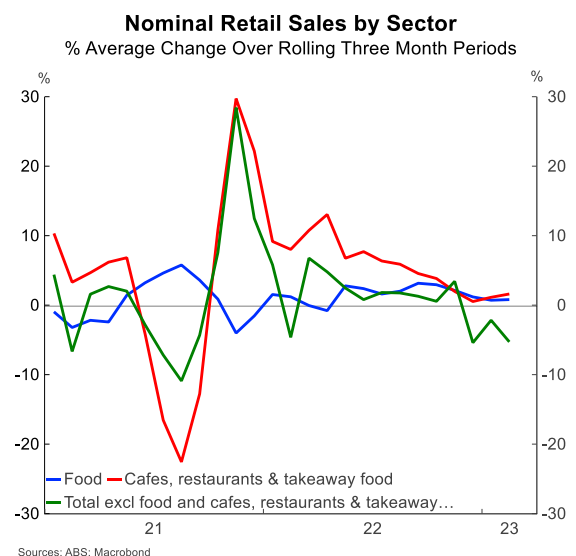
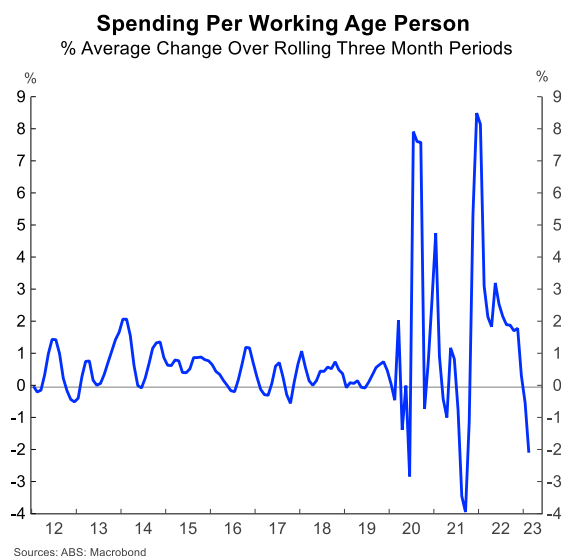


Retail Sales

Population Growth Masks Sharper Slowdown

- Retail trade increased by just 0.2% over the month of February. Retail turnover increased across most spending categories and states.
- Retail spending figures have been heavily impacted by seasonality around the summer break. Looking through this seasonality, it is evident that spending growth has slowed. Over the three months to February, spending has fallen by 1.5% compared with spending over the previous three months (September to November 2022).
- But the picture softens significantly when adjusting for the population. Relative to the working age population, spending over the past three months has fallen by 2.1% - the largest quarterly fall on record, outside of COVID. This suggests that the strong migration numbers are holding up aggregate spending.
- A growing population will continue to support higher consumption, especially spending on food and essentials. Overseas migrants are also likely to dine out and undertake tourist activities, supporting spending on cafes, restaurants & takeaway.
- Outside of this, consumers have pulled back on certain discretionary items – over the past three months, retail trade excluding food and cafes, restaurants & takeaway has fallen by 4.3% - the sharpest drop since March 2018, outside of COVID.
- The underlying weakness in household spending evident in the December quarter National Accounts has continued into 2023 as cost-of-living pressures and higher interest rates weigh on household income.



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