



Summary

Monthly Change (Trend):

Queensland	↑	0.3%
Rest of Australia	↑	0.2%

- Nominal retail turnover (trend) in Queensland increased 0.3% in May 2005, to be 2.4% higher over the year (rest of Australia, up 0.2% in May, to be 2.4% higher over the year).
- In seasonally adjusted terms (sa), retail trade in Queensland increased 0.3% in May, to be 1.9% higher over the year (the rest of Australia, up 0.9% in May, to be 2.8% higher over the year).

Analysis

- Queensland's nominal retail turnover growth has continued to moderate slightly over the course of 2005. Retail turnover grew by 0.3% in May 2005, after reaching a peak of 1.6% growth in August 2003 (see chart 1).
- One factor contributing to the moderation in retail trade growth has been the easing in growth in housing investment and property prices, which has seen spending ease on major household items and whitegoods. Furthermore, higher petrol prices may also be impacting on retail trade, with some financial market analysts suggesting that the rise in petrol prices over the past year is similar to at least one interest rate rise of 0.25%, in terms of weakening consumer spending.
- In terms of industry groups, Hospitality and services (0.3% point), Recreational goods (0.1% point) and Food retailing (0.1% point) made the strongest contributions to monthly nominal growth (trend) in May. The largest deduction from monthly growth was from Other retailing, detracting around 0.1% point.

Implications

- The easing in retail trade is consistent with other economic indicators. Higher petrol prices during the course of 2005 may have constrained consumer spending and therefore contributed to the moderation in growth in retail trade by reducing discretionary spending. The moderation in house prices over the past year or so may also result in households consolidating their balance sheets, which could also influence consumer spending going forward.
- However, there are still a number of positive factors that will help support nominal retail trade turnover in Queensland. These factors include low unemployment, rising real wages, relatively low interest rates, recently announced income tax cuts and strong population growth.

Table 1. Nominal retail turnover, May 2005

States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	0.3	0.3	2.4	1.9
New South Wales	-0.1	1.0	1.3	1.3
Victoria	0.5	1.5	3.5	5.2
South Australia	-0.3	0.7	0.6	0.4
Western Australia	0.4	0.6	4.3	5.3
Tasmania	-0.1	0.1	3.8	3.6
Rest of Australia	0.2	0.9	2.4	2.8

* Seasonally Adjusted

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

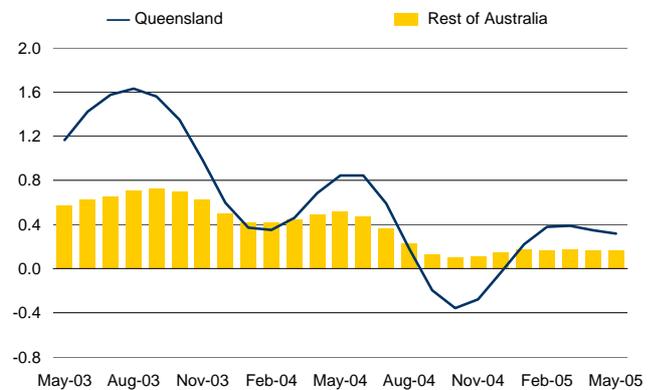


Chart 2. Nominal retail turnover by industry group
(% point contribution to growth, trend, May 2005)



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

