

NAB Online Retail Sales Index

Monthly update – November 2015

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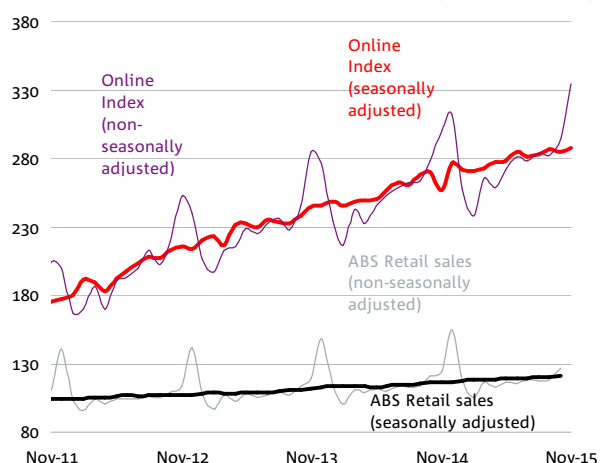
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Online sales increase 0.7 per cent in November 2015

- The latest seasonally adjusted NAB online retail sales index shows sales grew 0.7% in November, an improvement on the contraction in October (-0.6%). At 0.3%, the trend estimate for online retail sales was the same as the previous month, and only slightly lower than September (0.4%), suggesting that looking through the month to month volatility, sales are still growing.
- ABS data showed growth of comparable traditional retailers (ex. cafes and restaurants) in October to be 0.7% (mom, s.a.) higher than September, and 4.5% higher than a year ago. At 11.4% over the year, growth in online retail is more than double that of traditional retail sales.
- In dollar terms, we estimate Australians spent \$18.1 billion on online retail in the 12 months to November 2015. This level is equivalent to 7.3% 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 October 2015.
- By category, all sectors except Daily deals (-9.8% yoy) had sales higher than last November. In year on year terms, growth was highest for electronic games and toys (+36.1% yoy from 32.4% yoy in October). This category still represents 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. Sales growth in the next fastest growing category, Media, accelerated slightly (23.2%, yoy, from 21.2% yoy in October), along with Fashion (14.1% yoy vs 10.6% yoy in October), and a rebound in growth for Homewares and Appliances (11.1% yoy vs -2% yoy in October), and Department & Variety stores (8.3% yoy vs 1.7% yoy in October). Despite high single digit growth, Grocery and Liquor (7.1% yoy vs 5.9% yoy in October) was the second slowest. At 9.3% (yoy) the growth rate for Personal and Recreational was virtually unchanged.

The online index grows in November

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



Seasonally adjusted growth higher in November, trend flat

Growth in Online Retail (% mom)



Online retail statistics

Year-on-year growth (% nsa)

	Sep-15	Oct-15	Nov-15
Online index	7.4	5.9	11.4
ABS Retail	4.1	4.5	N/A

Month-on-month growth (%)

	Sep-15	Oct-15	Nov-15
Online (s.a.)	1.4	-0.6	0.7
Online Trend*	0.4	0.3	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: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 9 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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