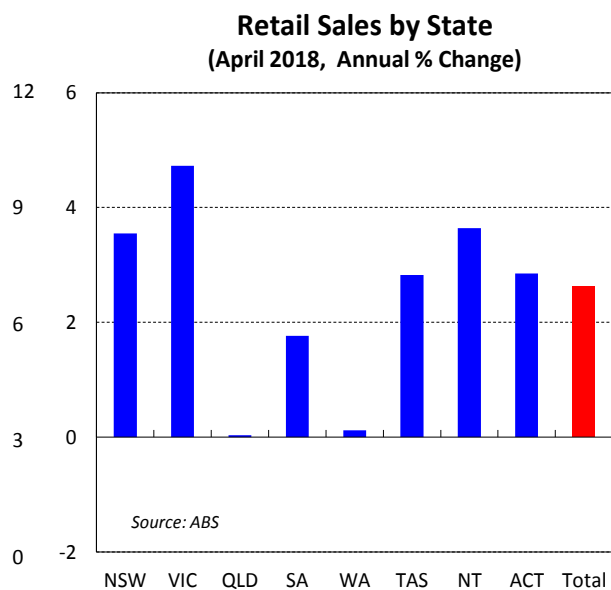
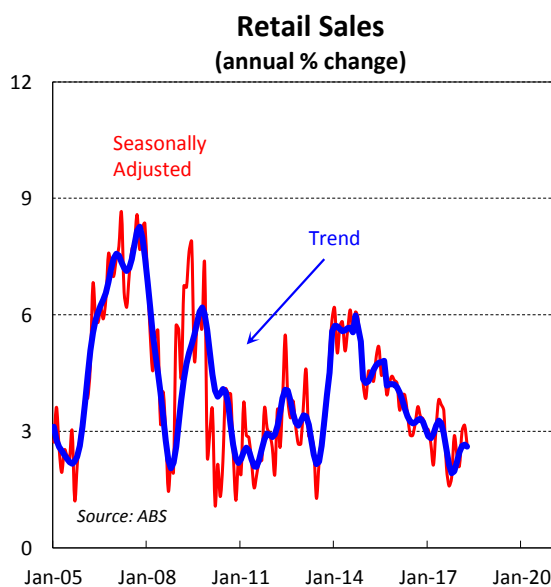


## Retail Sales

### Café Culture Curbs Retail Blues

- Retail spending was stronger than expected in April, rising by 0.4%. While this improvement was an encouraging sign, retail sales remain lacklustre, given a flat result in March.
- Our café culture was the bright spot in today's data. The strongest spending growth in April was in cafes, restaurants & takeaway food services (1.3%), following a decline of 0.8% in March. This was followed by 'other' retailing (0.9%), household goods (0.7%) and food retailing (0.3%).
- Retail sales growth in April was led by the Northern Territory (2.6%) and Tasmania (0.9%) in April. This was followed by NSW and Western Australia (both at 0.7%), the ACT (0.6%), Victoria (0.3%) and Queensland (0.1%). In South Australia, retail sales fell 0.6% for the month.
- In annual terms, Victoria continued to be the fastest growing State for retailing (4.7%), followed by NSW and the Northern Territory (3.6%), the ACT and Tasmania (2.8%) and South Australia (1.8%). In the year to April, growth in retail sales edged up in WA (0.1%) but was flat in Queensland.
- Retailing growth is not expected to increase significantly given slow wage growth, softness in the housing market and high levels of household debt. Solid jobs growth over the past year, however, is expected to support retailing.



## Retail Values

Retail spending was stronger than expected in April, rising by 0.4%. While this improvement was an encouraging sign, retail sales remains lacklustre, given a flat result in March.

On an annual basis, retail sales growth slowed to 2.6% in April, from 3.2% in March. It is further below the long-run average of 3.7%.

Limited wage growth, high household debt burdens and ongoing softness in the housing market are keeping a lid on household spending. Although solid employment growth should provide some support for consumer spending.

### - By Sector

The strongest spending growth in April was in cafes, restaurants & takeaway food services (1.3%), following a decline of 0.8% in March. This was followed by 'other' retailing (0.9%), which was boosted by a rebound in newspaper and book retailing. Household goods retailing rose solidly in April (0.7%), boosted by hardware, building and garden supplies retailing. Food retailing showed slower growth in April of 0.3%. Sales declined for department stores (-0.9%) and clothing, footwear & personal accessories (-0.8%).

Food retailing remained strongest on an annual basis (3.5%). This was followed by growth in sales for cafes, restaurants & takeaway food services (3.4%), household goods (3.0%), 'other' retail sales (2.1%) and clothing, footwear & personal accessories (2.0%). Meanwhile, sales at department stores declined 3.7% in annual terms, highlighting the challenges facing these businesses.

### By States and Territories

Retail sales rose in all the major States and territories in April, with the exception of South Australia where sales fell 0.6%. Retail sales growth in April was led by the Northern Territory (2.6%) and Tasmania (0.9%) in April. This was followed by NSW and Western Australia (both at 0.7%), the ACT (0.6%), Victoria (0.3%) and Queensland (0.1%).

In annual terms, Victoria continued to be the fastest growing State for retailing (4.7%), followed by NSW and the Northern Territory (3.6%), the ACT and Tasmania (2.8%) and South Australia (1.8%). In the year to April, growth in retail sales edged up in WA (0.1%) but was unchanged in Queensland.

### Outlook

Retail spending was more promising in April, although it followed a soft result in March suggesting the trend remains lacklustre. Retailing growth is not expected to increase significantly given slow wage growth, softness in the housing market and high levels of household debt. Solid jobs growth over the past year, however, is expected to support retailing.

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