

## Australian retail sales surge on re-opening

As Australia's re-opening after lockdowns proceeded in October, retail spending surged higher, making up for ground lost in previous months. This won't last, but it will provide some boost to 4Q GDP, and help to reverse what looks like it will be a sharp drop in 3Q GDP released next week



**4.9** MoM%  
October retail sales

Higher than expected

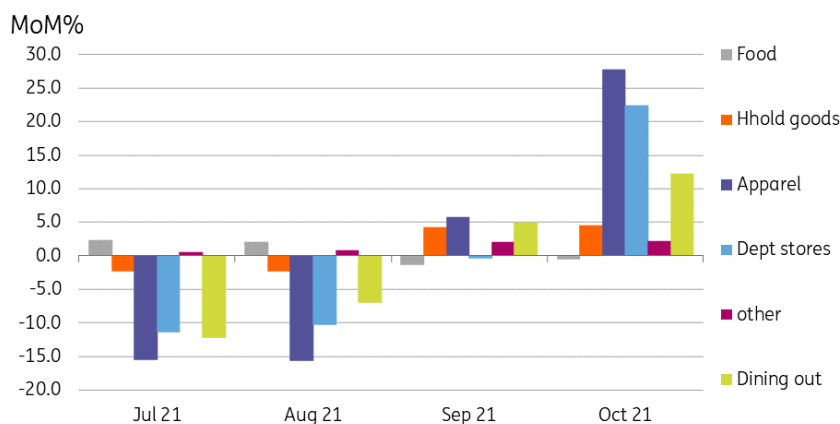
### Sales surge

The end of lockdowns across Australia has resulted in a big surge of pent-up demand for goods and services in October. Total retail sales grew 4.9% MoM, rising from the modest 1.3% gain in

September and undoing some of the damage to sales of the previous months under lockdown.

Sales of footwear and clothing saw the biggest gains, with a month-on-month increase of nearly 28%. There were also strong gains in sales at cafes and restaurants, as people took advantage of the novelty of dining out. Understandably, this ate into the share of spending on food, which dropped slightly from the previous month. Department store sales also did well, rising more than 22%MoM - a case of a little post-lockdown retail therapy...

## Retail sales MoM%



Source: CEIC, ING

## This won't last

It already looks as if the October sales surge has reversed most of the losses of the previous months during lockdowns, and so we don't expect this sort of retail strength in the monthly figures to persist. But while it does, it should provide a boost to GDP figures in the fourth quarter. 3Q21 GDP is released next week. The consensus expectation for the third quarter is for a 2.6%QoQ decline. 4Q21 GDP will most likely post an outside gain when it is finally published. But the magnitude of these alternate negative and then positive swings means that making sensible predictions is all but impossible. Nor is it possible to read too much into the data even once it is released. Consequently, markets will probably pay little attention to GDP and other volatile figures. Instead, they will wait for clues as to the post-re-opening trend - they may have to wait for quite a while.

### Author

**Robert Carnell**

Regional Head of Research, Asia-Pacific

[robert.carnell@asia.ing.com](mailto:robert.carnell@asia.ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial

instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.