

## Retail trade growth lifts

The monthly growth in retail turnover is increasing. Seasonally adjusted retail turnover in Australia increased 0.3% in October 2011, following a rise of 0.4% in September 2011 and a rise of 0.3% in August 2011. This is slightly below economists' forecasts which centered on a 0.4 per cent rise.

Compared to the same time last year, retail turnover rose 2.8%.

All states and territories rose in trend terms in October 2011: New South Wales (0.4%), Western Australia (0.7%), South Australia (0.5%), Victoria (0.1%), Queensland (0.1%), the Northern Territory (0.6%), the Australian Capital Territory (0.4%) and Tasmania (0.3%).

The increase in retail trade in October was led by the cafes, restaurants and takeaway food services (0.7%) and household goods retailing (0.6%).

Notably, retail turnover in the clothing, footwear and personal accessory retailing and department stores sub-sectors declined by -0.7% and -0.5% respectively.

## Policy implications

Lower than expected increases in retail sales suggest continuing uncertainty in consumers' willingness to undertake discretionary spending. Consumption remains weak as fears of spillover impacts from the European debt crisis, and a tightening in Australian fiscal policy may cast a shadow over labour market conditions for 2012. In light of this, conditions are in place for a further easing of monetary policy at next week's Reserve Bank of Australia meeting.