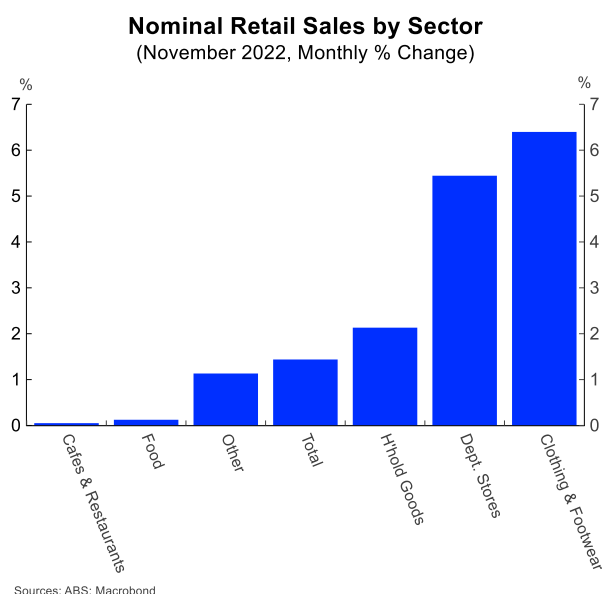
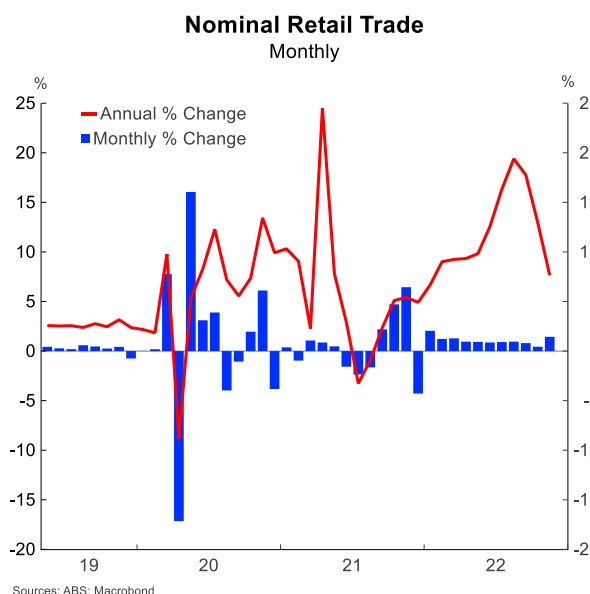


## Retail Sales

### Seasonal Surge the Last Harrah for Retailers?

- The value of retail spending increased by 1.4% in November, the strongest monthly growth since January 2022. Adding to this strength, October's outcome was revised up from a fall of 0.2% to an increase of 0.4%.
- This suggests that retail trade grew on average by 0.9% over the past two months, in line with the monthly average growth recorded since May when the Reserve Bank (RBA) started hiking rates. Highlighting the strength of retailing in 2022, this rate is almost double the 10-year average of 0.5%.
- The strong read was driven by spending on items discounted in the Black Friday and Cyber Monday sales as consumers pulled forward Christmas shopping. Clothing, footwear and personal accessory retailing recorded the largest rise (6.4%), followed by department stores (5.4%), and household goods sales (2.1%). Spending on food (up 0.1%) and cafes, restaurants and takeaway services (up 0.1%) was less enthusiastic.
- The key question for the RBA is whether this was the last hurrah before consumers tighten their belts in response to higher interest rates and growing cost of living pressures. Or alternatively, whether spending will be sustained into December and beyond into 2023.
- We expected a seasonal boost in retailing through November and December. This was the first festive season since 2019 without COVID-19 related restrictions. However, we continue to expect a pronounced softening in retail spending this year.



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