

RESEARCH NOTE

RETAIL TRADE ESTIMATE* INCREASED BY 4.9 PER CENT IN OCTOBER 2021 AND BY 5.2 PER CENT YEAR-ON-YEAR

As this is the final Retail Trade data release from the ABS for 2020, this note has been expanded to include additional analysis (e.g. trends that are usually on rotation) as an end of year wrap up of sorts. The next release of retail data from the ABS will be on 11 January 2022 and will cover November 2021 (including Black Friday), with the all-important December 2021 data being released in early February next year.

Thursday, December 2 2021 - The latest release (October 2021) of the monthly ABS Retail Trade data indicates that the overall month-on-month (m-o-m) estimate* increased by 4.9 per cent, up from 1.3 per cent in September 2021. Retail Turnover increased by 5.2 per cent year-on-year (y-o-y), up from 1.7 per cent in the prior corresponding period (pcp), with a clear indication that post-lockdown spending is surging.

* The ABS has temporarily suspended the publication trend data due to volatility.

STATE OF PLAY

The below table summarises the key data in **seasonally adjusted** terms across the six ABS retail categories. The strongest growth was recorded for 'Clothing, footwear and personal accessory' retailing on a m-o-m basis (27.7 per cent). 'Other' retailing recorded the strongest growth on a y-o-y basis (12.5 per cent). In **seasonally adjusted** terms, Retail Turnover increased by 4.9 per cent in the month of October. On a y-o-y basis, Retail Turnover increased by 5.2 per cent.

CATEGORIES	\$ billion	m-o-m	last 3 months	y-o-y
Food retailing	\$13.01	↓ -0.5%	↑ 0.2%	↑ 2.1%
Household goods retailing	\$5.72	↑ 4.5%	↑ 6.5%	↑ 6.7%
Clothing, footwear and personal accessory retailing	\$2.22	↑ 27.7%	↑ 14.1%	↑ 5.8%
Department stores	\$1.52	↑ 22.4%	↑ 9.5%	↓ -3.3%
Other retailing	\$4.90	↑ 2.2%	↑ 5.2%	↑ 12.5%
Cafes, restaurants and takeaway food services	\$3.76	↑ 12.3%	↑ 9.7%	↑ 8.3%
Retail Turnover	\$31.13	↑ 4.9%	↑ 4.5%	↑ 5.2%

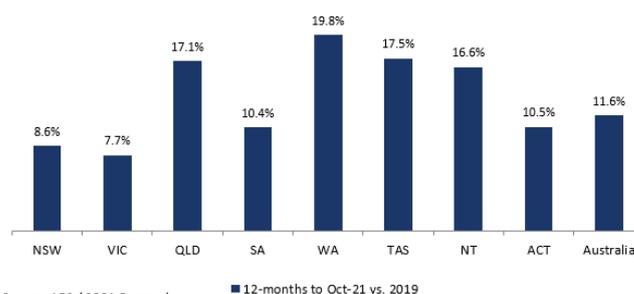
Source: ABS / SCCA Research

*Seasonally Adjusted

PRE-PANDEMIC ANALYSIS

Comparison of retail spending will be affected throughout 2021 given two main factors. Firstly, lockdowns and Government restrictions for 'non-essential' retail in certain jurisdictions (including during post-lockdown periods) will negatively impact short-term comparisons, especially for month-on-month or quarter-on-quarter periods. Secondly, record spending during 2020, due to the bounce back of consumer activity, has an impact on longer-term analysis (year-on-year). Given these factors, it is worth making a comparison of Retail Trade to the pre-pandemic period of 2019. Interestingly, all jurisdictions (including those recently exiting lockdown) show positive growth versus the corresponding pre-pandemic, 12-month period.

ABS Retail Trade (Seasonally Adjusted)
Comparison to Pre-Pandemic Turnover by Jurisdiction



Noting that New South Wales and Victoria were in lockdown for a significant portion of the analysis period, the rebound in spending cannot be underestimated. For example, whilst some jurisdictions recorded strong, double digit growth in the 12-months to October 2021, the sheer size of those two markets means that in nominal terms they outperformed.

New South Wales was the second 'worst' in percentage terms but in nominal terms it was the second best performing jurisdiction with almost \$9 billion additional spending compared to 2019, Tasmania on the other hand was the second best jurisdiction in percentage terms but sixth in nominal terms (\$1.1 billion vs. 2019).

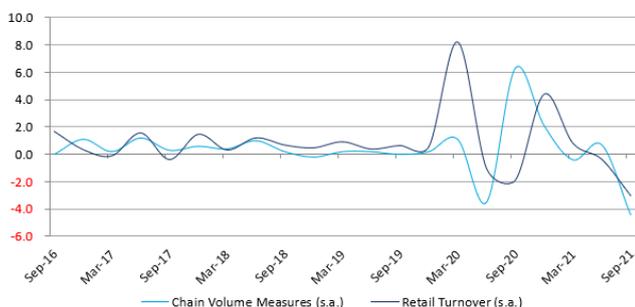
TREND ANALYSIS: CHAIN VOLUME MEASURES

The quarterly chain volume measure estimates the change in value after the direct effects of price changes have been eliminated, reflecting changes in volume. In the quarter to September 2021, Chain Volume Measures decreased by 4.4 per cent, down from 0.7 per cent in the pcp. Retail Turnover decreased by 3.0 per cent in the September 2021 quarter, down from -0.4 per cent in the pcp.

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Retail Turnover are tracking slightly ahead of Chain Volume Measures indicating that pricing is the main driver of growth but also highlighting lower volumes during extended lockdowns in three jurisdictions during the period.

ABS Retail Turnover - Seasonally Adjusted
Quarterly Growth in Chain Volume Measures vs. Retail Turnover (%)



Source: ABS / SCCA Research

TREND ANALYSIS: CONSUMER SENTIMENT

According to the latest figures from the Westpac-Melbourne Institute Index of Consumer Confidence report, consumer sentiment was recorded at 105.3 in November 2021, up from 104.6 the prior month. This marks 14 consecutive months of positive consumer sentiment, with an average of 108.6 indicating that there is more optimism than pessimism for consumers. Westpac commented that "...the level of the Index is almost identical to the level just over a year ago in October 2020 (105.0) and has remained steady over the last two months despite both Sydney and Melbourne having moved out of their hard 'delta' lockdowns since September".

Westpac-MI Consumer Sentiment
12-months to November 2021



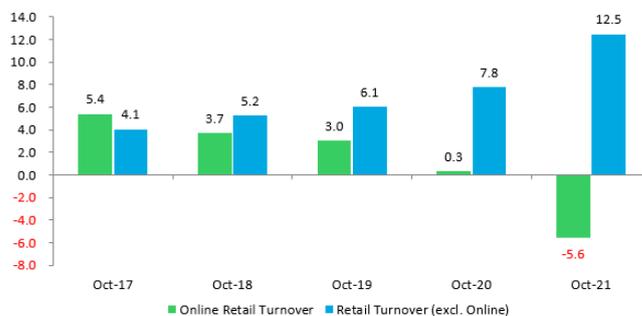
Source: Westpac-Melbourne Institute / SCCA Research

The November sentiment print is particularly important given the lead-in to the Christmas shopping season. The survey also highlights that the overall net proportion of 'spend more minus spend less' over the Christmas period is the second best since the survey began. It seems that consumers are determined not to allow their spending to slip back further while at the same time being cautious about over-extending.

TREND ANALYSIS: ONLINE RETAIL TURNOVER

According to the 'experimental estimates of online retail turnover', online retail turnover decreased by 5.6 per cent on a m-o-m basis in November 2021, noting that this data is in original (non-seasonally adjusted) terms. By comparison, 'traditional retail turnover' (i.e. retail turnover less online) increased by 12.5 per cent m-o-m. This is due to lockdowns and Government restrictions in two states, New South Wales and Victoria, driving sales online during the reference period.

ABS Retail Trade - Online vs. Traditional Retail
Percentage Change Month-on-Month (Original) by Type



Source: ABS / SCCA Research

Interestingly, despite all the media attention given over to online spending, this is the fourth year in a row that traditional retail turnover has outperformed in October and by increasing proportions each year. And whilst online spending remains elevated overall, this certainly points to a 'return to store' for consumers.

It is also worth noting that whilst online retail spending has recorded elevated growth throughout the pandemic, total retail turnover in Australia has outperformed historical growth at the same time, of which online retail makes up an average of less than 10 per cent over that timeframe.

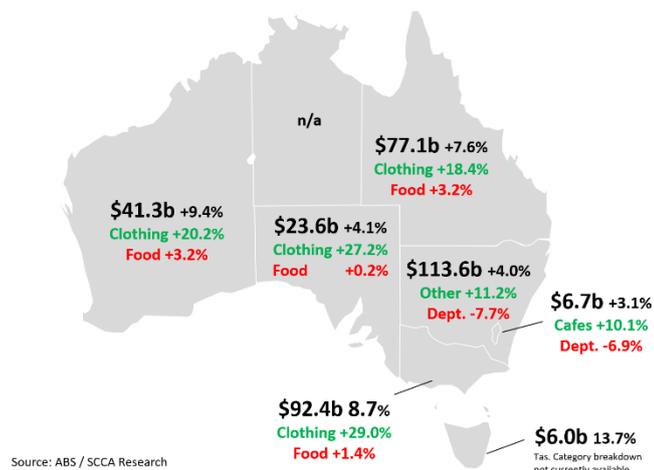
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STATE BY STATE: BEST AND WORST

Retail Turnover varies within the ABS defined six categories and across different jurisdictions. The following map outlines and compares the total and growth of retail trade over the last 12-months (vs. the pcp), and the best and worst retail growth categories.

The strongest jurisdictions in seasonally adjusted terms were Tasmania (up 13.7 per cent to \$6.0 billion) followed by Western Australia (up 9.4 per cent to \$41.3 billion) and Victoria (up 8.7 per cent to \$92.4 billion). New South Wales (up 4.7 per cent to \$113.4 billion) was the 'worst performing' jurisdiction in percentage terms, although still recording strong positive growth, following months of severe restrictions on retail trade.

The highest growth across all jurisdictions, with the exception of New South Wales and the ACT, was for 'Clothing, footwear and personal accessory' retailing. Indeed, strong growth for clothing retail averaged 23.7 per cent across four jurisdictions. It is worth noting that just two jurisdictions (New South Wales and the ACT) recorded 'negative growth' for the worst performing category, whilst all others recorded positive growth across all six categories.



Unsurprisingly, spending during the lockdown periods was strongest across non-discretionary spending categories (e.g. food), whilst pent up consumer demand has driven growth for discretionary spending categories (most notably 'Clothing, footwear and personal accessory' retailing) across those jurisdictions most impacted by Government restrictions.