



Summary

Monthly Change (Trend):

Queensland	↑	0.4%
Rest of Australia	↑	0.7%

- Nominal retail turnover (trend) rose 0.4% in Queensland, below that of a 0.7% rise in the rest of Australia in April.
- In seasonally adjusted (sa) terms, retail turnover nationally rose by 1.4% in April, well above a market expectation of a 0.3% rise. In sa terms, retail turnover in Queensland rose by 0.6%, following no change in the previous month.

Analysis

Queensland's trend monthly retail trade growth was 0.4% in April 2006, marginally lower than the 0.5% growth recorded in each of the previous six months (see chart 1). Trend monthly retail trade growth in the rest of Australia (up 0.7% for the fourth consecutive month) remained above that of Queensland in April 2006.

In annual terms, trend retail turnover grew 7.1% in Queensland in April 2006, with Western Australia being the only mainland state to record a higher annual growth rate. In comparison, the rest of Australia recorded trend annual growth of 5.3% in April. April 2006 marked the ninth consecutive month in which Queensland outperformed the rest of Australia in terms of trend annual growth in retail turnover.

In terms of industry groups in Queensland, food retailing continued to make the largest contribution to trend monthly growth in retail turnover in April, with department stores, recreational goods and other retailing also contributing to retail turnover growth (see Chart 2). The easing in trend monthly growth in overall retail trade in Queensland (from 0.5% in March to 0.4% in April) was largely due to a slight moderation in growth in all sectors of retail trade, apart from recreational goods (where monthly growth strengthened slightly in April).

Favourable conditions for consumers, including strong labour market conditions and an unchanged trend unemployment rate of 5.0% in April have supported retail trade in recent months. Strong population growth also has contributed to consumer spending in Queensland. Relatively strong annual growth in nominal average weekly ordinary time earnings for full time adults (AWOTE) has supported incomes, while strong stockmarket gains over the first four months of 2006 have also supported household wealth.

Looking forward, solid wages growth and a low unemployment rate, along with tax cuts announced in the 2006-07 Federal Budget, should support retail turnover in the coming months. Key risks to retail turnover in coming months include ongoing high petrol prices and the possibility of higher interest rates and their impact on consumer sentiment and discretionary incomes. Finally, while the ABS measure of Brisbane house prices remained stable in March quarter 2006, the recent easing in sharemarket gains in May, if prolonged, may impact on household wealth and spending going forward.

Table 1. Nominal retail turnover, April 2006

States/Australia	% Change			
	Monthly		Annual	
	Trend	SA*	Trend	SA*
Queensland	0.4	0.6	7.1	7.9
New South Wales	0.4	1.1	4.4	6.9
Victoria	1.0	2.7	5.1	7.2
South Australia	0.7	1.6	4.5	7.3
Western Australia	0.8	1.2	8.4	8.9
Tasmania	-0.1	-2.2	7.7	7.2
Rest of Australia	0.7	1.6	5.3	7.3

* Seasonally Adjusted

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

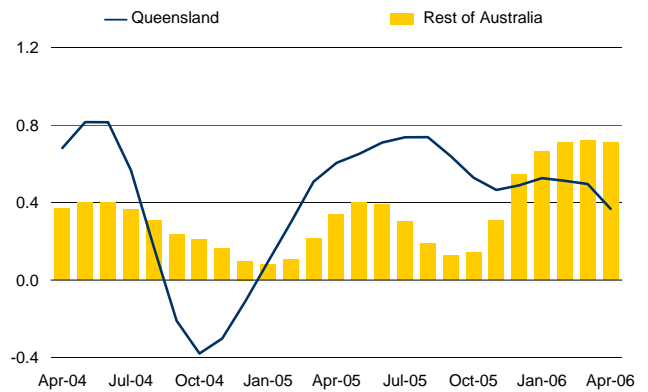


Chart 2. Nominal retail turnover by industry group (% point contribution to growth, trend, April 2006)

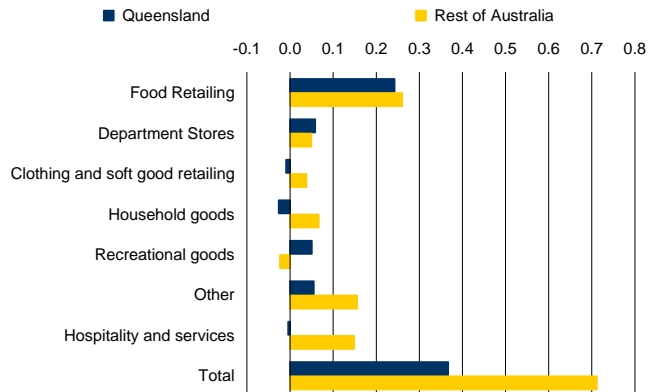


Chart 3. Nominal retail turnover by State (Annual % change, trend, April 2006)

