

NAB Online Retail Sales Index

Monthly update – July 2015

Embargoed until: 11.30am Tuesday 1st September 2015

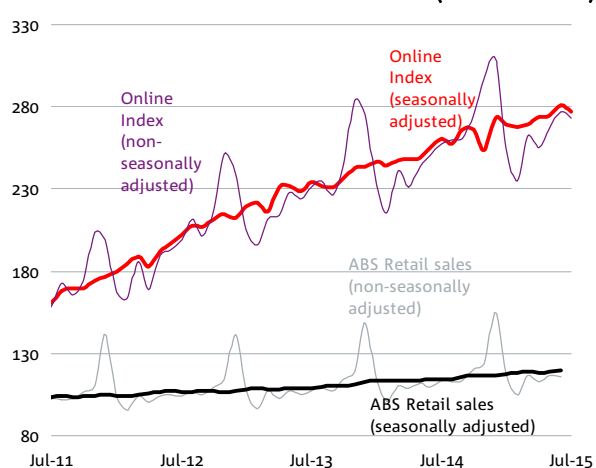


Online sales fell 1.4 per cent in July 2015

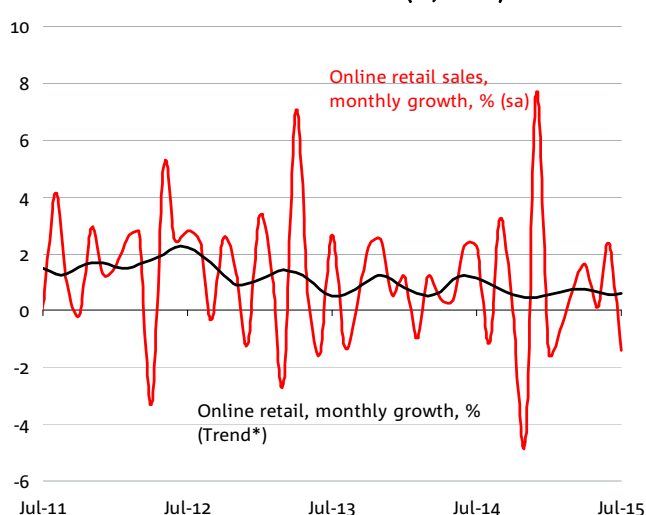
- At -1.4% the latest seasonally adjusted nab online retail sales index shows sales growth contracted in July, a deterioration on the revised 2.3% growth recorded in June. At 0.6%, the trend estimate for online retail sales was unchanged on the previous month (0.6%). We estimate that online sales are now 6.2% higher compared to a year ago.
- ABS data showed growth of comparable traditional retailers (ex. Cafes and Restaurants) in June to be 0.6% (mom, s.a.) higher than May, and 5.2% higher than a year ago.
- In dollar terms, we estimate Australians spent \$17.4 billion on online retail in the 12 months to July 2015. This level is equivalent to 7.1% 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 June 2015.
- In year on year terms, all categories except daily deals (-25.2% yoy) recorded growth in July. Growth accelerated in online sales of grocery & liquor (+7.4% yoy) and personal & recreational goods in July (4.3% yoy from -0.5% in June). Though slowing from the previous month, electronic games and toys still leads growth (19.2% yoy), followed by media (13.9% yoy), and homewares and appliances (+11.7% yoy), with fashion recording high single digit growth (+8.6% yoy). Department and variety stores saw much slower growth than the prior month (+1.9%).

The online index slows in July

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



Seasonally adjusted growth lower in July, trend flat



Online retail statistics

Year-on-year growth (% nsa)

	May-15	Jun-15	Jul-15
Online index	9.6	10.4	6.2
ABS Retail	4.0	5.2	N/A

Month-on-month growth (%)

	May-15	Jun-15	Jul-15
Online (s.a.)	0.1	2.3	-1.4
Online Trend*	0.7	0.6	0.6

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 Quantium. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS) and excludes cafés, restaurants and takeaway food.

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Notes:

Reporting Cycle:

The reporting cycle of the NAB Online Retail Sales Index has been aligned to traditional quarters, with the larger more in-depth reports now being based on March, June, September and December data. The next in-depth report (September) will be published in early November 2015.

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.

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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