

Retail trade - July 2010

ECONOMIC ALERT

31 August 2010

KEY POINTS

Value of total turnover

- The seasonally adjusted value of total turnover increased 0.7% in July 2010, following revised increases of 0.4% in May and June. Annual growth in retail turnover rose to 4% in July from 2% in June.

Volume of total turnover

- In volume terms, retail turnover rose 0.8% in the June quarter to be 1.3% higher over the year.

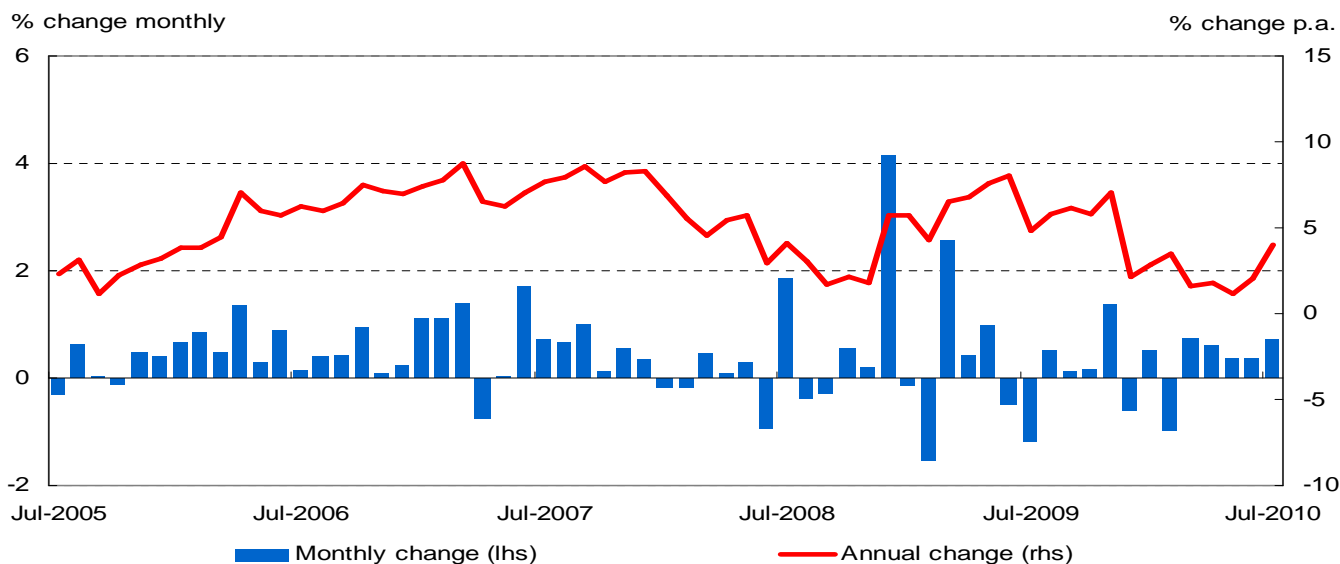
The sub-sectors

- Café, Restaurants & Takeaway Food Services recorded the strongest seasonally adjusted increase in turnover (5.3%) in July, followed by Other Retailing (1.4%), Food Retailing (0.4%) and Clothing, Footwear and Personal Accessory Retailing (0.2%)
- Turnover in Household Goods Retailing contracted 1.7% in July, completely reversing the gain recorded in June. Departmental Stores recorded a 0.7% decline in turnover.

The states

- Retail turnover in Victoria increased by a seasonally adjusted 1.7% in July, the highest among all the states. This was followed by Queensland, New South Wales, South Australia and the Northern Territory, where retail turnover rose 1.5%, 0.6%, 0.3% and 0.2%, respectively.
- Retail turnover in Western Australia contracted 1.8%, the steepest among all states. The declines recorded in the Australian Capital Territory (0.7%) and Tasmania (0.3%) were more moderate in comparison.

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



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Policy implications

- Retail spending has been subdued since the start of the year. However, the increase in retail spending in August is higher than recent monthly growth, consistent with the brightening of employment prospects and suggesting that retail spending may be starting to pick up momentum. The growth in retail spending in July is fairly broad-based, with food and clothing related expenditure being particularly strong.
- A sustained pick-up in retail spending and continued strengthening of the labour market into 2011 could provide further impetus for the Reserve Bank of Australia to resume raising interest rates to contain rising inflationary pressures.