



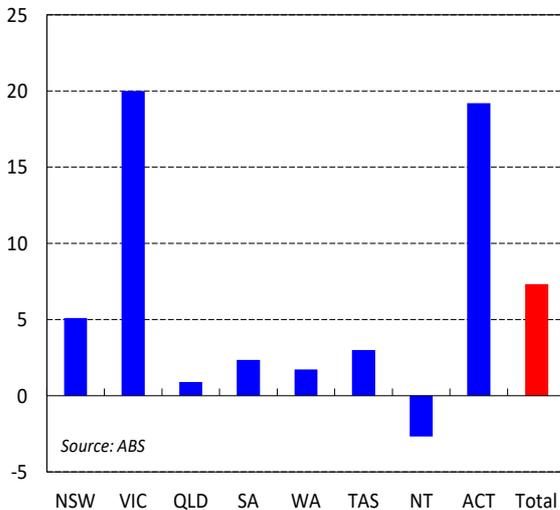
Tuesday, 11 January 2022

Retail Sales

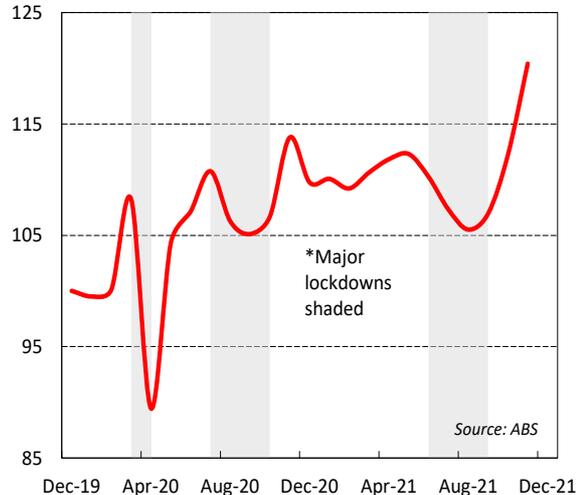
Victoria Takes the Lead as Spending Surges

- Victoria led the way as retail sales surged 7.3% over November. Retail sales were 20.4% above pre-pandemic levels and are now well-above pre-pandemic levels in all states and territories.
- The result is the largest monthly jump in retail sales since May 2020, following the end of the national lockdown. It reflects the continued release of pent-up demand after NSW, Victoria and the ACT emerged from lockdown at different stages during October.
- The result was driven by a boom in Victoria. Retail sales jumped a staggering 20.0% over the month - the second highest monthly increase in the history of the series.
- Spending on clothing, footwear and personal accessories and in department stores surged by 38.2% and 26.0%, respectively. Shoppers locked in spending in November to get ahead of the Christmas rush and ensure products would arrive in time, amid supply-chain disruptions.
- As is common following the end of lockdowns, food retailing fell 2.5%, as consumers shifted towards dining out, rather than at home. Indeed, spending on cafes, restaurants and catering services surged 17.1% over the month.
- The emergence of Omicron poses a risk to retail spending. Spending may be impacted in coming months as households exercise caution regarding their activities to reduce the chance of contracting the virus. Staff availability and supply-chain disruptions have also impacted product availability and opening hours of some businesses during the holiday season and into January.

Retail Sales by State
(Nov 2021, monthly % change)



Retail Sales Values
(index with Dec 19 = 100)



Retail sales growth continued to gain momentum, increasing for a third consecutive month in November. Sales surged 7.3% over the month, to a new record high. Sales rose to be 20.4% above pre-pandemic levels (as of December 2019) and 7.2% above levels seen in May 2021, before the emergence of the Delta variant. The result is the largest monthly jump since May 2020, following the end of the national lockdown.

The increase reflects the continued release of pent-up demand after NSW, Victoria and the ACT emerged from lockdown at different stages during October. Additionally, shoppers locked in spending in November to get ahead of the Christmas rush and ensure products would arrive in time, amid supply-chain disruptions.

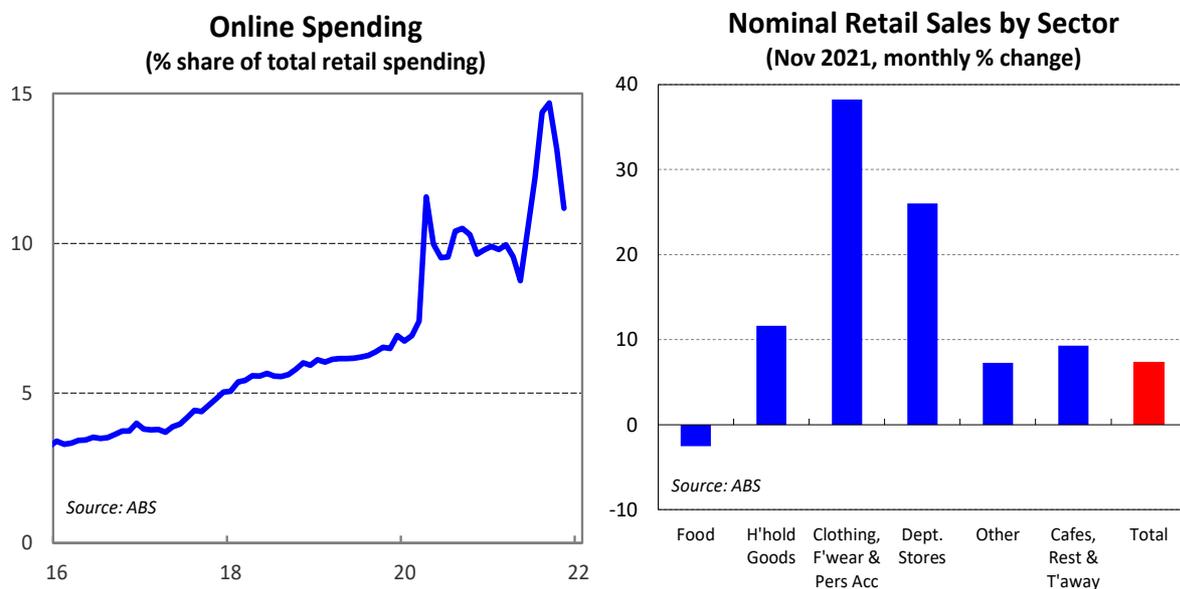
By states and territories

The November result was driven predominantly by a boom in Victoria. Retail sales jumped a staggering 20.0% over the month - the second highest monthly increase in the history of the series. The surge in retail spending in Victoria follows the lifting of lockdown restrictions towards the end of October, as shoppers returned to retail stores and hospitality venues in droves. Retail spending in Victoria is now 23.4% above pre-pandemic levels and 14.2% above pre-Delta levels.

NSW recorded a strong result in November. Retail sales picked up 5.1% over the month, following a 13.3% surge in October. Retail spending jumped 19.2% in the ACT, the second consecutive monthly increase of more than 15%, following a 20.2% increase in October.

All other states and territories reported an increase in retail spending in November, apart from the NT, which fell 2.7%. Tasmania and SA recorded strong sales growth, increasing 3.0% and 2.4%, respectively, while growth was softer in WA and Queensland, 1.7% and 0.9%, respectively.

Retail sales are now well-above pre-pandemic levels and above or around pre-Delta levels in all states and territories.



By category

Consistent with the easing of lockdown restrictions, clothing and footwear retailing led the gains in November, jumping 38.2%. This was closely followed by department stores, which recorded a 26.0% increase in sales over the month. November also saw a strong uptick in spending on household goods (11.6%), driven by spending on furniture and housewares (21.4%) and electrical goods (17.7%).

As is common following the end of lockdowns, food retailing fell 2.5%, as consumers shifted towards dining out, rather than at home. Indeed, spending at cafes, restaurants and catering services surged 17.1% over the month of November, while spending on takeaway foods edged down 0.6%. Importantly, spending on cafes, restaurants and takeaway food services rebounded to be 5.0% above pre-pandemic levels, which is a positive outcome given the sector was heavily impacted by lockdowns.

The easing of restrictions also saw a shift away from online spending (-8.7%), driven predominantly by online food retailing, which dropped 9.2%. The share of online sales as a share of total retail sales fell from 13.1% in October to 11.2% in November.

Outlook

Retail spending continued an extraordinary recovery in November, following a strong rebound in October. The staggered end to lockdowns across states and territories was evident, as Victoria took the baton from NSW and led the spending rebound. The result reflects considerable pent-up demand and the discharge of savings buffers accumulated throughout the Delta lockdowns in the lead up to Christmas.

The emergence of Omicron poses a risk to retail spending. Spending will may be impacted in coming months as households exercise caution regarding their activities to reduce the chance of contracting the virus. Staff availability and supply-chain disruptions have also impacted product availability and opening hours of some businesses during the holiday season and into January.

Jameson Coombs, Associate Economist

Ph: 0401 102 789

Contact Listing

Chief Economist

Besa Deda
dedab@bankofmelbourne.com.au
(02) 8254 3251

Economist

Matthew Bunny
matthew.bunny@bankofmelbourne.com.au
(02) 8254 0023

Senior Economist

Jarek Kowcza
jarek.kowcza@bankofmelbourne.com.au
0481 476 436

Associate Economist

Jameson Coombs
jameson.coombs@bankofmelbourne.com.au
0401 102 789

The Detail

The information contained in this report (“the Information”) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom Bank of Melbourne has a contract to supply Information, the supply of the Information is made under that contract and Bank of Melbourne’s agreed terms of supply apply. Bank of Melbourne does not represent or guarantee that the Information is accurate or free from errors or omissions and Bank of Melbourne disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to Bank of Melbourne products and details are available. Bank of Melbourne or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. Bank of Melbourne owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of Bank of Melbourne.