2.2%), WA (1.4%), SA (0.9%), and the NT (0.8%).

Retail spending continues to represent a two-speed economy, as sales are depressed across states and territories that were most impacted by Delta-related restrictions. Sales in NSW and Victoria are effectively in line with their pre-pandemic levels, as of December 2019, while sales in the ACT are well down. Sales across other states and territories remain at least around 15% above pre-pandemic levels. WA continued to outperform, with sales in the state up more than 20% on pre-COVID levels.



The shift in spending by category was typical of an easing in restrictions. Sales bounced back in most non-food categories, in line with a relaxation of containment measures in NSW. Retail sales excluding food rose by 3.6% in the month to be back above pre-pandemic levels.

Clothing, footwear & personal accessories (5.9%), cafes, restaurants & takeaway food services (5.0%), and household goods (4.3%) all rose strongly in the month. Other goods were also higher (2.1%). Bucking the trend, sales at department stores remained weak (-0.3%) in September.

Food spending fell by 1.4% in the month, as households reduced their consumption of food at home. This was in line with previous experience following an easing of restrictions.

Outlook

September data showed that retail sales started to bounce back while restrictions were still in place across large parts of the country. This bounce back is expected to continue over coming months as restrictions have now eased across NSW, Victoria and the ACT. Restrictions are expected to continue to ease through the December quarter as each state and territory hits the vaccination targets. In fact, Australia is on track to hit 90% vaccination rates before the end of 2021. This high rate of vaccination will support retail spending as consumers become more confident and begin to return to their usual patterns of activity.

This is good news for businesses who have been struggling throughout the lockdowns, particularly those in the hospitality and services industries.

Looking forward, the economy is on a good footing to recover from the Delta outbreak. Business and consumer confidence have remained relatively resilient throughout the outbreak. Fiscal and monetary policy settings continue to provide substantial support, households have built up large savings buffers, and considerable pent-up demand is set to be unleashed. These factors will support a robust recovery in retail spending.

Jarek Kowcza, Senior Economist
Ph: 0481 476 436

Contact Listing

Chief Economist

Besa Deda
dedab@bankofmelbourne.com.au
(02) 8254 3251

Economist

Matthew Bunny
matthew.bunny@bankofmelbourne.com.au
(02) 8254 0023

Senior Economist

Jarek Kowcza
jarek.kowcza@bankofmelbourne.com.au
0481 476 436

Research Assistant (Secondment)

Sonali Patel
sonali.patel@bankofmelbourne.com.au
(02) 8254 0030

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