



**Summary**

**Monthly Change (Trend):**

Queensland	↑	0.4%
Rest of Australia	↑	0.4%

- Nominal retail turnover (trend) in both Queensland and the rest of Australia rose 0.4% in January.
- In seasonally adjusted (sa) terms, retail turnover nationally rose by 0.8% in January, well above the market expectation of a 0.3% rise. In sa terms, retail turnover in Queensland rose by 0.7%, following a 0.8% rise in the previous month.

**Analysis**

Queensland's trend monthly retail trade growth was 0.4% in January, representing a more sustainable rate of growth from the monthly rates of 0.6% to 0.7% recorded between April and September 2005 (see Chart 1). Trend growth in Queensland matched that of the rest of Australia in January, while sa growth (0.7%) was slightly below that of the rest of Australia (0.9%).

Despite easing in recent months, trend monthly retail turnover growth in January 2006 (0.4%) in Queensland was well above growth in the same month last year (0.1%). Further, strong monthly growth throughout 2005 has resulted in an annual trend retail turnover growth rate of 6.8%, the highest for any mainland state in Australia and well above the national growth rate of 3.9%.

In terms of industry groups in Queensland, hospitality and services and household goods made the strongest contributions to trend monthly growth in nominal retail turnover in January (see Chart 2), consistent with strong growth in household incomes and high, albeit moderating, levels of housing activity.

The strength in annual retail turnover growth in Queensland is consistent with favourable conditions for consumers throughout 2005. Annual growth in total trend average weekly earnings in Queensland was above 4% in each quarter of 2005. Labour market conditions have also been strong, with trend annual employment growth in 2005 reaching its highest level since 1989. Household wealth has benefited from higher house prices and sharemarket gains in 2005.

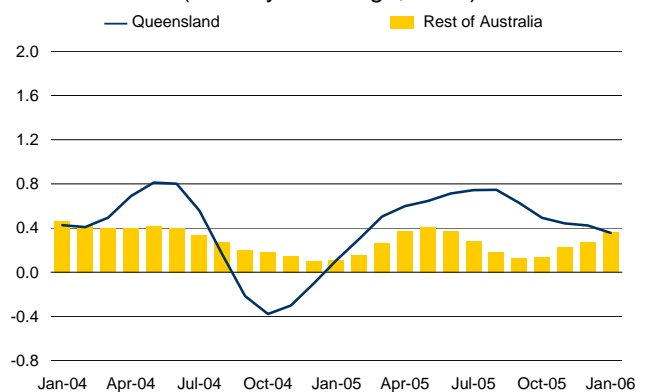
Looking forward, strong labour force and wage conditions indicate a positive outlook for retail turnover in 2006. However, the future direction of interest rates and petrol prices may also influence retail trade. The Reserve Bank moved to a 'mild tightening bias' in recent months, by suggesting that the next interest rate movement is likely to be up rather than down. If this eventuates, this may adversely impact on consumption going forward. However, petrol prices in March 2006 were well below their peak of \$1.28 per litre in September 2005, which should benefit discretionary incomes and hence spending in March quarter 2006.

**Table 1. Nominal retail turnover, January 2006**

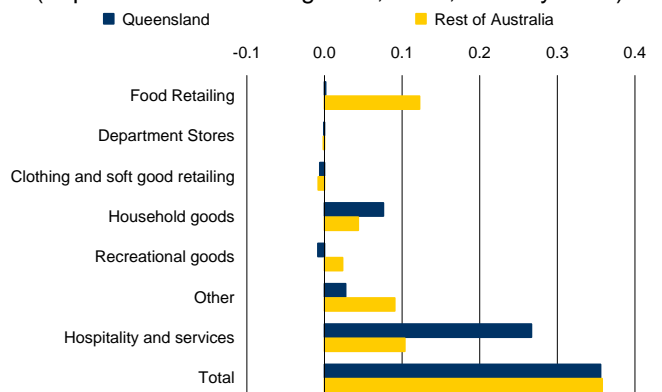
States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
<b>Queensland</b>	<b>0.4</b>	<b>0.7</b>	<b>6.8</b>	<b>6.7</b>
New South Wales	0.5	0.4	3.0	2.7
Victoria	0.2	1.3	2.3	4.0
South Australia	0.2	1.6	0.9	2.8
Western Australia	0.3	0.7	6.0	6.9
Tasmania	0.5	1.4	7.5	7.4
<b>Rest of Australia</b>	<b>0.4</b>	<b>0.9</b>	<b>3.2</b>	<b>3.8</b>

\* Seasonally Adjusted

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



**Chart 2. Nominal retail turnover by industry group (% point contribution to growth, trend, January 2006)**



**Chart 3. Nominal retail turnover by State (Annual % change, trend, January 2006)**

