

NAB Online Retail Sales Index

Monthly update – May 2015

Embargoed until: 11.30am Thursday 2nd July 2015

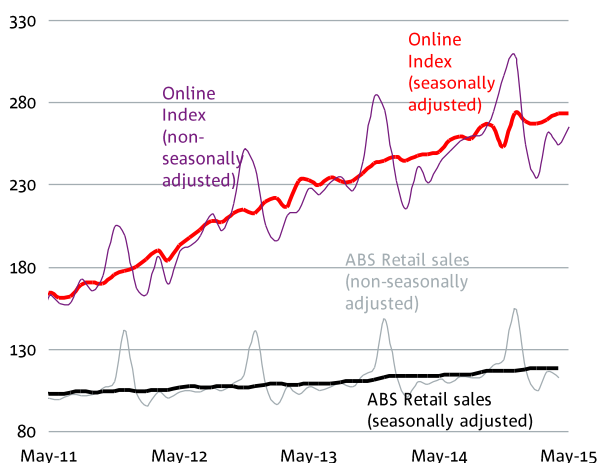


Online sales fell 0.1 per cent in May 2015

- At -0.1% the latest seasonally adjusted nab online retail sales index shows sales growth was virtually flat in May, a significant slowdown on the 1.6% growth recorded in April. At 0.5%, the trend estimate for online retail sales was unchanged on the previous month. We estimate that online sales are now 9.0% higher compared to a year ago.
- ABS data showed growth of comparable traditional retailers (ex. Cafes and Restaurants) in April to be -0.2% (mom, s.a.) lower than March, and 3.7% higher than a year ago.
- In dollar terms, we estimate Australians spent \$17.1 billion on online retail in the 12 months to May 2015. This level is equivalent to 7% of spending at traditional bricks & mortar retailers as measured by the ABS (excluding cafés, restaurants and takeaway food, to create a like-for-like comparison) in the 12 months to April 2015.
- All categories except Daily Deals (-26.2% yoy) and Personal and Recreational goods (-0.6 yoy) recorded growth in May. Electronic Games and Toys (20.8%) experienced a significant growth though this segment is a relatively small share of spend and its growth rate is typically more volatile than other categories. Media and Homeware & appliances have maintained double digit growth (yoy), with Fashion joining the fast lane in May. Grocery and Liquor, and Department stores continued to grow, albeit at more moderate single digit rates.

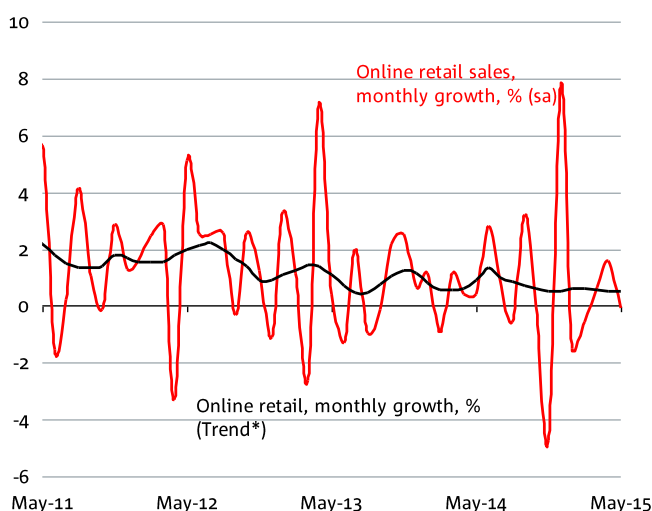
The online index flat in May

Index - Online Retail vs. ABS Retail Sales (Jan 2010 =100)



Seasonally adjusted growth lower in May, trend growth plateaus

Growth in Online Retail (% mom)



Online retail statistics

Year-on-year growth (% nsa)

	Mar-15	Apr-15	May-15
Online index	8.3	10.2	9.0
ABS Retail	5.3	3.7	N/A

Month-on-month growth (%)

	Mar-15	Apr-15	May-15
Online (s.a.)	0.7	1.6	-0.1
Online Trend*	0.6	0.5	0.5

For more information,
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*Data is seasonally adjusted (sa) where specified, with a leap year adjustment made for February 2012. Trend data is generated using the Henderson 13 term moving averages where specified. Non-seasonally adjusted (nsa) online sales data is produced by Quantum. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS) and excludes cafés, restaurants and takeaway food.

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Note: 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.

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 smoothes 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.

Impact of online media streaming companies:

Several high profile subscription media services have entered the Australian market in the past quarter. Given that these services provide a substitute to purchasing physical content (e.g. CD/DVD sales) we have added these to the Media category in the index.

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