



Summary

Monthly Change (Trend):

Queensland	↑	0.7 %
Rest of Australia	↑	0.4 %

- Monthly nominal retail turnover in Queensland continued to grow strongly in July, outpacing growth in the rest of Australia for the fifth consecutive month.

Analysis

Queensland

- Nominal retail trade grew by 0.7% in Queensland in July 2004, slightly lower than the 0.8% growth recorded in both May and June. Over recent months, retail trade growth in Queensland has returned to being consistently well above growth in the rest of Australia, as was experienced for most of 2003 (see chart 1).
- Strong growth during 2003, as well as the continued resurgence in recent months, resulted in annual growth in retail trade of 10.1% in Queensland over the year to July 2004, outpacing growth in all other Australian states. Queensland has now recorded the highest annual growth rate of any state for seven consecutive months.
- The rise in Queensland retail trade was evident across most sectors in July, with the exception of hospitality and services, which detracted 0.1% point from growth. Food retailing and other retailing both contributed 0.2% point to growth. In the rest of Australia, the contribution to retail trade growth was strongest in food retailing (0.2% point), while department stores and hospitality and services both contributed 0.1% point to growth.

National

- Nationally, monthly growth in nominal retail trade eased slightly to 0.5% in July 2004 following growth of 0.6% in both May and June. In annual terms, growth also moderated slightly, down 0.5% point to 7.0%, in July 2004.

Implications

- Queensland's retail trade growth over the past year has been underpinned by strong labour market conditions, rising housing wealth and an increase in real incomes.
- In addition to ongoing conditions conducive to retail spending, the continued strength of retail trade growth suggests that the fiscal stimulus resulting from the recent Commonwealth Budget is beginning to have a positive impact on consumption. Furthermore, consumer sentiment remains strong, with the Westpac-Melbourne Institute *Consumer Sentiment Index* in the June quarter well above the index average of the past 10 years.

Table 1. Retail Turnover, July 2004

States/Australia	% Change	
	Monthly Trend	Annual Trend
Queensland	0.7	10.1
New South Wales	0.7	6.2
Victoria	-0.2	5.8
South Australia	0.4	6.2
Western Australia	1.0	8.6
Tasmania	0.8	8.8
Rest of Australia	0.4	6.3

Chart 1. Nominal Retail Turnover (Monthly % Change, Trend)

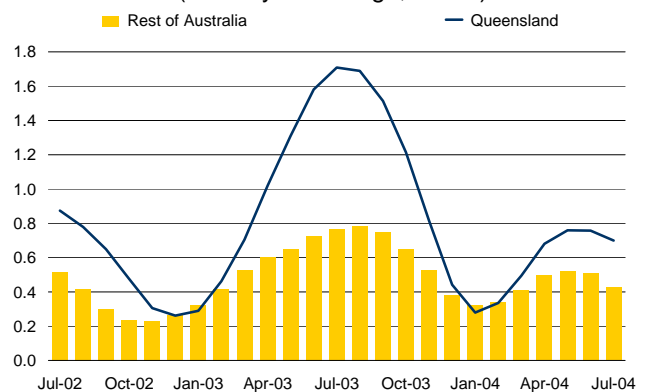


Chart 2. Retail Turnover by Industry Group (% Point Contribution to Growth, Trend, July 2004)

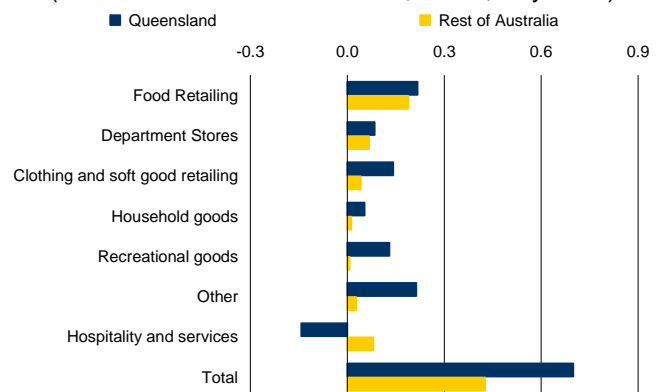


Chart 3. Retail Turnover – Interstate Comparison (Annual % Change, Trend, July 2004)

