



# QUARTERLY ECONOMIC OUTLOOK REPORT

## QUARTERLY SUMMARY

Retail trade is still growing; but the rate of growth is dropping bit by bit each month. The annual growth in quarterly retail turnover shows it best. The September quarter this year is just 1.9% up in turnover and has been consistently reducing each month as shown in the chart below.

Spend is down on last quarter and similarly below inflation; despite a large, inflation-led spike in Transport and Health spend in the quarter.

## HEADLINE STATISTICS : HEALTH OF THE RETAIL MARKET

### RETAIL TRADE PERFORMANCE

Annual Industry Turnover  
  
Annual Growth: 5.2%  
This Quarter: 0.5%

### TOP GROWTH CATEGORIES

This Quarter:  
Cafes/Restaurants: 1.9%  
  
This Year:  
Cafes/Restaurants : 16.2%

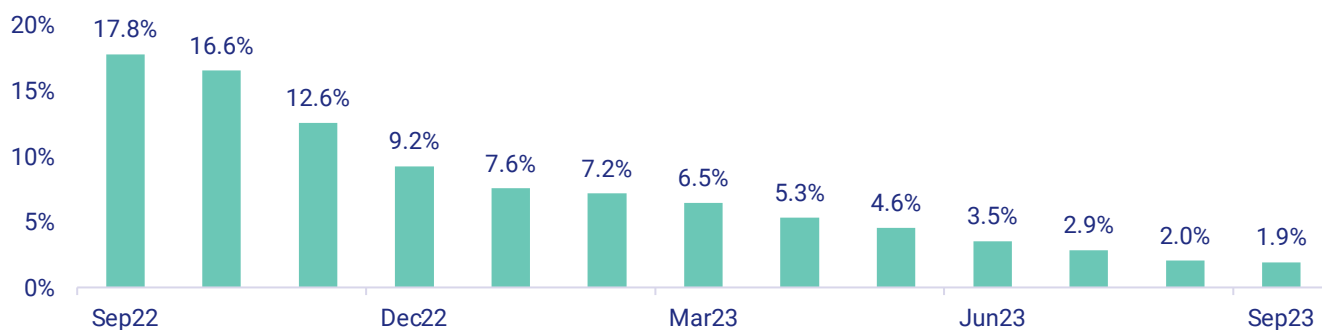
### ONLINE RETAIL SHARE

Online Share: 10.5%  
LQ: 11%, LY: 10.5%  
  
All Non-Food Online:  
16.1%

### HOUSEHOLD SPEND

Latest: 4.9% (LQ: 6.2%)  
Growth Area:  
Transport (18%)  
  
Next Fastest:  
Health (8%)

## ANNUAL GROWTH IN QUARTERLY RETAIL TURNOVER



# Retail Industry Performance



## KEY STATISTIC FOR SEPTEMBER QUARTER

Annual Turnover: 5.2% from 9%

## WHAT HAPPENED IN THE QUARTER?

Annual retail trade dropped back in line with inflation, with annual growth at 5.2%. The last 3 months were each only 2% above the 2022 levels, compared with 4-8% growth in the first half of the year.

## WHAT TO LOOK OUT FOR?

November and December are the seasonally strong months in terms of spend, and while they will be again, it is likely the reduced discretionary spend will impact holiday sales.

## HOW HAVE THINGS CHANGED?

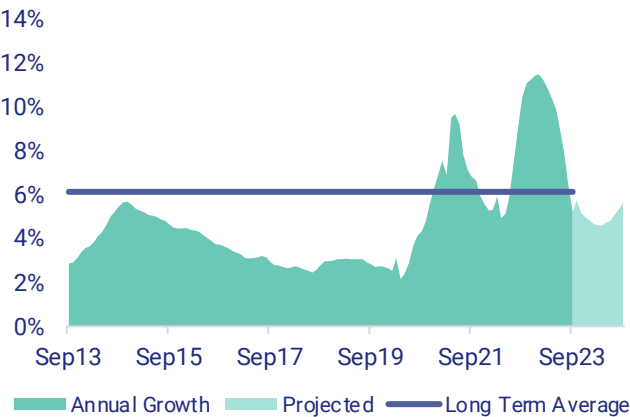
As previously explored, more of the seasonal spend will occur in November, and more online due to online sales events like Black Friday.

Currently, food services has remained strong, with clothing and department store spend taking a hit.

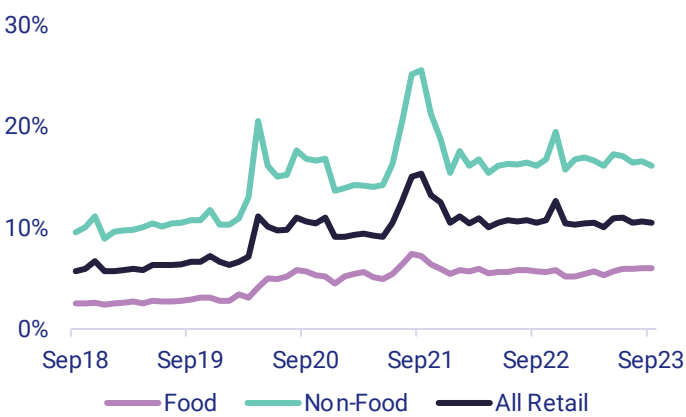
## RETAIL INDUSTRY TURNOVER



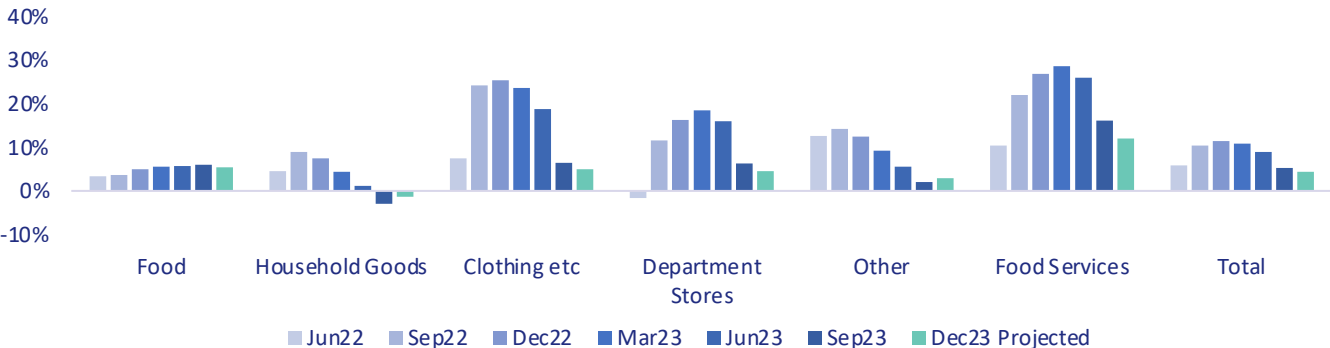
## ANNUAL INDUSTRY GROWTH RATE



## PERCENTAGE OF RETAIL ONLINE

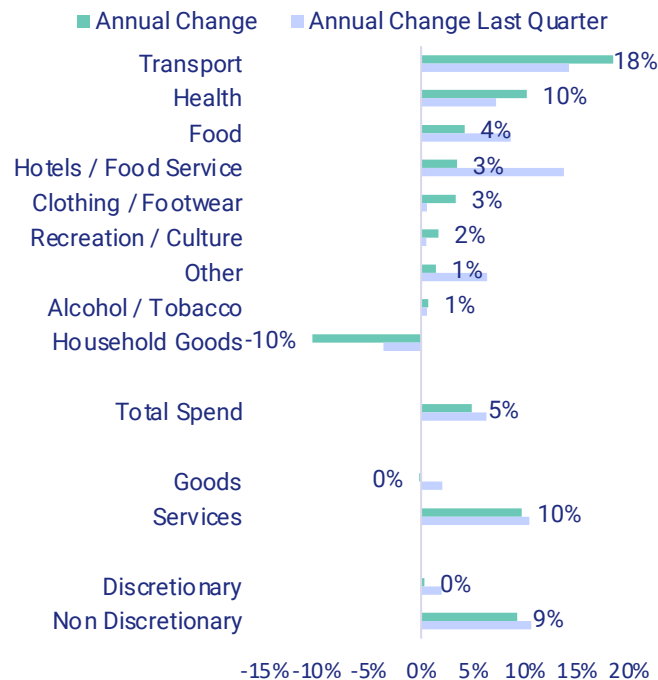


## ANNUAL RETAIL CATEGORY GROWTH



# Trends in Household Spend

## HOUSEHOLD SPEND INDEX CHANGE



## KEY STATISTIC FOR SEPTEMBER QUARTER

### Spend up 5% annually

#### WHERE ARE HOUSEHOLDS SPENDING?

Household spend is focused on non-discretionary items; it is the only area that has shown growth over the last year. That includes Transport, Health and Food primarily, with the higher costs of those necessary items depressing the spend in other areas, particularly goods and clothing.

#### HOW HAVE THINGS CHANGED?

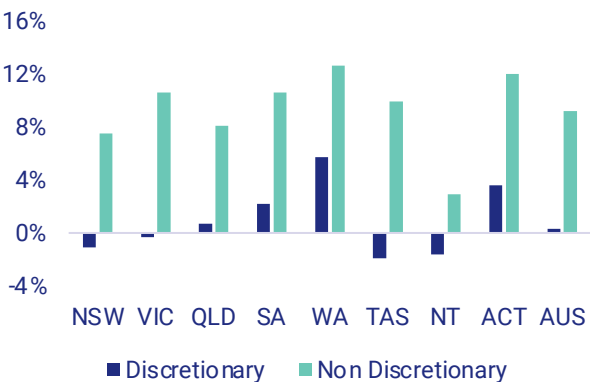
The trend away from spending on discretionary items has continued, but even spend growth on non-discretionary is slowing. There is at least some growth in WA, SA and ACT, but the major states of NSW and VIC are pushing spend down.

That is despite Health and Transport spend being relatively higher in WA, suggesting more resilience in that state.

## ANNUAL CHANGE: GOODS & SERVICES



## ANNUAL CHANGE: SPEND TYPE



## ANNUAL CHANGE: SPEND CATEGORIES BY STATE



# Retail Market Trends

## KEY STATISTIC FOR SEPTEMBER QUARTER

### 12% Credit Card Growth

#### HOW HAVE THINGS CHANGED?

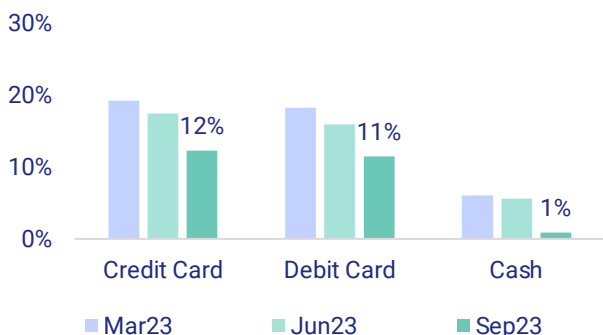
Spend on all card types is still growing; but at slightly reduced growth rates compared with earlier in the year.

Credit Card spend is at 12%, but still remains well managed by consumers with balances accruing interest not increasing; a sign that cards aren't being used as a last resort for funds.

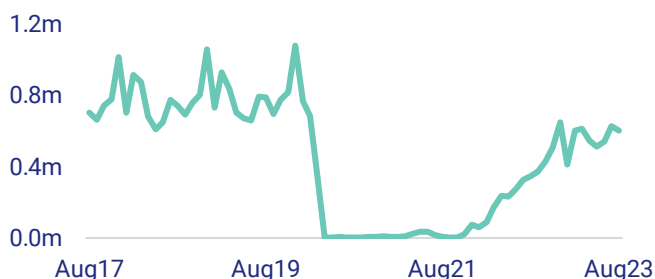
#### WHAT TO LOOK OUT FOR?

Pre-paid card use has hit new highs once again, and there is increased usage in November and December. That suggests they'll be used once again in coming months over the holiday spending season. Usage of pre-paid cards has more than doubled since the drop during 2020.

## GROWTH IN PAYMENT METHODS

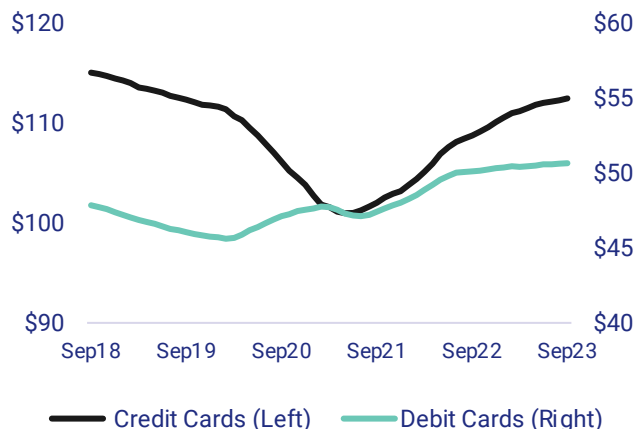


## OVERSEAS TOURIST ARRIVALS

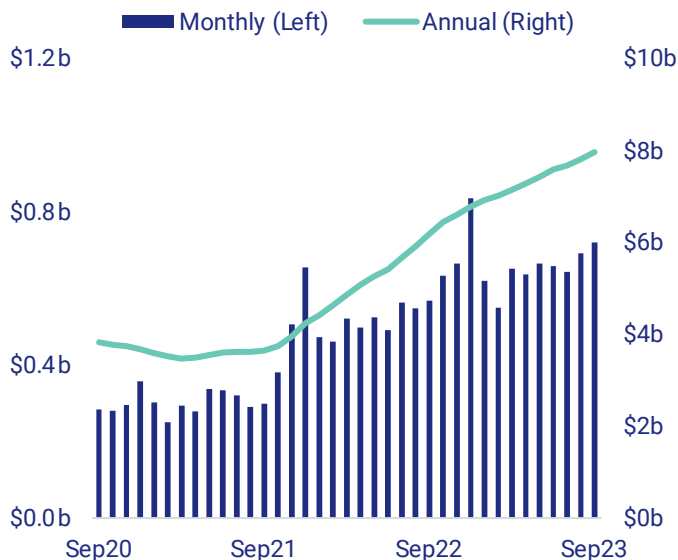


Overseas tourism is still not back at levels seen pre-Covid, still 23% less than it was 4 years ago, a reduction still of 185k people. June saw the closest result, at 18% down, but the gap has since risen.

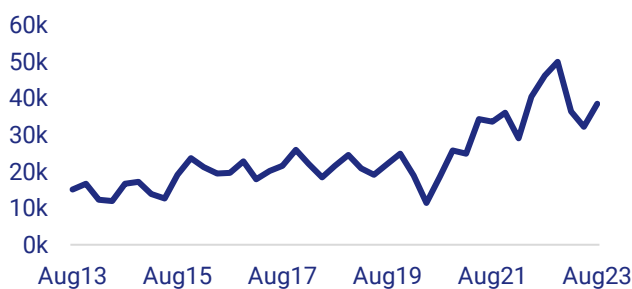
## AVERAGE PURCHASE VALUE



## DOMESTIC PRE-PAID CARD USE



## RETAIL INDUSTRY JOB VACANCIES



Retail job vacancies are still high; well above where they were pre-Covid, and rising another 6,300 from May to August. It is 74% up on pre-Covid, but down 16% on the same time last year.

## HOW MUCH WILL HOLIDAY SPEND INCREASE?

As we enter the biggest shopping period of the year, retail trade is at a challenging point with the impact of inflation and rising interest rates. The chart below shows that for some time, household spend has been significantly strong. Despite inflation reaching 8.4% in December 2022, the annual growth of household spend was significantly higher.

That rapid growth in spend coming out of lockdowns, combined with pressures from interest rates, as well as rising prices of health, transport, electricity and insurance, has seen spend drop below inflation for the last few months.

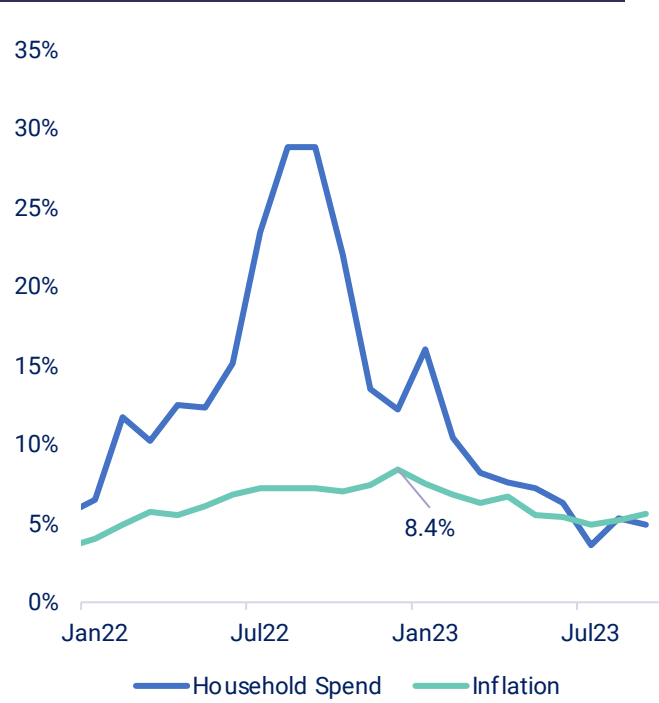
That means, for the first time since the initial lockdown spend drop off in 2020, real spending is negative; that is, consumer spending growth is not keeping up with inflation. Essentially, people are buying less numbers of goods and services than they were, but prices are rising so they are still spending more.

Included in that spend is higher prices on Transport and Health; which will be pushing down the spend on discretionary items elsewhere. Housing is not included; and taking up a large chunk of spend.

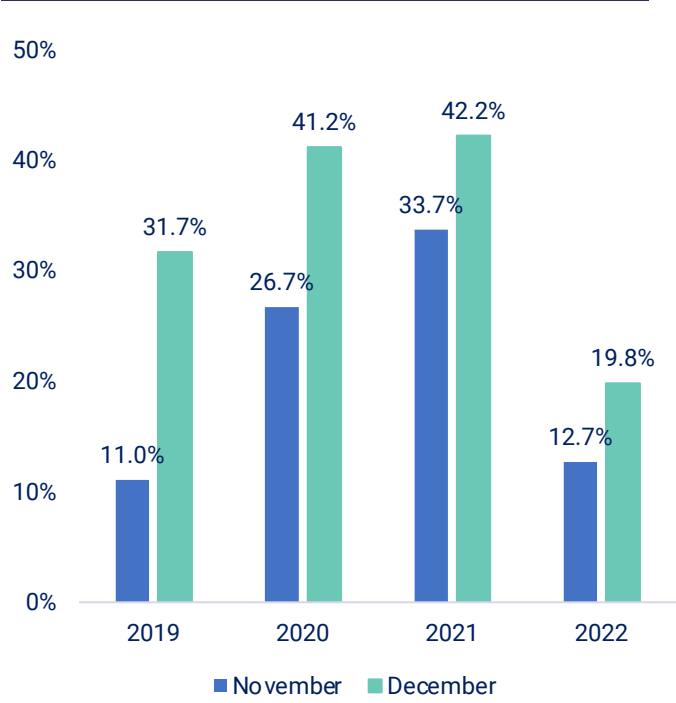
Spend always increases in November and December; but it does vary depending on the economic conditions. 2022 was down on expectations; including 2019 results. The spend has also pushed more towards November which will likely continue.

The issue for retailers is that while dollar value of spend is up overall, cost pressures means there is less to be made, and it is harder to discount. Finding the balance of sales to get more revenue in these conditions is the key to maximise volume during a busy sales period.

ANNUAL CHANGE IN SPEND AND INFLATION



INCREASE IN SPEND FROM SEPTEMBER THAT YEAR





## REPORT PREPARATION

The Report is produced by Qi Insights exclusively for members of the National Retail Association. The goal is to give members a better understanding of how the industry is performing, and what trends are happening in the market and with their customers.

Qi Insights accepts no liability for any errors or omissions, including loss arising from reliance on information in this publication. The views expressed in the publication are those of Qi Insights based on the data. No part of this publication may be reproduced without prior consent of NRA or Qi Insights.

## DATA USED

The report uses publicly available datasets, primarily from the Australian Bureau of Statistics (ABS) (Retail Trade, Household Spend, Overseas Arrivals and Job Vacancies) and the Reserve Bank of Australia (RBA) (Retail Payments), and other sources like Google Trends.

The data used is a combination of the original data and seasonally adjusted data. Seasonally adjusted data smooths out seasonal fluctuations to show long term trends. The report uses both to show the monthly seasonality in the industry, as well as the trends.

Forecasts / projections on retail industry growth are using a formula for growth based on prior periods. It doesn't take into account macro economic changes or recent events and should be used as a guide only.

Growth figures are generally annual change in index figures or annualised figures, unless otherwise specified. This is to give a long term growth trend, with comparisons to previous quarters growth to see progression of the trend.

Cash used is a uniquely produced summary of ATM Withdrawals, Cash Out, and Cash Advances. Debit and Credit Card results are calculated using monthly purchase volume and units as specified by the RBA.

Retail Trade and Household Spend categories names have been shortened for presentation purposes in this report. The full category names are as follows:

- For Retail Trade:
  - Food retailing
  - Household goods retailing
  - Clothing, footwear and personal accessory retailing
  - Department stores
  - Other retailing
  - Cafes, restaurants and takeaway food services
- For Household Spend:
  - Food
  - Alcoholic beverages and tobacco
  - Clothing and footwear
  - Furnishings and household equipment
  - Health
  - Transport
  - Recreation and culture
  - Hotels, cafes and restaurants
  - Miscellaneous goods and services

## QUESTIONS

Any questions regarding the report can be directed to [info@nra.net.au](mailto:info@nra.net.au)

