



**Summary**

**Monthly Change (Trend):**

Queensland	↓	<b>0.8%</b>
Rest of Australia	↓	<b>0.2%</b>

- Nominal retail turnover in Queensland fell 0.8% in trend terms in December 2004, to be 1.2% higher over the year (rest of Australia, down 0.2% and up 2.0% respectively).
- In seasonally adjusted terms, Queensland retail trade fell 1.6% in December. Nationally, retail turnover fell 0.3%, well below the market expectation of a 0.8% rise in December.

**Analysis**

- Current growth in Queensland trend retail trade, both in nominal and real terms, continues to be influenced by the rotation of smaller retailers into the retail survey in October, which caused a significant seasonally adjusted fall in the level of retail turnover that month.
- Every quarter, the ABS provides retail trade in *real*, as opposed to *nominal*, terms. Real turnover is a gauge of the *volume* of retail spending, as it abstracts from the impact of price changes on the nominal value of turnover.
- In real terms, trend retail trade in Queensland fell 0.2% in December quarter 2004, after recording a peak growth rate of 4.0% in September quarter 2003 (Chart 1). As a result, annual retail trade growth continued to ease, from a peak of 13.9% in March quarter 2004 to 3.9% in the December quarter, representing the second highest annual growth of any state (Chart 3). In the rest of Australia, growth in retail trade also moderated in quarterly and annual terms, to be 0.2% and 3.1% respectively in the December quarter.
- In terms of industry groups, food retailing and hospitality and services made the largest detractions from growth in nominal retail trade in the State in December (Chart 2).

**Implications**

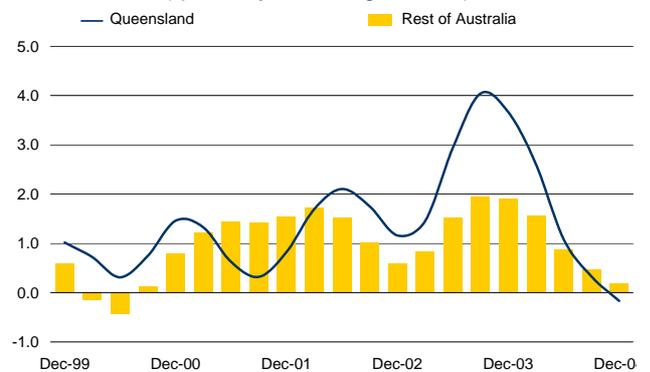
- The easing annual growth in real retail trade partly reflects the impact of the ABS sample rotation on the data, with high levels of consumer confidence and a strong labour market providing underlying support for Queensland consumer spending. However, the recent easing in annual retail trade growth is also consistent with other economic trends. While housing activity is at a historically high level, growth in housing construction and house prices has eased, possibly leading to some easing in the purchase of household items and wealth-related spending. Similarly, despite remaining at an above average level, interstate and overseas migration has also eased in recent quarters.
- The latest Queensland State Accounts indicate that annual growth in private consumption eased to 7.7% in September quarter 2004. With real retail trade comprising 40% of total consumer spending, the easing in annual retail growth in the December quarter suggests that growth in consumer spending may ease further in this quarter.

**Table 1. Nominal retail turnover, December 2004**

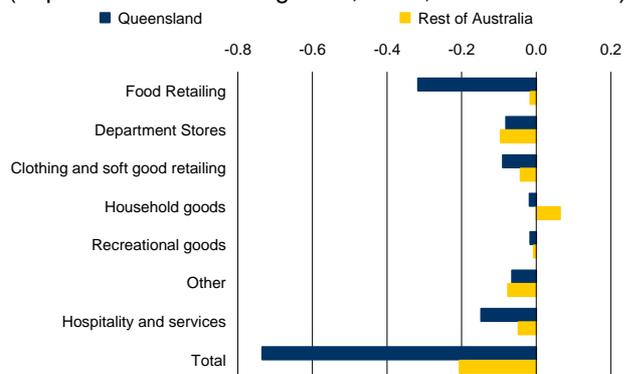
States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
<b>Queensland</b>	<b>-0.8</b>	<b>-1.6</b>	<b>1.2</b>	<b>0.5</b>
New South Wales	-0.3	0.0	0.9	1.5
Victoria	-0.2	-0.4	2.1	2.7
South Australia	-0.2	0.0	1.5	1.6
Western Australia	0.0	0.4	6.4	6.3
Tasmania	-0.1	1.0	2.2	3.0
<b>Rest of Australia</b>	<b>-0.2</b>	<b>0.0</b>	<b>2.0</b>	<b>2.5</b>

\* seasonally adjusted

**Chart 1. Real retail turnover (quarterly % change, trend)**



**Chart 2. Nominal retail turnover by industry group (% point contribution to growth, trend, December 2004)**



**Chart 3. Real retail turnover – state comparison (annual % change, trend, December quarter 2004)**

