



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT – JULY 2017

ONLINE SALES GROWING OVER THE YEAR, SLIGHT SLOWING IN THE MONTH

- ★ NAB Online Retail Sales Index (NORSI) slowed in July (+0.4% mom s.a.). The slowing in the past couple of months is on the back of the May sales rebound(+1.5%,mom s.a.). Year-on-year growth was also slightly weaker in July (8.3%) but remains positive. Trend online retail sales (+0.5%) slightly more subdued compared to the previous two months (0.6%).
- ★ ABS data on traditional retailers showed month on month seasonally adjusted sales up 0.3% in June. However NORSI was still faster month-on-month.
- ★ We estimate that Australian consumers have spent around \$23.06 billion over the 12 months to July 2017. This is equivalent to 7.5% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to June 2017.
- ★ Mixed results by category this month, with Department Stores (12.1% yoy July vs 8.4% yoy June), Grocery and Liquor (7.7% vs 5.4%), Daily Deals (6.5% vs 5.3%), and Fashion (0.7% vs -2.4%) accelerating through the year. The largest spend share, Homeware and Appliances (15.4% vs 16.0%) was only slightly slower over the year, and maintains the fastest overall growth position. Games and Toys (11.9% vs 12.0%) sales were virtually unchanged while, Media growth halved in the 12 months to July (8.1% vs 16.7%). Personal and Recreational (2.0% vs 2.7%), and Food Catering (11.5% vs 13.6%) also slowed but remained positive.
- ★ SME sales represents just over a third of all online sales. Seasonally adjusted SME sales saw a mild contraction in the month (-0.1%,mom s.a.) despite strong year-on-year growth for SMEs (17.5%).

Year-on-year growth (% nsa)			
	May-17	Jun-17	Jul-17
Online index	9.4	8.8	8.3
SME Index	20.9	15.9	17.5
ABS Retail	4.1	4.1	N/A

Month-on-month growth (%)			
	May-17	Jun-17	Jul-17
Online (s.a.)	1.5	0.7	0.4
SME (s.a)*	10.7	-1.4	-0.1
Online Trend*	0.6	0.6	0.5

*Data is seasonally adjusted (s.a.) where specified, with a leap year adjustment made for February 2012 and 2016. Trend data is generated using the Henderson 13 term moving averages where specified. Caution should be used with SME seasonal adjustment as it is based on a shorter period than the corporate index. Non-seasonally adjusted (nsa) online sales data is produced by Quantum. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS).

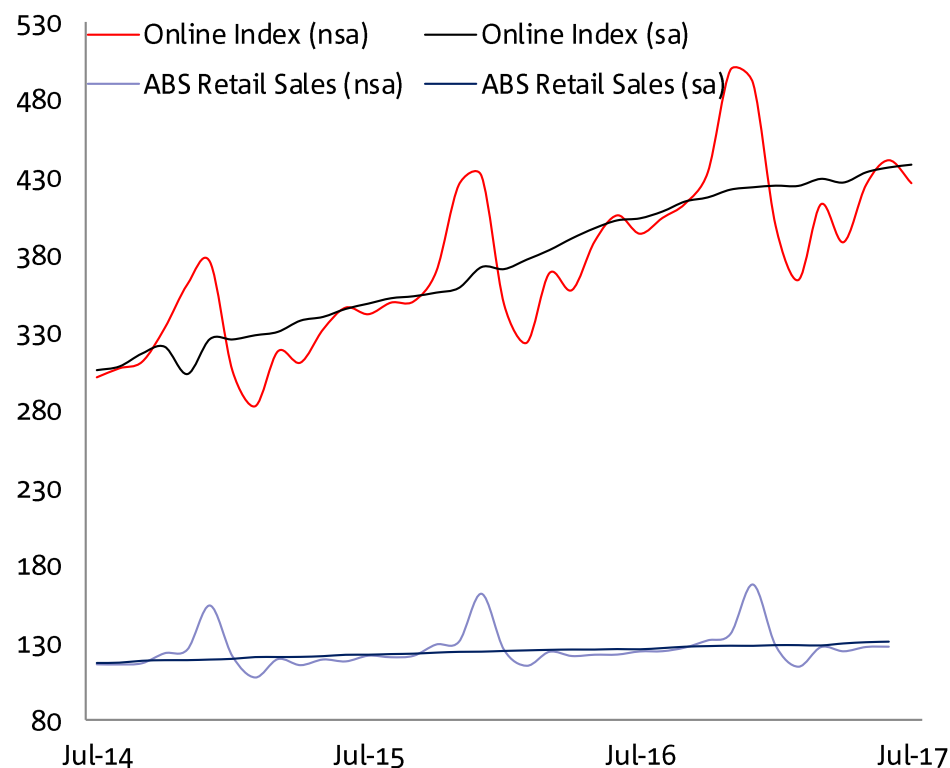
ONLINE RETAIL STATISTICS

The slowing in 'original' sales in July was in line with the regular seasonal pattern.

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

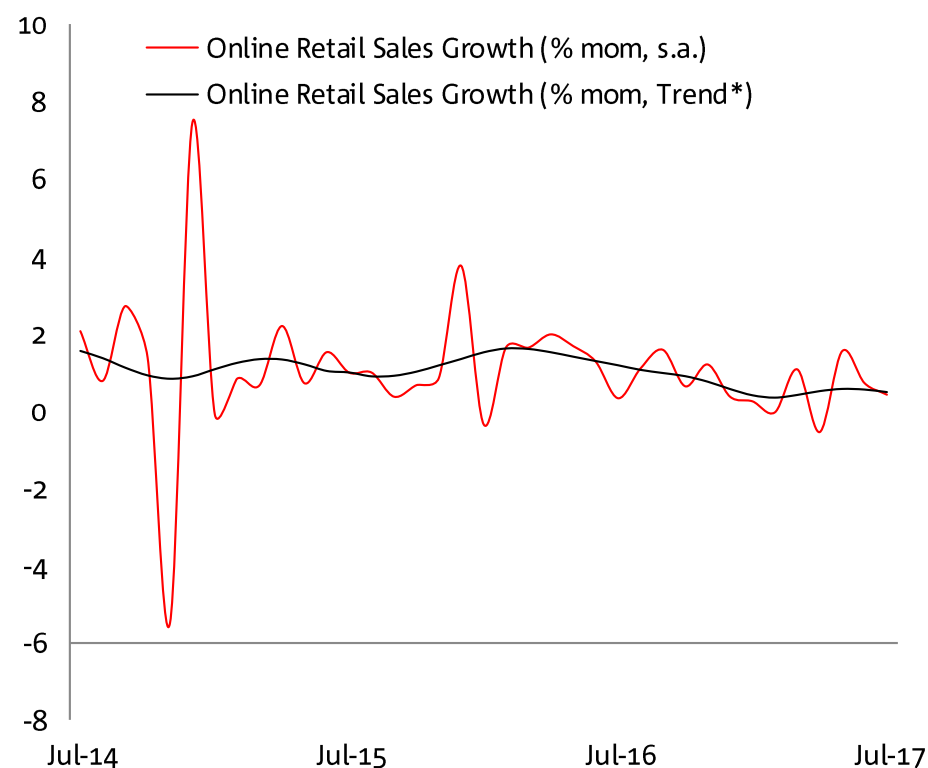


The trend online retail growth continued slow growth in July

Chart 2

GROWTH IN ONLINE RETAIL

(% mom)



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NOTES

Revision to Trend Series:

We have moved to publishing the seasonally adjusted month on month change exclusive of a three month moving average. We have now incorporated the Henderson 13 term trend to replace the three month moving average. This makes the numbers more directly comparable to other publicly available series such as traditional retail sales seasonally adjusted and trend series.

The seasonal adjustment technique is used as a way of identifying changes beyond the repeated calendar events (such as Christmas trading, or the subsequent slowdown in January). These seasonal and trend patterns are re-estimated each time the series is analysed, i.e. monthly. Seasonal adjustment of the SME series is based on a shorter time period, and should be used with caution.

The Henderson 13 term trend estimate applied to the series is used as a way to understand what is happening to the series through time. This smooths the results by avoiding over emphasis of a single month's result on a series which may be subject to 'noise' or high volatility. The trend we have applied to the series is a symmetrically weighted trend technique, with the exception of the final six months where a different set of weights are applied as per the Henderson technique. For this reason, revisions in the trend series typically affect the most recent months as more recent 'new' data changes their position in the time series.

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