

Retail trade – June 2010

ECONOMIC ALERT

3 August 2010

KEY POINTS

Value of total turnover

- The seasonally adjusted value of retail turnover rose by a modest 0.2% in June 2010. This follows a 0.2% increase in May 2010 and a 0.6% increase in April 2010. Annual growth in retail turnover rose from 1.1% in May to 1.9%.

Volume of total turnover

- In volume terms, retail turnover rose by 0.8% in the June quarter 2010, to be 1.4% higher over the year.

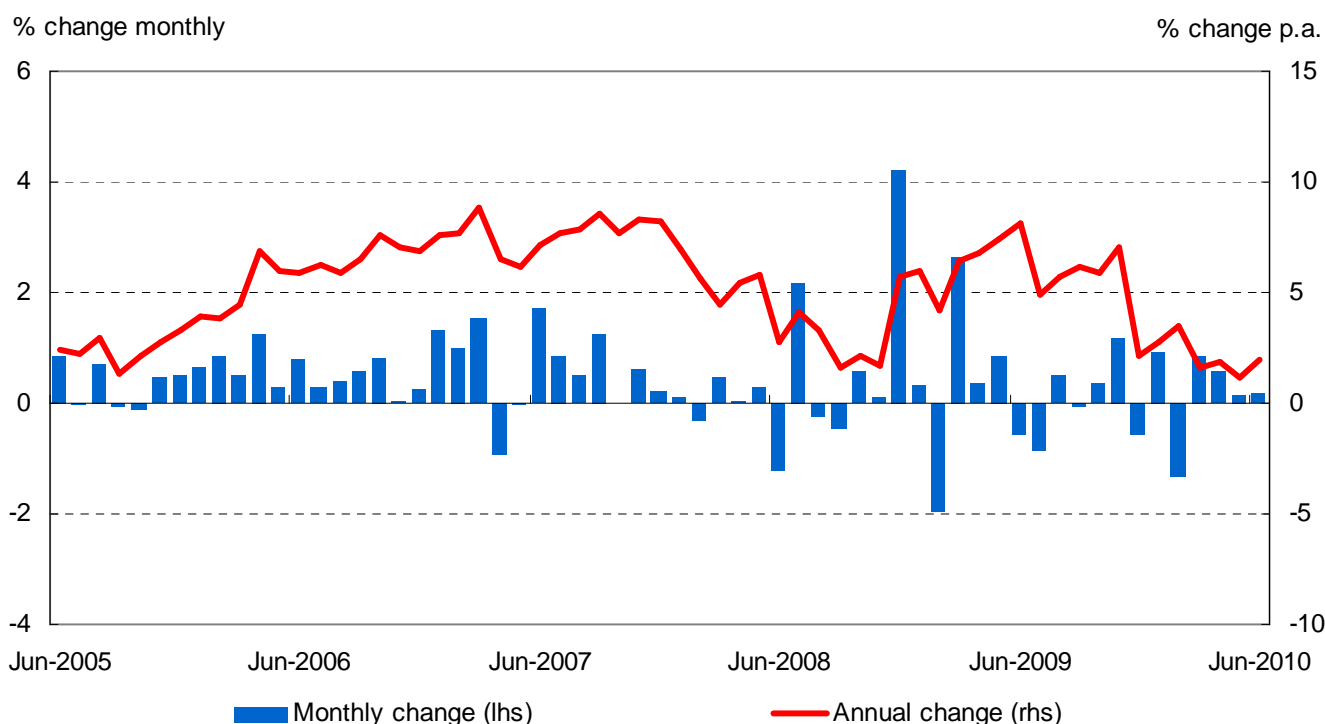
The sub-sectors

- Household Goods Retailing (1.3%) recorded the largest seasonally adjusted increase in June followed by Department Stores (0.6%), Cafes, Restaurants & Takeaway Food Services (0.6%) and Other Retailing (0.3%).
- Sales in Clothing, Footwear and Other Personal Accessory Retailing (-1.2%) decreased in June after a strong result in May and Food Retailing (-0.3%) also recorded a small decrease in sales.

The states

- Victoria (0.6%) the Australian Capital Territory (0.5%) and New South Wales (0.4%) recorded the largest seasonally adjusted increases in June, followed by the Northern Territory (0.2%). Queensland (0.0%) and Western Australia (0.0%) both remained unchanged in June. Sales in South Australia (-1.0%) and Tasmania (-0.9%) both decreased in June.

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



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Policy implications

- Retail sales growth remains modest reflecting ongoing consumer caution on the outlook for interest rates.
- Given recent soft inflation data, ongoing concerns around the strength and resilience of the global economic recovery and recent weak retail and housing data, the Reserve Bank Board now has time to assess the evolution of inflationary pressures as the labour market continues to tighten and growth approaches trend. This suggests that any further increases in the official cash rate will occur during the final quarter of 2010.