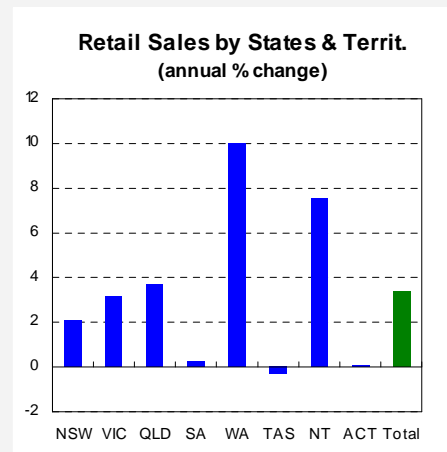
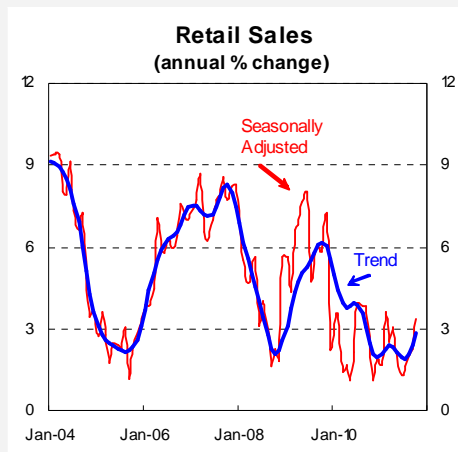


DATA SNAPSHOT

Retail Trade – Shallow Pockets

Thursday, 1 December 2011

- Retail spending rose only modestly in October, as Australians remained cautious about digging deep in their pockets amid the gloomy news about the European debt crisis. Retail sales rose by 0.2% in the month, the fourth straight rise, but also the weakest rise in four months.
- Amid the States, WA remained a standout performer; it is the only state where retailing is growing above the long-run average.
- Ongoing concerns about the sovereign debt in Europe and weaker prospects for global growth could continue to potentially impact negatively on retailing. It leaves next week's rate decision for the RBA as a very close call.



Retail spending rose only modestly in October, as Australians remained cautious about digging deep in their pockets amid the gloomy news about the European debt crisis. Retail sales rose by 0.2% in the month, the fourth straight rise, but also the weakest rise in four months. Annual growth improved from 2.3% to 3.4%, the strongest annual growth rate in eight months but still well under the long-run average of 5.4%.

Across the States, there were falls in retail spending in NSW, Queensland and Tasmania. The strongest rise was recorded in WA of 1.6%, which is the strongest rise in eight months. Victoria also posted a solid rise of 0.6% in the month.

In terms of annual growth among the States, WA remains the stand-out performer with annual growth of 10% above the long-run average of 6.5%. The annual growth rate of retailing in all other States is below the long-run average.

Looking across the retailing sectors, there is not a clear trend of consumers refraining from discretionary spending. The discretionary sectors of department stores and other retailing, fell 0.7% and 0.4%, respectively, in the month, but another notable key discretionary sector in clothing, footwear & personal accessories posted a solid increase of 1.2%.

Ongoing concerns about the sovereign debt in Europe and weaker prospects for global growth could continue to potentially impact negatively on retailing. It leaves next week's rate decision for the RBA as a very close call. Co-ordinated central bank action overnight to make it cheaper for banks to borrow dollars in emergencies highlights the seriousness of the European debt crisis. It also suggests there is a risk that the RBA taps on the accelerator next week to provide insurance in what remains a gloomy backdrop.

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