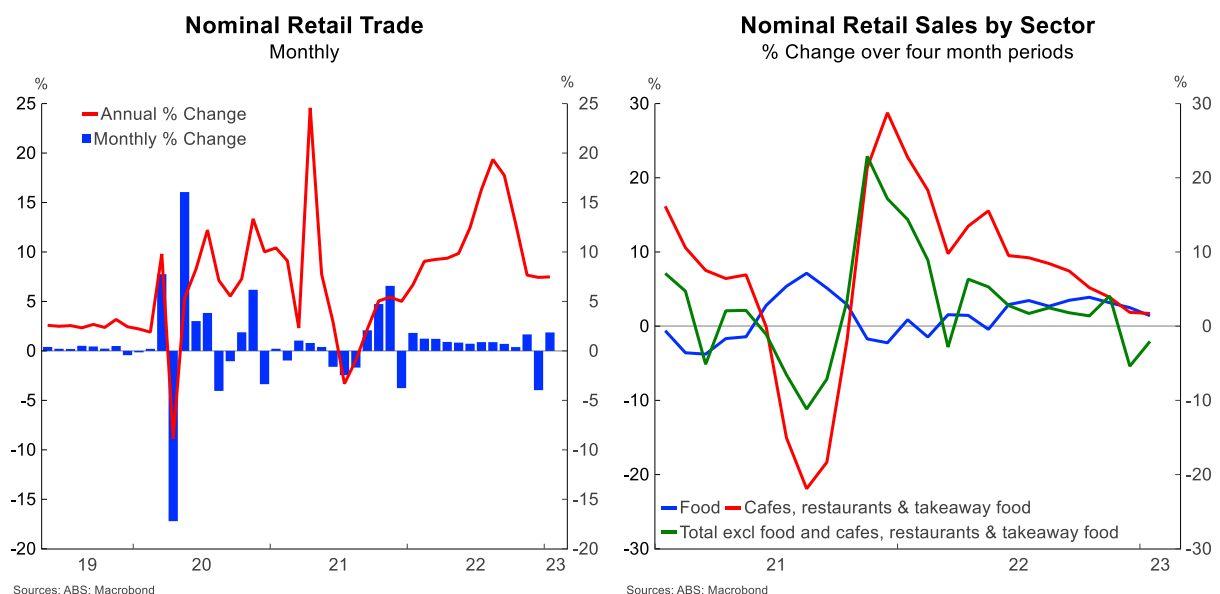


Retail Sales

Bounce in Spending Masks Underlying Softening

- Retail trade increased by 1.9% over the month of January 2023, partly retracing the revised 4.0% fall in December 2022. The bounce was recorded across most spending categories and all states.
- Spending over the four months to January 2023 has been heavily impacted by seasonality – Black Friday sales, Christmas spending and January holidays.
- Looking through this seasonality, it is evident that spending growth has eased. In fact, over the four months to the end of January 2023, retail trade has fallen by 0.2%, or by almost \$60 million.
- Consumers have pulled back on certain discretionary items – retail trade excluding food and cafes, restaurants & takeaway food has fallen by 2.1% over the four months to January. This includes spending at department stores and on household goods and clothing & footwear.
- Cafes, restaurants & takeaway food spending continues to grow, increasing by 1.7% over the four months to January. Similarly, spending on food grew by 1.4% over the four months.
- We have recently reported that net overseas arrivals are returning at a record pace. A larger population will continue to support higher food consumption going forward. Overseas migrants may also be more likely to eat out and undertake tourist activities before they settle into their working routine.
- However, other components of retail spending such as household goods and clothing & footwear are likely to continue to slow as rising cost-of-living pressures and higher interest rates squeeze household budgets.



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.