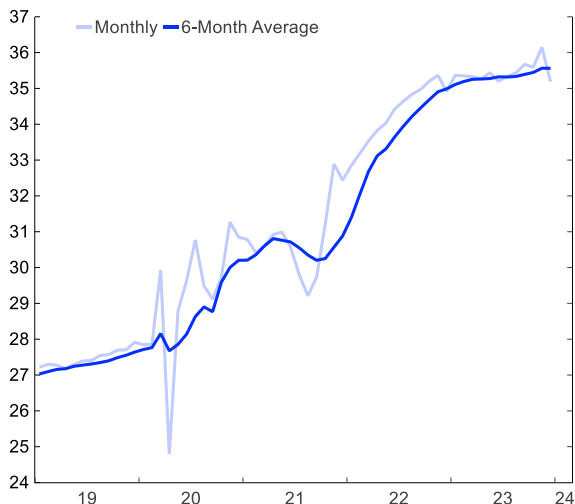


Retail Sales

Sombre Xmas For Cash-Strapped H'holds

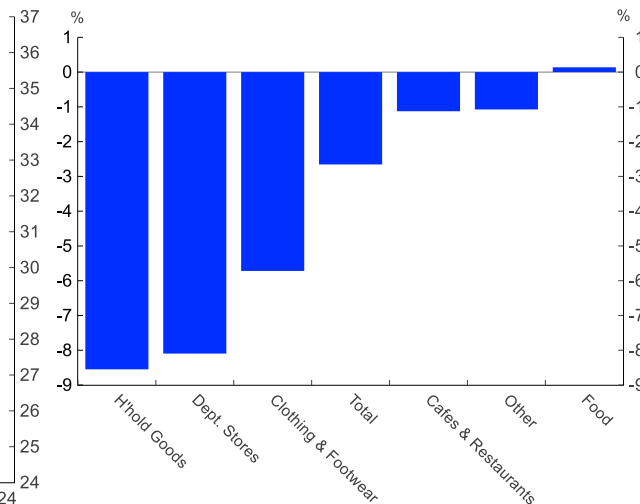
- Consumer spending continued to show signs of weakness in December as retail sales dropped 2.7%. This more than unwound the 1.6% bounce in November following Black Friday sales and is the biggest drop in over 3 years.
- Falls were evident across all industries, except for food (+0.1%). In fact, across all non-food categories, falls in December were large enough to more than unwind the jumps in November.
- Discretionary spending was hard hit. Household goods (-8.5%) recorded the largest monthly drop in 23½ years and were 2.6% lower compared to October (i.e. pre Black Friday). Department stores (-8.1%) was the next weakest and were a material 4.3% below their October level.
- Looking through the month-to-month volatility, spending remains under pressure. On a rolling three-month basis, retail trade in the December quarter was only a lacklustre 0.5% higher compared to the September quarter. Importantly, this is in nominal terms, implying that the volume of retail spending was very weak in the quarter given inflation remains elevated.
- Per capita outcomes are even bleaker. On a monthly basis, per capita retail trade dropped 2.9%, following a 1.3% gain in November. On a rolling quarterly basis, nominal retail spending fell 0.2% in the December quarter and was down a whopping 2.2% in annual terms, before accounting for inflation – the weakest annual result in history (excluding COVID).
- Spending is likely to remain under intense pressure for some time. Material relief for households is unlikely to come until the second half of 2024. By then, inflation is expected to be notably lower, interest rate cuts are likely, and households will benefit from recently revised tax cuts.

Nominal Retail Sales
Value, \$ Billion



Sources: ABS, Macrobond

Nominal Retail Sales by Sector
December 2023, Monthly % Change



Sources: ABS, Macrobond

Contact Listing

Chief Economist

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

Senior Economist

Jarek Kowcza
Jarek.kowcza@stgeorge.com.au
0481 476 436

Senior Economist

Pat Bustamante
pat.bustamante@stgeorge.com.au
0468 571 786

Economist

Jameson Coombs
jameson.coombs@stgeorge.com.au
0401 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.