

Retail trade – November 2009

ECONOMIC ALERT

7 January 2010

KEY POINTS

Value and volume of total turnover

- The value of retail turnover in seasonally adjusted terms increased by a strong 1.4% in November 2009, well above market expectations, but in line with the retail trade sector sales measure in Ai Group's Performance of Services Index for November. November's rise followed an increase of 0.4% in October and a flat outcome in September.

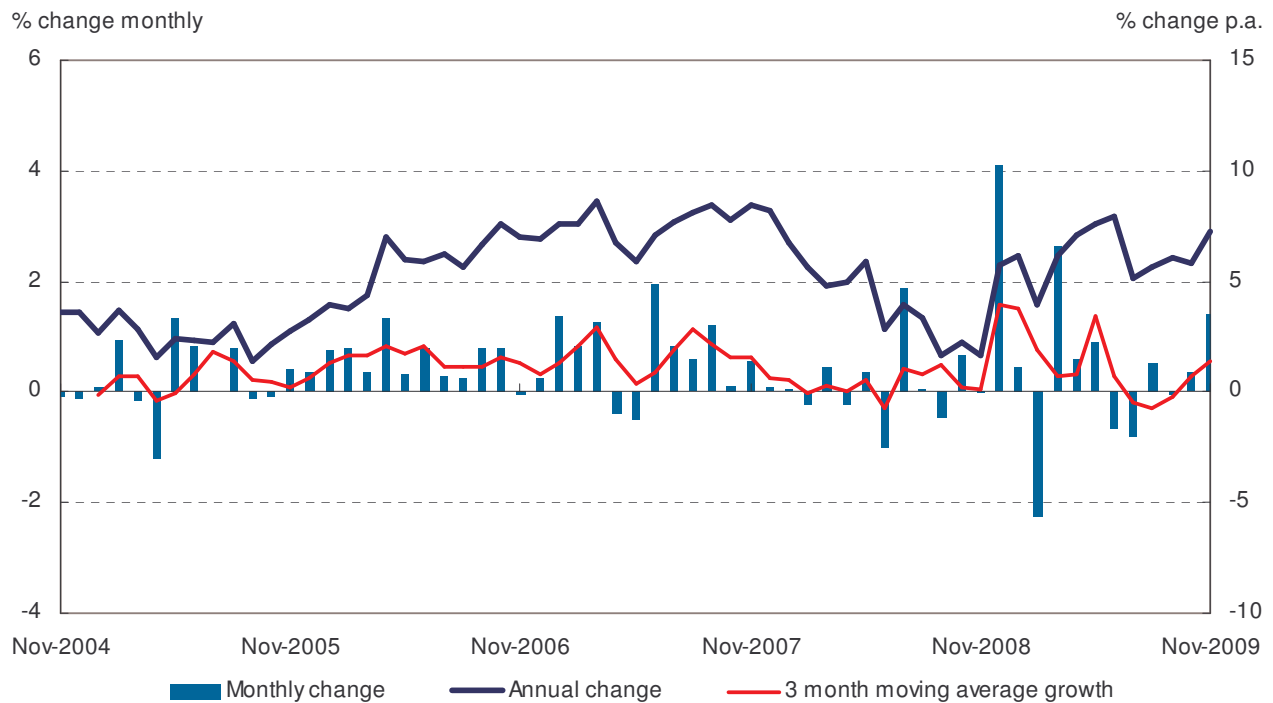
The sub-sectors

- Sales rose, in seasonally adjusted terms, across all retail industry groups: Clothing, Footwear & Other Personal Accessory Retailing (2.5%), Household Goods Retailing (1.7%), Food Retailing (1.6%), Department Stores (1.1%), Cafes, Restaurants & Takeaway Food Services (1.1%) and Other Retailing (0.2%).

The states

- South Australia (3.1%) recorded the strongest growth in sales in November, followed by the Australian Capital Territory (2.7%), Victoria (2.1%), New South Wales (1.3%), Western Australia (0.7%), Queensland (0.6%) and the Northern Territory (0.5%). Tasmania was unchanged in November.

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



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Policy implications

- The strong rise in retail turnover in November was in line with the outcome measured in November in Ai Group's Performance of Services Sector (PSI) survey. Reflecting the volatility in monthly retail sales growth, December's PSI outcome for retail sales suggests little growth. This weaker outcome for December is in line with anecdotal evidence from retailers that pre-Christmas sales were relatively soft.
- The trend in retail turnover, measured by the three month moving average of seasonally adjusted data, suggests that consumers, while lifting demand, remain relatively cautious. This likely reflects the recent interest rates rises and, with an expected mild upwards drift in the unemployment rate and associated easing in household incomes growth; we would expect this to remain the case.
- With the outlook for business investment remaining relatively weak, notwithstanding some improvement in previously dire expectations for investment, a clear impetus to growth from non-policy sources remains uncertain.