



Summary

Monthly Change (Trend):

Queensland	↑	0.5%
Rest of Australia	↑	0.6%

- Nominal retail turnover (trend) in Queensland rose 0.5% in March, compared with a 0.6% rise in the rest of Australia.
- In seasonally adjusted (sa) terms, nominal retail turnover nationally rose 0.3% in March, largely in line with a market consensus of a 0.4% rise. Queensland retail turnover rose 0.2% in sa terms, easing from a 0.8% rise in February.

Analysis

Queensland's nominal monthly retail trade rose 0.5% in March, a growth rate which has been sustained since October 2005. Growth was marginally below that of the rest of Australia (0.6%), for the first time since December 2004.

However, annual growth in retail turnover in Queensland was unchanged at 7.4% in March 2006, representing the highest growth rate recorded in the State since August 2004. Annual growth in retail trade in Queensland also remained higher than that for the rest of Australia (4.4%) in March.

In terms of industry groups in Queensland, food retailing and other retailing made the strongest contributions to growth in nominal retail turnover in March, followed by hospitality and services, household goods and department stores (Chart 1).

The ABS publishes *real* retail trade data on a quarterly basis. This data differs from *nominal* retail trade data as it accounts for the impact of price changes on the value of turnover, and thus acts as a gauge of the *volume* of retail spending.

In real terms, trend retail trade in Queensland rose by 1.5% for the second quarter in a row in March quarter 2005, well above the 0.8% rise recorded in the rest of Australia (Chart 2). The March quarter also represented the fourth consecutive quarter in which Queensland recorded the highest growth in trend real turnover of any mainland State.

In original terms, annual growth in *volume* of retail turnover in Queensland (5.0%) was lower than annual growth in *value* of turnover (6.8%) in the March quarter, suggesting that the average price of retail items continued to rise during the quarter. In original terms, annual growth in the price deflator for retail turnover strengthened slightly to 1.7% in the March quarter, following 1.3% annual growth in the previous quarter. Growth in average retail prices in the rest of Australia was slightly stronger, with the price deflator in original terms increasing 1.9% over the year to the March quarter.

Solid wages growth and relatively low unemployment should continue to support retail spending in coming months. However, there are a number of key risks to retail spending going forward. Fuel prices have increased in recent months, with unleaded petrol prices reaching \$1.30 per litre in May 2006. This, combined with the official interest rate rise to 5.75% in May, may have some adverse impact on discretionary incomes and related spending later this year.

Table 1. Nominal retail turnover, March 2006

States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	0.5	0.2	7.4	6.6
New South Wales	0.4	0.3	3.8	3.0
Victoria	0.5	0.7	3.4	4.5
South Australia	0.7	-0.5	3.4	1.5
Western Australia	0.8	0.1	8.1	9.3
Tasmania	0.7	0.4	9.2	9.3
Rest of Australia	0.6	0.3	4.4	4.4

* Seasonally Adjusted

Chart 1. Nominal retail turnover by industry group
(% point contribution to growth, trend, March 2006)



Chart 2. Real retail turnover
(Quarterly % change, trend)

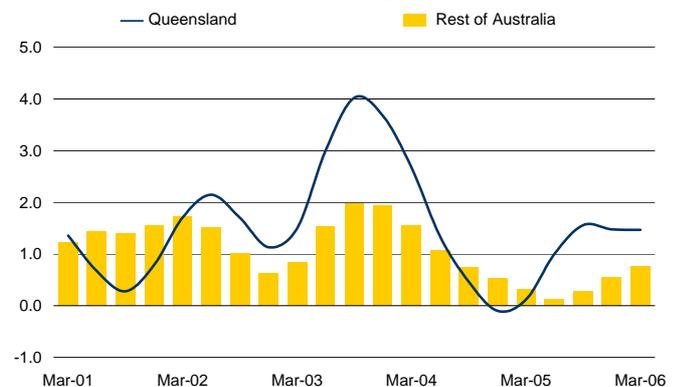


Chart 3. Real retail turnover by State
(Annual % change, trend, March 2006)

