

## Summary

### Monthly Change (Trend):

|                   |   |      |
|-------------------|---|------|
| Queensland        | ↑ | 0.6% |
| Rest of Australia | ↑ | 0.4% |

- Nominal retail turnover (trend) rose 0.6% in Queensland in August 2006, stronger than the 0.4% rise in the rest of Australia.
- In seasonally adjusted (sa) terms, retail turnover in Queensland rose by 0.3% in August, slightly above the 0.2% growth recorded in the rest of Australia.
- In sa terms, retail turnover nationally rose 0.3% in August 2006, slightly above the market expectation of a 0.2% rise.

## Analysis

Queensland's nominal trend retail turnover increased 0.6% in August 2006. In comparison, retail trade growth in the rest of Australia remained at 0.4% for the second consecutive month in August (see Chart 1).

In annual terms, trend retail turnover in Queensland grew 7.2% in August, with only Western Australia (up 8.8%) recording stronger annual growth in the month (see Table 1). Queensland has recorded strong annual growth of 7.0% or above in each month of 2006. In the rest of Australia, annual growth in retail turnover strengthened 0.2 percentage point to 5.9% in August 2006, but remained below annual growth in Queensland.

With respect to industry groups in Queensland, food retailing (0.3 percentage point) and, to a lesser extent, department stores (0.1 percentage point), clothing and soft goods (0.1 percentage point), and household goods (0.2 percentage point) all contributed to trend retail turnover growth in August (see Chart 2). This is the eighth consecutive month in which food retailing has been the leading contributor to monthly retail trade growth. It should be noted that increased spending on food retailing is still likely to be partly attributed to higher food prices, rather than increased sales volumes.

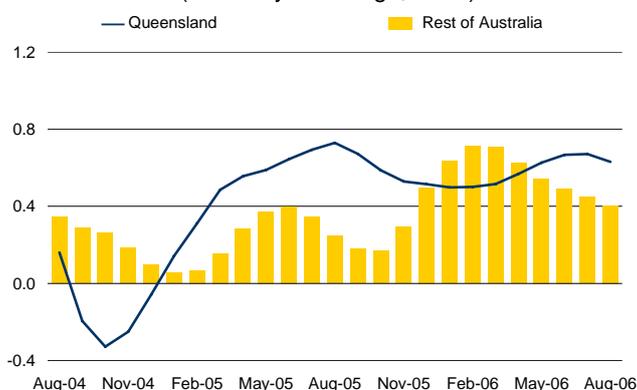
Favourable conditions for consumers have continued to support retail trade in recent months, including strong population growth and positive labour market conditions, with the trend unemployment rate declining 0.1 percentage point to 4.5% in August. Relatively strong annual growth in average weekly earnings for full time adults and modest growth in house prices have supported household wealth.

Looking ahead, strong wages growth and excellent labour market conditions should support retail turnover in the coming months. However, the key risks to retail turnover going forward remain ongoing high petrol prices (despite recent moderate declines) and the ongoing impact of interest rate rises. These have the potential to adversely impact on discretionary incomes and consumer sentiment, and therefore retail turnover growth.

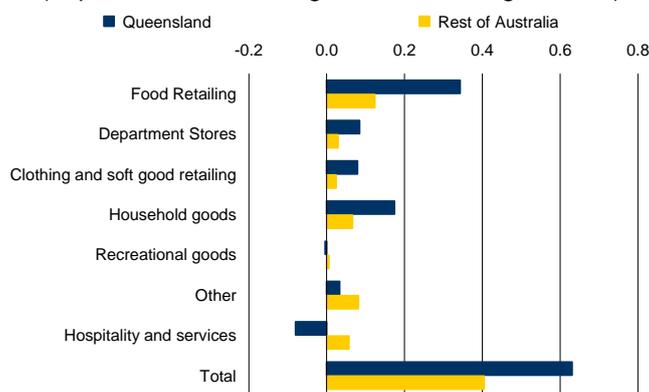
**Table 1. Nominal retail turnover, August 2006**

| States/Australia         | % Change   |            |            |            |
|--------------------------|------------|------------|------------|------------|
|                          | Monthly    |            | Annual     |            |
|                          | Trend      | SA*        | Trend      | SA*        |
| <b>Queensland</b>        | <b>0.6</b> | <b>0.3</b> | <b>7.2</b> | <b>6.6</b> |
| New South Wales          | 0.4        | 0.4        | 5.1        | 5.1        |
| Victoria                 | 0.2        | 0.4        | 5.4        | 4.9        |
| South Australia          | 0.5        | 1.0        | 5.4        | 4.7        |
| Western Australia        | 0.6        | -0.9       | 8.8        | 7.3        |
| Tasmania                 | 0.3        | -0.2       | 5.3        | 4.3        |
| <b>Rest of Australia</b> | <b>0.4</b> | <b>0.2</b> | <b>5.9</b> | <b>5.4</b> |

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



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



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

