

# NAB Online Retail Sales Index

Monthly update – September 2015

Embargoed until: 11.30am Friday 30th October 2015

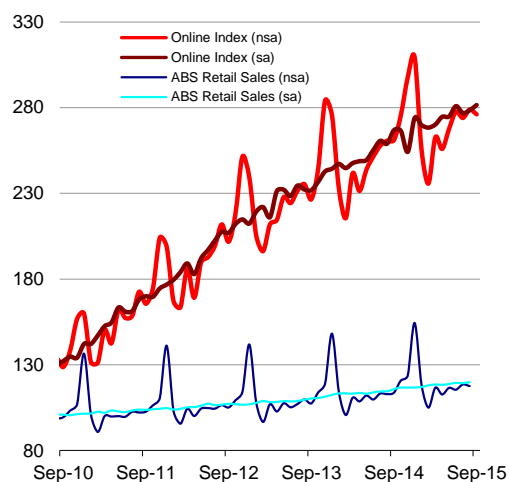


## Online sales rose 1.1 per cent in September 2015

- At 1.1% the latest seasonally adjusted NAB online retail sales index shows sales accelerated in September (possibly iPhone 6S related), an improvement on the 0.6% recorded in August, and a rebound on the July contraction (-1.4%). At 0.3%, the trend estimate for online retail sales was lower than the previous month (0.4%), suggesting that looking through the month to month volatility, sales are still growing but at a much slower rate than in past periods. We estimate that online sales are now 5.7% higher compared to a year ago.
- ABS data showed growth of comparable traditional retailers (ex. cafes and restaurants) in August to be 0.5% (mom, s.a.) higher than July, and 4.1% higher than a year ago.
- In dollar terms, we estimate Australians spent \$17.6 billion on online retail in the 12 months to September 2015. This level is equivalent to 7.1% of spending at traditional bricks & mortar retailers as measured by the ABS (excluding cafes, restaurants and takeaway food, to create a like-for-like comparison) in the 12 months to August 2015.
- In month on month terms, all categories except fashion (-0.5% mom) recorded growth in September. Daily Deals which is still lower compared to 2014 (-6.8% yoy) grew in September (+4.8% mom). Growth was highest for electronic games and toys (+8.9% mom), which still leads growth, although it is a relatively small share of spend at around 2.9%, and is the most volatile category series given sales associated with the timing of electronic game releases. Grocery & liquor was next fastest (1.9%, mom), followed by Homewares (1.4% mom), Department stores (1.3%), and Personal and Recreational (1.1%). Media saw much more subdued growth (0.4%) after more rapid growth in August (2.3%).

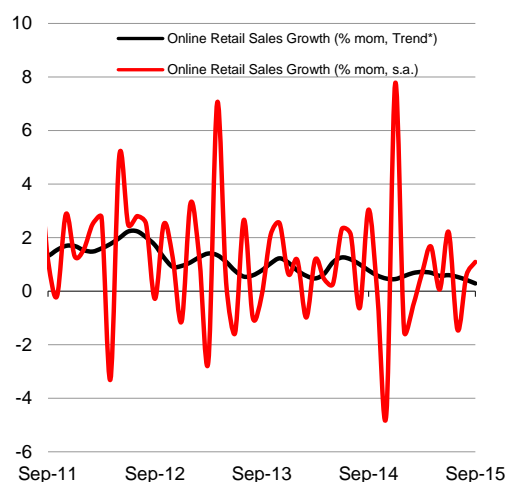
### The online index grows in September

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



### Seasonally adjusted growth higher in September, trend marginally slower

Growth in Online Retail (% mom)



## Online retail statistics

### Year-on-year growth (% nsa)

	Jul-15	Aug-15	Sep-15
Online index	6.3	7.0	5.7
ABS Retail	4.7	4.1	N/A

### Month-on-month growth (%)

	Jul-15	Aug-15	Sep-15
Online (s.a.)	-1.4	0.6	1.1
Online Trend*	0.5	0.4	0.3

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\*Data is seasonally adjusted (s.a.) 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 cafes, restaurants and takeaway food.

**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, based on these September results, will be published in 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 6 months. 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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