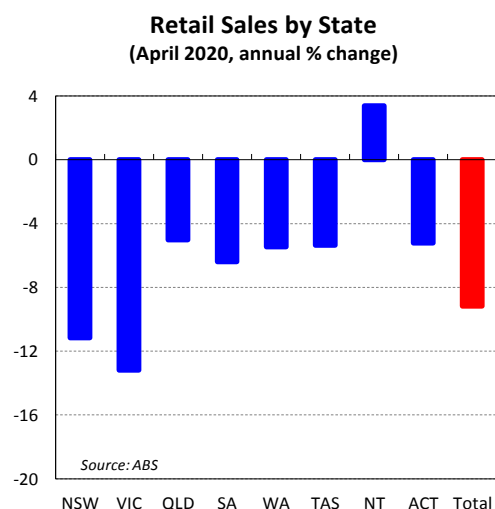
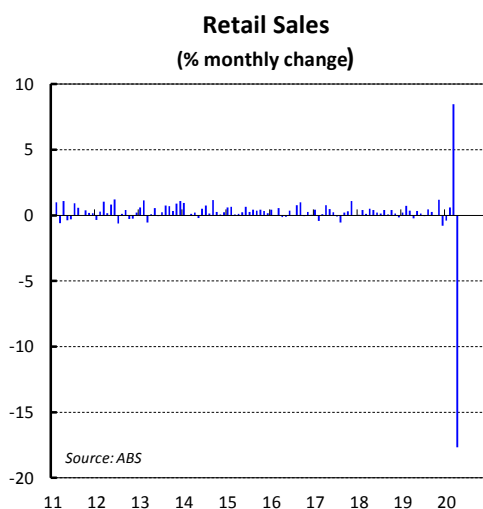


Thursday, 4 June 2020

Retail Sales

Australia's New Green Thumbs

- Retailing was decimated in April, falling 17.7% in the month. It was slightly better than the preliminary estimate of -17.9%, but it was still the largest monthly fall on record, with the series dating back to 1982. It followed the strongest gain on record in March.
- On a year ago, retailing fell 9.2%, the weakest annual rate in the history of the series.
- The stockpiling of food and medical supplies gave way significantly in April. As social distancing restrictions took effect, consumers withdrew into their shells and closed their wallets.
- Hardware, building and garden supplies retailing was the only sub-sector to increase in April, lifting 6.6%, as Australians looked to spruik up their gardens and homes in isolation. On an annual basis, it rose 27.1% in the year, the strongest annual gain since June 2000.
- Most areas of spending saw reversals from the sharp increases in March. These included food retailing and "other" retailing. Other retailing includes pharmaceutical, cosmetic and toiletry goods and recreational goods.
- The largest falls were in cafes, restaurants & takeaways and clothing, footwear & personal accessories, which were the most impacted by restrictions on business operations, reduced foot traffic and the pullback in discretionary spending.
- Some recovery is in prospect, given that restrictions are easing. But it might take time for confidence to be restored. Concerns about the economic outlook and COVID-19 could continue to prevent a lift in spending. There also continues to be a significant number of people not in work, further limiting spending. A return to levels prior to the crisis is not expected any time soon.



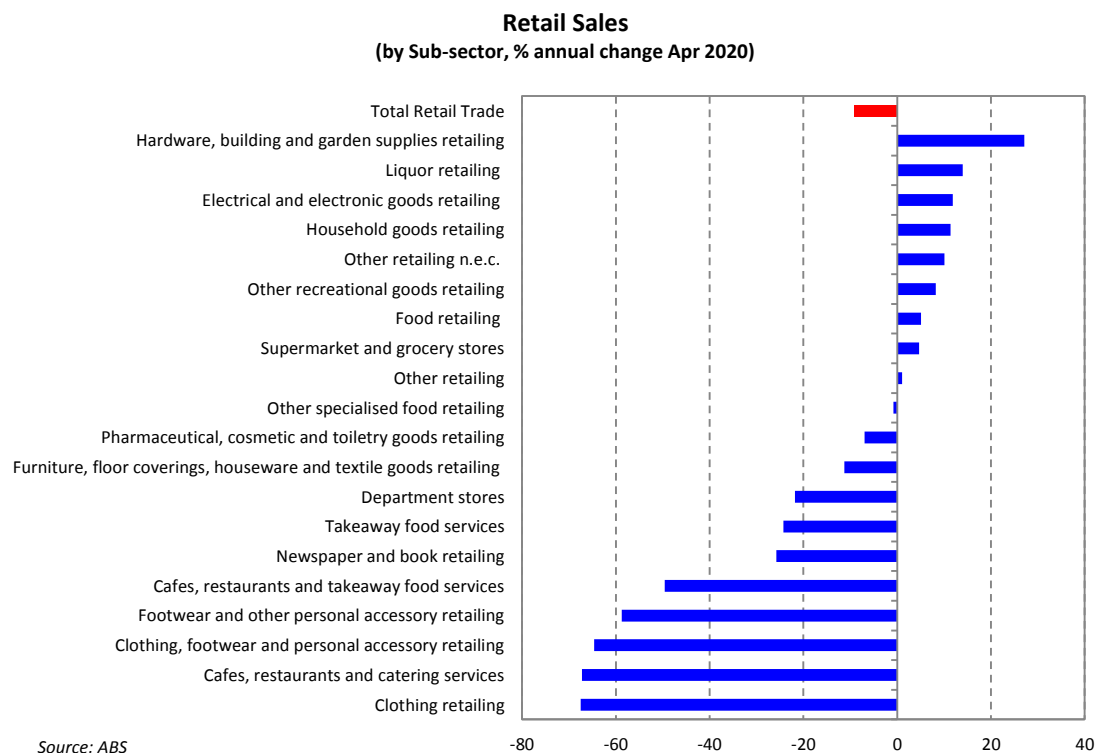
Retailing was decimated in April, falling 17.7% in the month. It was slightly better than the preliminary estimate of 17.9%, but it was still the largest monthly fall on record, with the series dating back to 1982. It followed the strongest gain on record in March.

The stockpiling of food, medical supplies and household goods gave way significantly in April. As social distancing restrictions took effect, consumers drew into their shells and closed their wallets.

On a year ago, retailing fell 9.2%, the weakest annual rate in the history of the series.

No major retailing sector was spared from falling sales in April, although spending on household goods was relatively resilient. Sales in this sector edged down just 0.1% in the month, following a 9.1% increase in March. On an annual basis, it was 11.4% higher and the strongest annual pace since October 2014.

Hardware, building and garden supplies retailing led the increase within household goods, as Australians looked to spruik up their gardens and homes in isolation. Spending in this area was the only sub-sector to increase in April, lifting 6.6% in April and 27.1% in the year. It was the strongest annual gain since June 2000.



Electrical and electronic goods retailing declined 2.5% in April, but this followed an 11.3% increase in March. This category also recorded strong growth on an annual basis, lifting 11.9% in the year.

Other areas of spending saw reversals from the sharp increases in March. These included food retailing (down 17.4% in April after a 24.1% increase in March) and “other” retailing (down 14.4% after a 16.6% increase). Within other retailing, pharmaceutical, cosmetic and toiletry goods retailing fell 28.3% in April after a 22.3% gain in March, and other recreational goods fell 4.7% after a 14.1% increase in March.

Both food retailing and other retailing remain higher on an annual basis after strong gains in March. They rose 5.1% and 1.1%, respectively, in the year to April.

In business surveys, the accommodation and food services sector has been one of the most

heavily impacted sectors from the COVID-19-related restrictions. Cafes, restaurants & takeaway food services were hit hard, with retail spending declining 35.4% in April. It followed a 22.9% fall from March. On an annual basis, spending in this category was down nearly 50% on a year ago.

The largest percentage fall in spending, however, was in clothing, footwear & personal accessories, as many retailers closed their doors. Spending in this category fell 53.6% in April after a 22.6% decline in March. On a year ago, spending was down 64.7%.

All States and territories recorded sizeable falls in retailing in April. The largest decline was in Victoria (-21.1%), followed by NSW (-17.5%), Tasmania (-17.5%) and Western Australia (-16.8%). Double-digit declines were also recorded in Queensland (-15.7%), the ACT (-14.9%) and South Australia (-14.6%). The smallest decline occurred in the Northern Territory, dropping 7.7% in April.

Annual growth across States was also weakest in Victoria (-13.2%) followed by NSW (-11.2%). Declines on an annual basis were still sizeable but less pronounced in South Australia (-6.4%), Western Australia (-5.5%), Tasmania (-5.4%) and the ACT (-5.2%). The Northern Territory (3.4%) was the only State or Territory with positive annual growth.

Outlook

The large swings in retail spending highlight the significance of the shock from COVID-19 on the everyday lives of Australian households.

Today's data confirmed that the stockpiling in the earlier days of the crisis was indeed temporary. Consumers have now pulled back spending significantly, especially for discretionary items.

Business operations were severely restricted over April for many retailers, including cafes, restaurants and bars, and foot traffic to stores was limited. However, the uncertainty with regards to the outlook and loss of incomes from job losses are also likely to have had a major detrimental impact on spending.

Some recovery is in prospect, given that restrictions are easing. However, there is likely to be some level of restrictions remaining in place. Moreover, it might take time for confidence to be restored. Concerns about the outlook and COVID-19 could continue to prevent consumers from a stronger pick up. There will continue to be a significant of people not in work, which will further limit spending. While we expect a recovery in spending, a return to levels prior to the crisis is not expected any time soon.

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