



Summary

Monthly Change (Trend):

Queensland	↑	0.5%
Rest of Australia	↑	0.4%

- Nominal retail turnover (trend) in Queensland increased 0.5% in July 2005, to be 2.3% higher over the year (rest of Australia, up 0.4% in July, to be 3.0% higher over the year).
- In seasonally adjusted terms (sa), retail trade in Queensland increased 2.1% in July, to be 4.0% higher over the year (rest of Australia, down -0.5% in July, to be 2.7% higher over the year).

Analysis

- Queensland's nominal retail turnover growth has remained solid over the course of 2005. Retail turnover (trend) grew by 0.5% in July 2005 and has now grown by at least 0.5% in each of the last five months (see chart 1).
- Following the exceptional growth in nominal retail turnover at the peak of the housing cycle in 2003, retail sales growth eased considerably throughout mid 2004. However, the recent strengthening in retail turnover has seen a return to more sustainable rates of growth.
- A key factor contributing to the moderation in growth throughout 2004, was a reduction in spending on major household items and whitegoods due to the easing in housing investment and property price growth. However, growth in household goods retail sales has strengthened in recent months and remains stronger in Queensland than the rest of Australia.
- In terms of industry groups, Hospitality and services (0.2% point) and Food retailing (0.2% point) made the strongest contributions to monthly nominal growth (trend) in July. The largest deduction from monthly growth was from Other retailing (0.1% point), which includes pharmaceuticals, gardening supplies and watch and jewellery retailing.

Implications

- The solid growth in nominal retail turnover during the course of 2005 is consistent with other indicators of economic activity. Looking forward, there are still a number of positive factors that will support nominal retail turnover in Queensland, including low unemployment, rising real wages, relatively low interest rates and solid population growth.
- However, if recent record petrol prices are sustained over the coming months, the composition of consumption may shift away from discretionary goods and services, such as recreational goods and Other retailing.

Table 1. Nominal retail turnover, July 2005

States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	0.5	2.1	2.3	4.0
New South Wales	0.2	-1.1	1.7	1.0
Victoria	0.4	-0.8	4.1	3.7
South Australia	0.3	1.7	1.3	2.8
Western Australia	0.9	0.0	5.7	5.5
Tasmania	0.2	1.9	3.7	4.7
Rest of Australia	0.4	-0.5	3.0	2.7

* Seasonally Adjusted

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

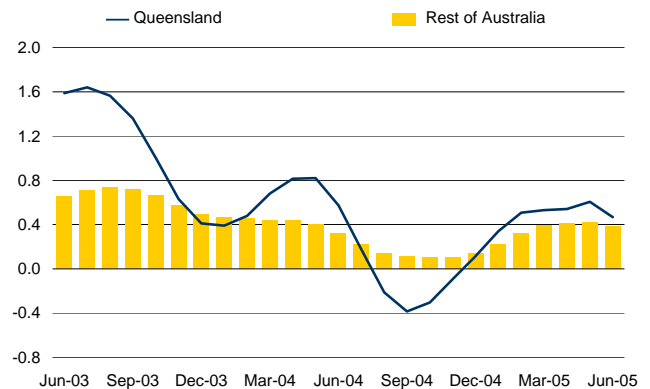


Chart 2. Nominal retail turnover by industry group
(% point contribution to growth, trend, July 2005)

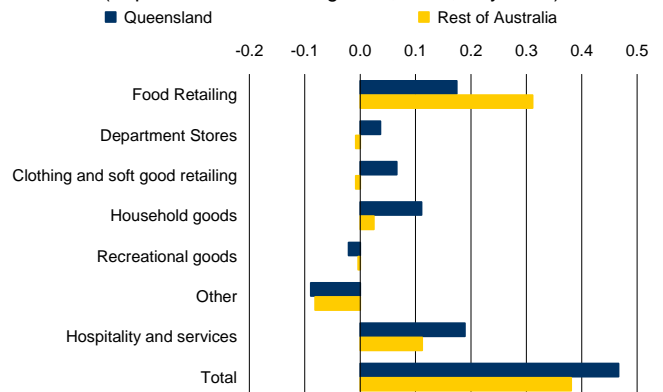


Chart 3. Nominal retail turnover – state comparison
(Annual % change, trend, July 2005)

