



Summary

Monthly Change (Trend):

Queensland	↓	0.2%
Rest of Australia	↑	0.1%

- Nominal retail turnover in Queensland fell 0.2% in trend terms in February 2005, but was still 0.7% higher over the year. In the rest of Australia, retail turnover was up 0.1% and 1.5% respectively.
- In seasonally adjusted terms, Queensland retail trade rose 0.7% in February 2005 and 1.9% in annual terms. Retail turnover in the rest of Australia grew 0.6% over the month in seasonally adjusted terms and increased 2.1% over the year.

Analysis

- Trend data in the retail trade survey continue to reflect sampling variation due to the rotation of smaller retailers into the retail survey. This occurred in October 2004 and coincided with a significant seasonally adjusted fall in the level of retail turnover for that month.
- Retail trade continued to decline in February for most industry groups. Food retailing, household goods, clothing and soft good retailing, and other retailing experienced falls of 0.2%, 0.3%, 0.1% and 0.6% respectively over the month. However, department stores and recreational goods experienced growth in February of 0.4% and 1.4% respectively, while growth in hospitality and services remained unchanged at 0.1%.

Implications

- The easing of retail turnover in recent months is consistent with other economic trends that are negatively impacting household disposable income. Specifically, the recent rise in official interest rates by the Reserve Bank of Australia, and continuing high oil prices, are likely to have an adverse effect on discretionary spending and therefore retail trade. The moderation in housing construction may also affect wealth-related spending, with monthly dwelling approvals in Queensland falling for almost a year and a half. Furthermore, although the level of building approvals remains high by historical standards, the pace of monthly declines has increased slightly. These factors indicate that retail turnover may ease further in coming months.
- However, a number of indicators provide underlying support for Queensland consumer spending. These indicators consist of an excellent labour market that is characterised by a record low unemployment rate, strong population growth driven by interstate migration, and high levels of business confidence.

Table 1. Nominal retail turnover, February 2005

States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	-0.2	0.7	0.7	1.9
New South Wales	0.1	0.1	1.2	1.8
Victoria	-0.1	0.9	0.4	0.6
South Australia	0.3	1.5	1.5	3.1
Western Australia	0.0	1.0	4.4	5.6
Tasmania	0.6	0.1	4.0	5.2
Rest of Australia	0.1	0.6	1.5	2.1

* Seasonally adjusted

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

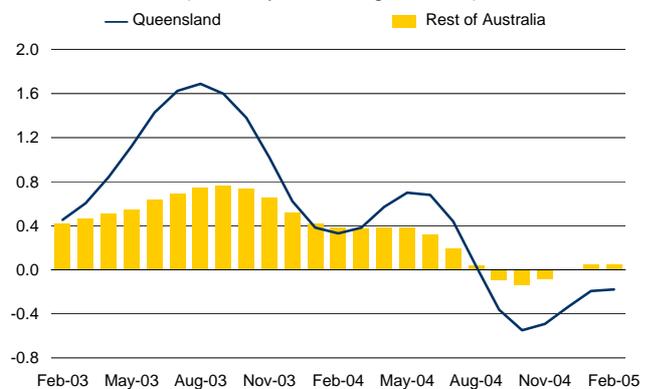


Chart 2. Nominal retail turnover by industry group (% point contribution to growth, trend, February 2005)

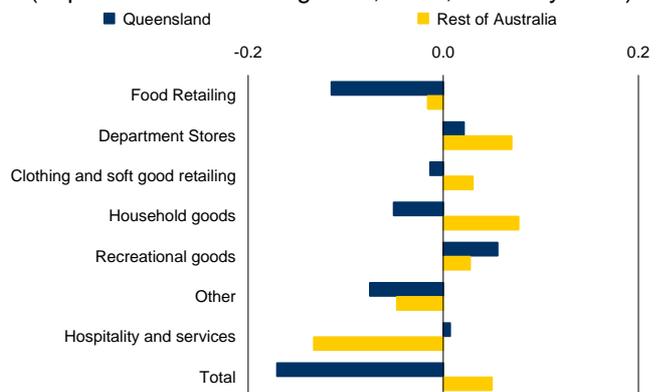


Chart 3. Nominal retail turnover – state comparison (Annual % change, trend, February 2005)

