

## Retail trade growth slows

The monthly growth in retail turnover is slowing since the strong rebound witnessed in July. Seasonally adjusted retail turnover in Australia increased 0.4% in September 2011, down from the 0.6% growth recorded in August. Compared to the same time last year, retail turnover rose 2.3%, up from 2% in August. The Australian Capital Territory recorded the strongest growth in retail trade, rising 1.7% in the month. This is followed by the Northern Territory (1%), South Australia (1%) and Tasmania (0.8%). Retail trade remained flat in Victoria.

The increase in retail trade in September is led by the household goods retailing and cafes, restaurants and takeaway food services sub-sectors, where retail sales rose 1% and 0.9%, respectively. Retail turnover in the clothing, footwear and personal accessory retailing and department stores sub-sectors, however, remained weak, expanding by a mere 0.1% in both sub-sectors.

## Policy implications

The third consecutive monthly slowdown in retail trade growth suggests that consumption remains weak in the Australian economy. Consumers continue to be weighed by heightened global economic uncertainty and a softening labour market. This is consistent with moderating domestic demand, which the Reserve Bank of Australia cited as one of the reasons prompting the interest rate cut at its November meeting.

**Chart 1: Trends in retail trade**

