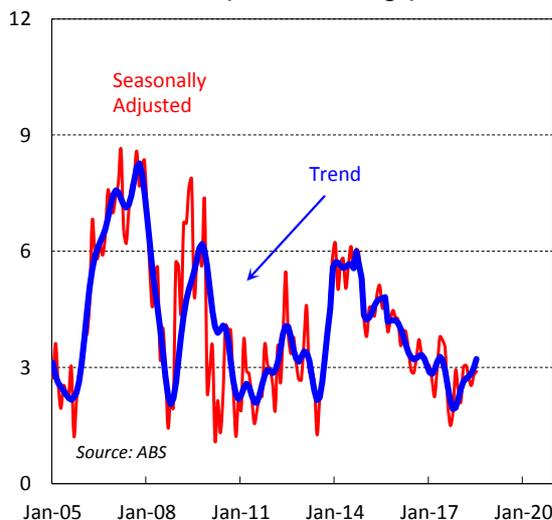


Retail Sales

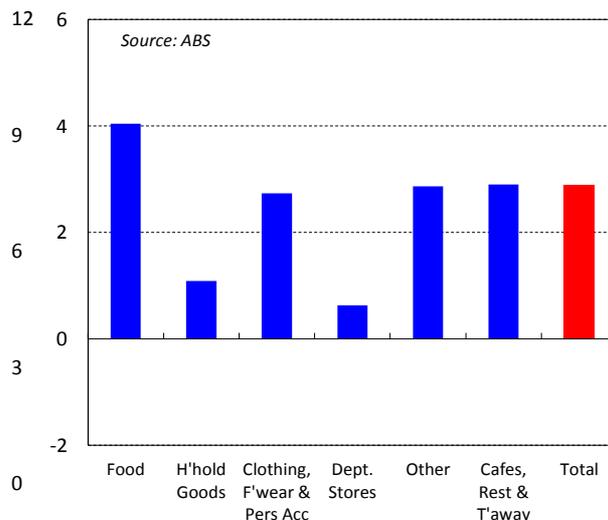
Fun, Food and Eating Out

- Retail spending disappointed in July, remaining unchanged for the month. It indicates that the relatively firm growth over the June quarter has not been sustained at the start of the current September quarter.
- The annual growth rate edged up from 2.8% in June to 2.9% in July. While retailing continues to grow at a modest pace, annual growth has struggled to hold above 3.0% over the past year.
- In July, Australians spent on fun, food and eating out. Food retailing rose (0.3%) while spending on cafes, restaurants & takeaway increased 0.6%. Other retailing rose 1.7%, which was led by recreational goods. There were declines in retailing in all other sectors, which include household goods (-1.2%), clothing (-2.0%) and department stores (-1.9%).
- Weakness was across most States and territories in July. Queensland was the only State where retailing rose in the month. Annual growth continued to be strongest in Victoria.
- High household debt, weak wage growth and the moderation in house prices will likely continue to constrain spending. Nonetheless, firm jobs gains and ongoing growth in the population are providing support.

Nominal Retail Sales
(annual % change)



Retail Sales by Sector
(July 2018, Annual % Change)



Retail spending disappointed in July, remaining unchanged for the month. It indicates that the relatively firm growth over the June quarter has not been sustained at the start of current September quarter.

The annual growth rate edged up from 2.8% in June to 2.9% in July. While retailing continues to grow at a modest pace, annual growth has struggled to hold above 3.0% over the past year.

The slow pace of wage growth, high household debt levels and the slowdown in the housing market has limited the ability of households to increase spending significantly.

Nonetheless, the recent strength of the labour market suggests that more Australians are in work, and will provide support to spending.

By Sector

In July, Australians spent on fun, food and eating out. Food retailing rose (0.3%) while spending on cafes, restaurants & takeaway increased 0.6%. Other retailing rose 1.7%, which was led by recreational goods (4.7%). Weakness in the month was driven the purchase of “things” or goods. There were declines in retailing for household goods (-1.2%), clothing, footwear & personal accessories (-2.0%) and department stores (-1.9%).

It was a similar story when assessing annual growth. Food retailing was the standout (4.0%), followed by cafes, restaurants & takeaway food services (2.9%) and other retailing (2.9%). Clothing, footwear & personal accessories retailing (2.7%) also grew moderately, while there was relatively softer growth in retailing for household goods (1.1%) and department stores (0.6%).

By States and Territories

Weakness was across most States and territories in July. Queensland (0.8%) was the only State where retailing rose. Retailing in NSW (0.0%) was flat, and there were declines in Victoria (-0.2%), South Australia (-0.3%), Tasmania (-0.3%), the ACT (-0.6%), Western Australia (-0.6%) and the Northern Territory (-1.6%).

Annual growth continued to be strongest in Victoria (5.2%). This was followed by Tasmania (4.5%), then NSW (3.4%), the ACT (3.3%), South Australia (2.7%), Queensland (1.7%), the Northern Territory (0.7%) and Western Australia (-1.5%).

Outlook

Consumer spending is facing some key countervailing forces. High household debt, weak wage growth and the moderation in house prices will likely continue to constrain spending.

Nonetheless, firm job gains and ongoing growth in the population are providing support, and suggest that the current modest pace of consumer spending is likely to continue.

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The Detail

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