

Retail trade – August 2010

ECONOMIC ALERT

5 October 2010

Retail turnover softened, but recovery remains intact

Retail trade growth slowed in August ...

Retail turnover in Australia rose by a seasonally adjusted 0.3% in August 2010, half the growth rate recorded in July. Annual growth in retail turnover eased to 3.8 % in August from 4% in July.

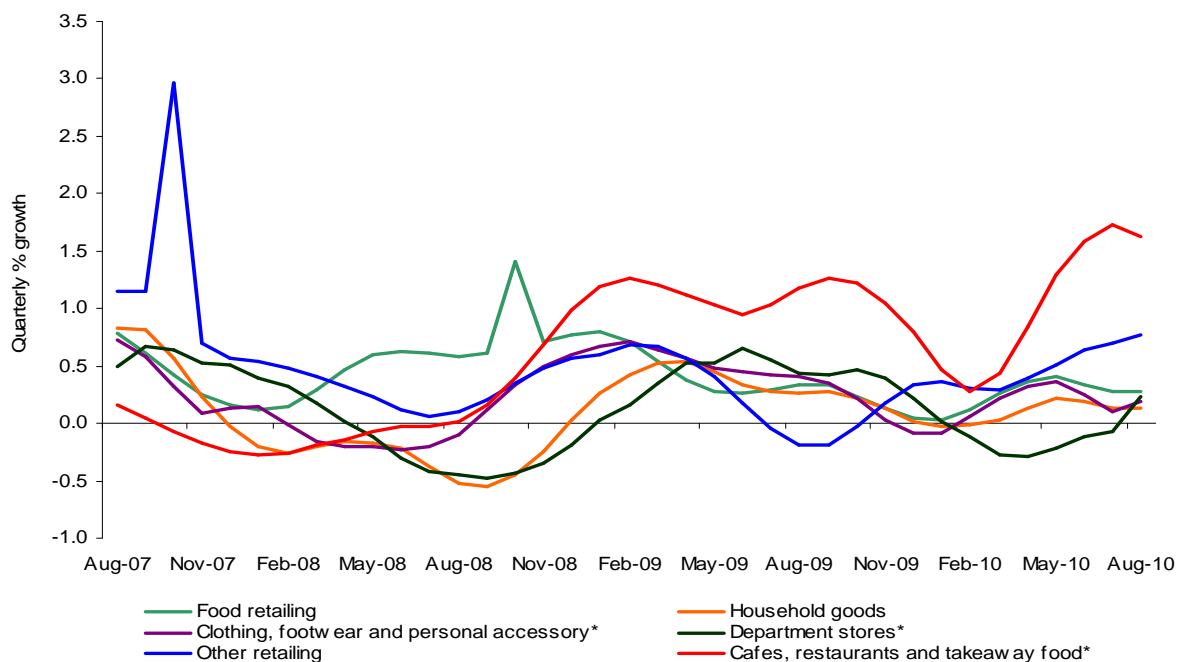
Turnover in the clothing, footwear and personal accessory retailing sub-sector declined by a seasonally adjusted 1.5% in August. This was the largest fall among all sub-sectors, followed by the food retailing sub-sector whose turnover contracted 0.3%. Turnover in the café, restaurants and takeaway food services sub-sector rose 1.5%, the strongest rise among all sub-sectors, but nevertheless significantly lower than the 5% increase recorded in July.

Retail turnover in Western Australia increased by a seasonally adjusted 1.1% in August, the highest among all the States. This was followed by New South Wales, the Australian Capital Territory, Tasmania and South Australia. Retail turnover in Victoria contracted 0.2%. The decline recorded in Queensland was slightly milder (0.1%).

... but the recovery in retail trade remains intact

The August retail trade data seem to suggest that the recovery in Australia's retail trade is beginning to lose steam. However, a closer examination of the trend data provided by the Australian Bureau of Statistics shows that the **recovery in the expenditure on the non-essential items has continued** and the expenditure on essential items has remained stable (Chart 1). This indicates that the recovery in Australia's retail trade is still intact.

Chart 1: Trends in retail trade



Note: Non-essential items are marked with an asterisk in the legend.