



Summary

Monthly Change (Trend):

Queensland	↑	0.8%
Rest of Australia	↑	0.1%

- Nominal retail turnover (trend) in Queensland rose 0.8% in October, compared with a marginal rise of 0.1% in the rest of Australia.
- In seasonally adjusted (sa) terms, retail turnover nationally rose by 0.5% in October, slightly above the market expectation of a 0.4% rise during the month. In sa terms, retail turnover in Queensland rose by 2.0% during the month, more than reversing a 0.7% fall in September.

Analysis

- Revised trend data indicate that Queensland's monthly retail turnover growth remained strong at 0.8% for the fourth consecutive month in October, compared with marginal growth of 0.1% in the rest of Australia. Queensland recorded the strongest trend monthly retail turnover growth of any state in October 2005.
- Monthly growth in retail trade in Queensland in late 2005 has been much stronger than growth at the same stage of 2004 (see Chart 1). After declining in each of the last four months of 2004, growth in turnover has strengthened through 2005, to reach a current monthly rate (0.8%) above the long-run average rate of growth (of 0.6%).
- As a result, annual growth in retail trade in Queensland more than doubled from a recent low of 2.6% in June 2005 to 5.7% in October. Retail trade in the rest of Australia grew at a slower annual rate of 2.9% over the year.
- In terms of industry groups in Queensland, hospitality and services, food retailing and household goods (each 0.2% point) made the strongest contributions to trend monthly growth in nominal retail turnover in October (see Chart 2).

Implications

- Stronger growth in wages has been one driver of the pick-up in annual growth in retail trade in recent quarters in Queensland. Chart 3 shows that turning points in annual growth in average weekly ordinary time earnings (AWOTE) tend to lead turning points in retail trade growth by one or two quarters. Annual AWOTE growth strengthened from 4.3% in December quarter 2004 to 6.3% in September quarter 2005, which suggests annual retail trade growth should continue to improve over the remainder of 2005.
- Strong labour market conditions have supported wages and spending in the state, with the unemployment rate falling to 4.9% in October and the participation rate remaining near an historic high. Further, unleaded petrol prices have fallen by around 14% from the September peak, which should benefit disposable incomes and spending going forward.

Table 1. Nominal retail turnover, October 2005

States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	0.8	2.0	5.7	6.5
New South Wales	0.2	0.5	2.0	1.9
Victoria	-0.1	-0.3	2.8	1.6
South Australia	0.1	-0.7	1.7	0.3
Western Australia	0.3	0.4	5.8	5.9
Tasmania	0.7	1.7	7.2	7.5
Rest of Australia	0.1	0.2	2.9	2.4

* Seasonally Adjusted

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

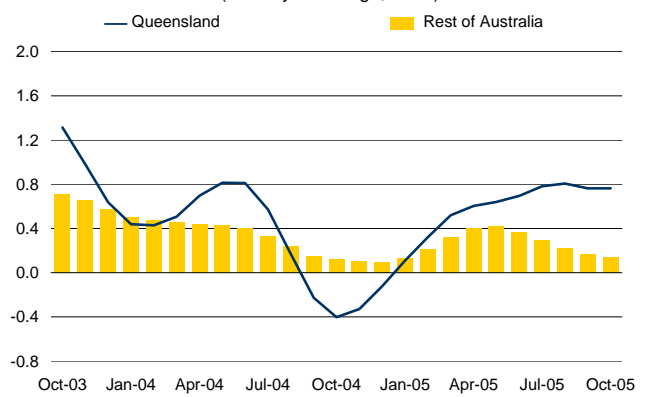


Chart 2. Nominal retail turnover by industry group (% point contribution to growth, trend, October 2005)

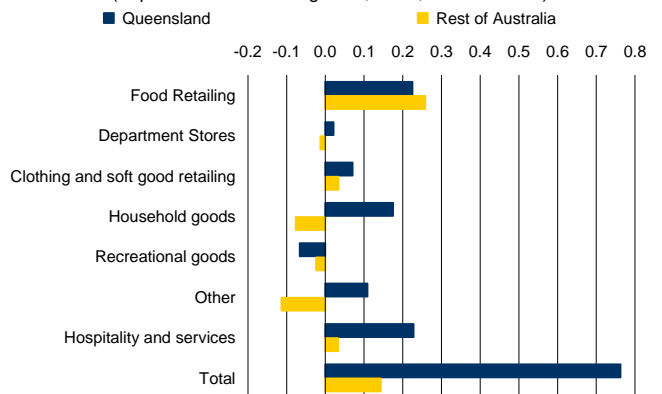


Chart 3. Quarterly retail turnover and earnings (Annual % change, trend, September 2005)

