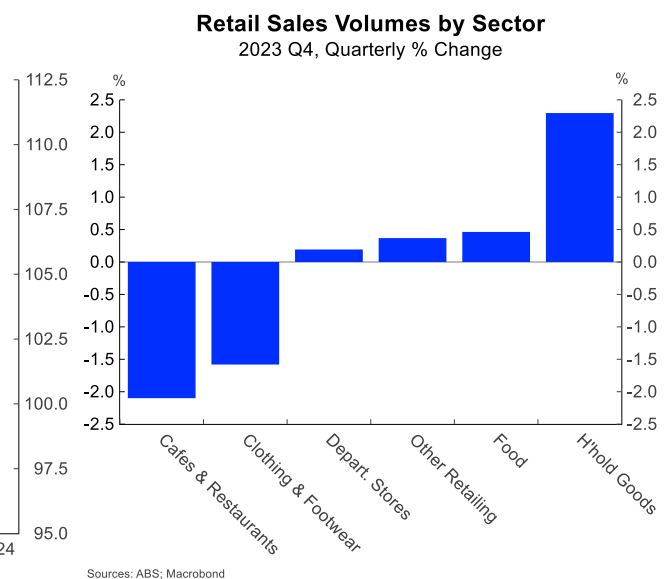
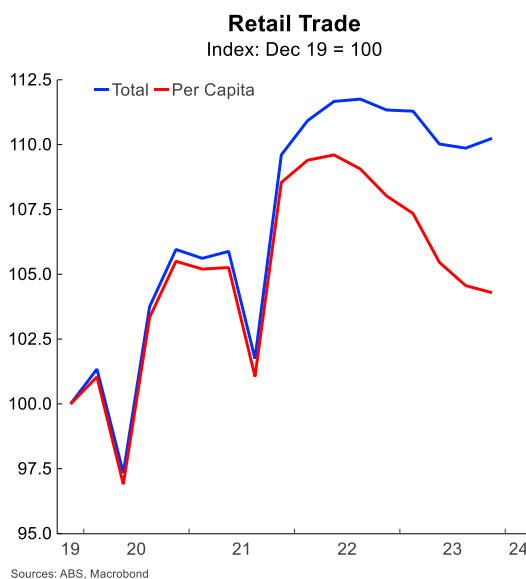


## Retail Sales Volumes

### Struggling Retailers Resort to Discounting

- The volume of retail spending rose 0.3% in the December quarter. This followed a 0.1% fall in the September quarter, which was revised down from an initially reported 0.2% gain.
- The gain was stronger than expected, as the pace of price increases slowed to their weakest since the September quarter of 2021. This reflected some retailers resorting to offering discounts to get consumers in the door. Households remain price conscious in an environment still characterised by high inflation.
- The Australian Bureau of Statistics (ABS) regularly reviews its data to ensure reported statistics provide the best possible representation of the underlying information. The ABS reviewed the retail spending seasonal factors to better account for the change in spending patterns as Black Friday sales become more popular, impacting historical estimates.
- The volume of spending on household goods (2.3%), food (0.5%), other retailing (0.4%), and department stores (0.2%) rose in the quarter. Cafes (-2.1%) and clothing (-1.6%) declined.
- Per capita spending continues to be crunched, as households struggle with cost-of-living pressures, bracket creep, and higher interest rates. Per capita spending declined 0.3% in the quarter, to be 3.5% lower in annual terms. The volume of per capita retail spending has been going backwards for 1½ years and was at its lowest level since the June quarter of 2022.
- Retail spending represents around a third of household consumption. Spending continues to be under pressure. We expect consumption in the December quarter to be weak when the national accounts are printed. Today's stronger-than-expected result will not turn the tide, but it may help to temper some of the downside risks in the quarter.



## 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.