



Summary

Monthly Change (Trend):

Queensland	↓	0.5%
Rest of Australia	Unchanged	0.0 %

- Nominal retail turnover in Queensland fell 0.5% in trend terms in January 2005, but was still 0.6% higher over the year (rest of Australia, unchanged and up 1.4% respectively).
- In seasonally adjusted terms, Queensland retail trade rose 1.5% in January 2005. Nationally, retail turnover increased 0.6%, slightly below the market expectation of a 0.9% rise in January.

Analysis

- Queensland trend retail trade data continues to be influenced by the rotation of smaller retailers into the retail survey in October 2004, which caused a significant seasonally adjusted (sa) fall in the level of retail turnover that month. Accordingly, monitoring movements in retail trade in sa terms may yield a clearer picture of changes in retail turnover in Queensland.
- In sa terms, Queensland recorded solid growth of 1.5% in January 2005, which followed a fall of 1.6% in the previous month, but was the strongest sa growth of all mainland states for January. In annual terms, sa retail turnover in Queensland grew 1.1% in January, compared with 1.4% growth in the rest of Australia.
- In terms of industry groups, department stores and household goods displayed a substantial turnaround, rising 7.7% and 3.2% respectively in January (sa), following falls of 3.1% and 5.6% respectively in December.

Implications

- The easing of growth in trend retail trade partly reflects the continuing influence of the ABS sample rotation of the data in October 2004. However, this recent easing is also consistent with other economic trends. While housing activity is still at a relatively high level, growth in housing construction has moderated, possibly leading to some easing in the purchase of household items and wealth-related spending.
- Other economic indicators are currently sending mixed signals regarding the outlook for retail turnover. The recent rise in official interest rates by the RBA, and continuing high oil prices, are likely to negatively impact disposable income and therefore, retail trade. However, excellent labour market conditions characterised by a record low unemployment rate, as well as high levels of business and consumer confidence, should provide underlying support for Queensland consumer spending going forward.

Table 1. Nominal retail turnover, January 2005

States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	-0.5	1.5	0.6	1.1
New South Wales	0.1	0.7	1.2	1.7
Victoria	-0.2	0.2	0.7	0.2
South Australia	0.0	0.2	1.0	0.6
Western Australia	-0.2	-0.9	5.0	3.6
Tasmania	0.3	1.8	3.3	3.9
Rest of Australia	0.0	0.3	1.6	1.4

* Seasonally Adjusted

Chart 1. Nominal retail turnover (monthly % change, trend)

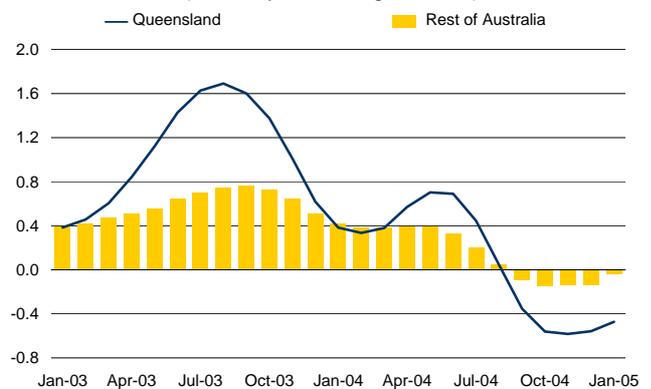


Chart 2. Nominal retail turnover by industry group (% point contribution to growth, trend, January 2005)

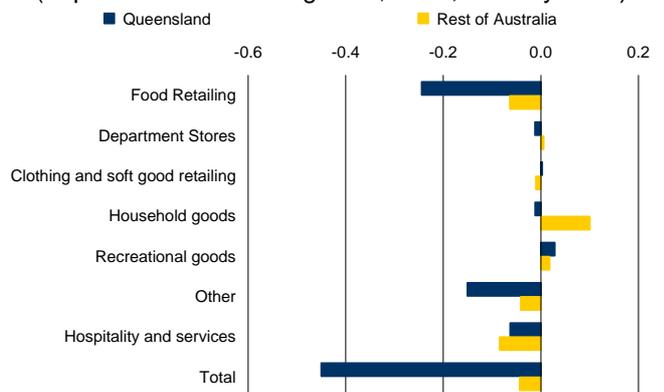


Chart 3. Nominal retail turnover – state comparison (annual % change, trend, January 2005)

