

Retail trade – June 2009

ECONOMIC ALERT

4 August 2009

KEY POINTS

Value of total turnover

- Retail turnover fell by 1.4% in June 2009 (seasonally adjusted), a worse outcome than the 0.5% increase expected by financial markets. This follows increases of 1% in May, 0.3% in April and 2.2% in March 2009.

Volume of turnover

- Over the June quarter, retail turnover in volume terms rose by 2% (seasonally adjusted), a better outcome than the 1.3% rise expected by markets. This should add around 0.4 percentage points to growth in the June quarter.

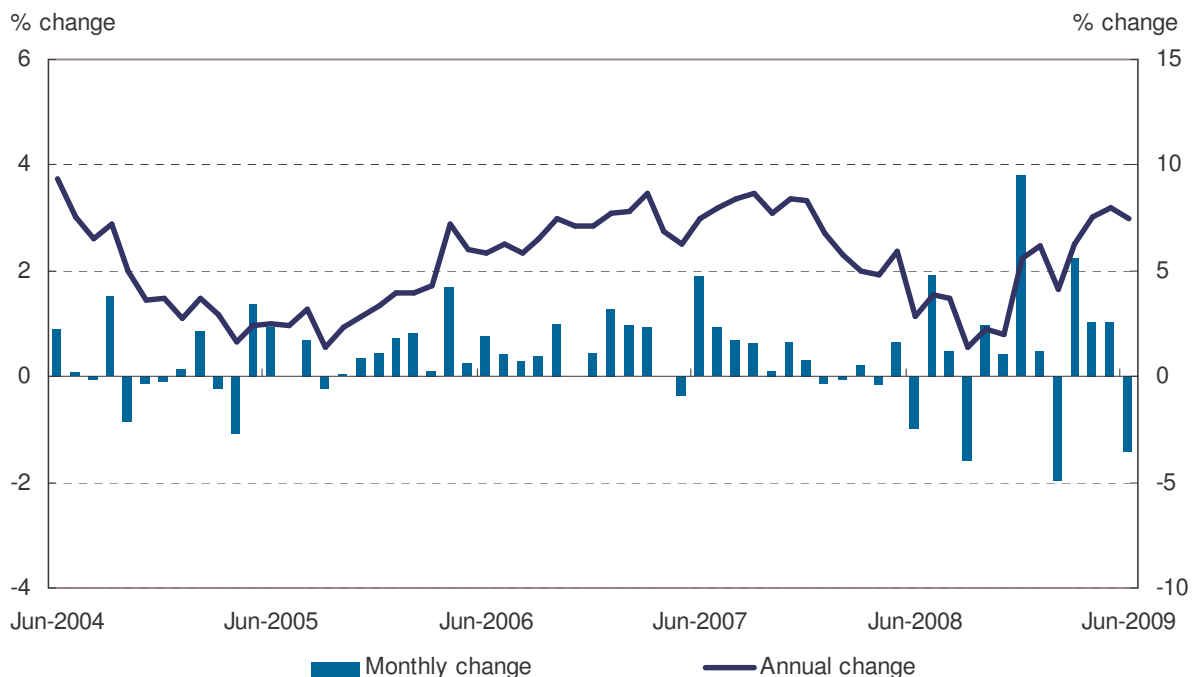
The sub-sectors

- In seasonally adjusted terms in June 2009, all industries, except Household good retailing (where turnover rose by 2.9%) saw a decrease in turnover. This contrasts with May 2009 where all industries except Household good retailing, saw an increase. Industries with the largest falls in turnover in June were Department stores (-8.8%), Clothing & soft good retailing (-7.4%) and Cafes, restaurants & takeaway food services (-1.7%).

The states

- New South Wales was the only state to record an increase in turnover, remaining virtually unchanged at 0.1%, all other states reported falls. Queensland recorded the largest decrease in turnover (-3.5%), followed by the Northern Territory (-2.8%), Tasmania (-2.1%), Western Australia (-1.8%), South Australia (-1.5%) and Victoria (-1.3%).

Chart: Monthly & annual growth in retail turnover (seasonally adjusted)



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Policy implications

- The decline in retail turnover in June may suggest that the policy stimulus from low interest rates and the Federal government's cash payments to consumers is now beginning to fade. This might reflect the negative impact of higher unemployment and rising job insecurity as well as households' ongoing focus on reducing indebtedness and lifting savings. It is too early to be certain that this is the case particularly as employers have focused on avoiding job losses and consequently moderated the impact of higher unemployment rates on consumer confidence.
- It is likely that developments in consumer and sentiment spending in response to the upward drift in unemployment will be the key focus in policy deliberations over coming months.