



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT - JULY 2016

ONLINE SALES DOWN BY 0.36% IN JULY 2016

- ★ NAB Online Retail Sales Index declined by 0.36% in July according to the latest seasonally adjusted month on month data. Year on year growth however remains in double digits with 11.8% growth in sales. The revised trend estimate for online retail sales remains slow, currently sitting at below 1%.
- ★ ABS data on traditional retailers showed a month on month seasonally adjusted growth of 0.1% and year on year growth of 3.5% in June.
- ★ Australian consumers have spent around \$20.4 billion over the last 12 months till July 2016. This is equivalent to 6.8% of spending at traditional bricks & mortar retailers as measured by the ABS in the 12 months to June 2016.
- ★ Sectors with a digital distribution model led the line in growth this month with Media (33% yoy vs 23.4% yoy in June) and Games and Toys (35.8% yoy vs 24.5% yoy) growing the fastest.
- ★ Sales growth slowed for Fashion (8% yoy vs 19.2% yoy), Homeware and Appliances (0.2% yoy vs 0.6% yoy), Personal and Recreational Goods (22.0% yoy vs 26% yoy), Groceries and Liquor (1.1% yoy vs 9.5% yoy) and Food Catering (48.4% yoy vs 56.3% yoy).
- ★ Growth contracted in Daily Deals (-5.3% yoy vs 2.6% yoy) and Department and Variety Stores (-6.3% yoy vs 3% yoy).
- ★ SME sales represents just over a third of all online sales (35.7%). Previously, SMEs have outpaced Corporates in terms of month on month growth. This month however saw SMEs contracting by 1.3% as compared to Corporates' contraction of 0.4%. When comparing year on year growth, SMEs (17.3% yoy) are still growing faster than Corporates (11.8% yoy).

Year-on-year growth (% nsa)			
	May-16	Jun-16	Jul-16
Online index	14.9	14.4	11.8
SME Index	19.4	21.3	17.3
ABS Retail	2.4	3.5	N/A

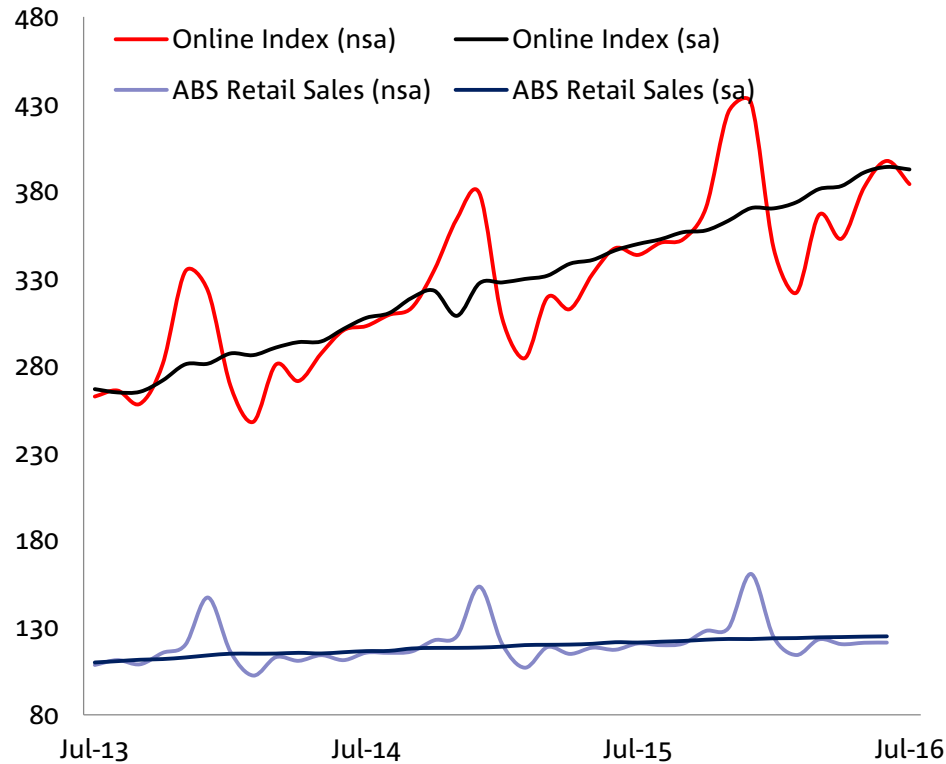
Month-on-month growth (%)			
	May-16	Jun-16	Jul-16
Online (s.a.)	2.0	0.8	-0.4
SME (s.a)	2.5	2.8	-1.3
Online Trend*	1.0	0.9	0.7

*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. 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

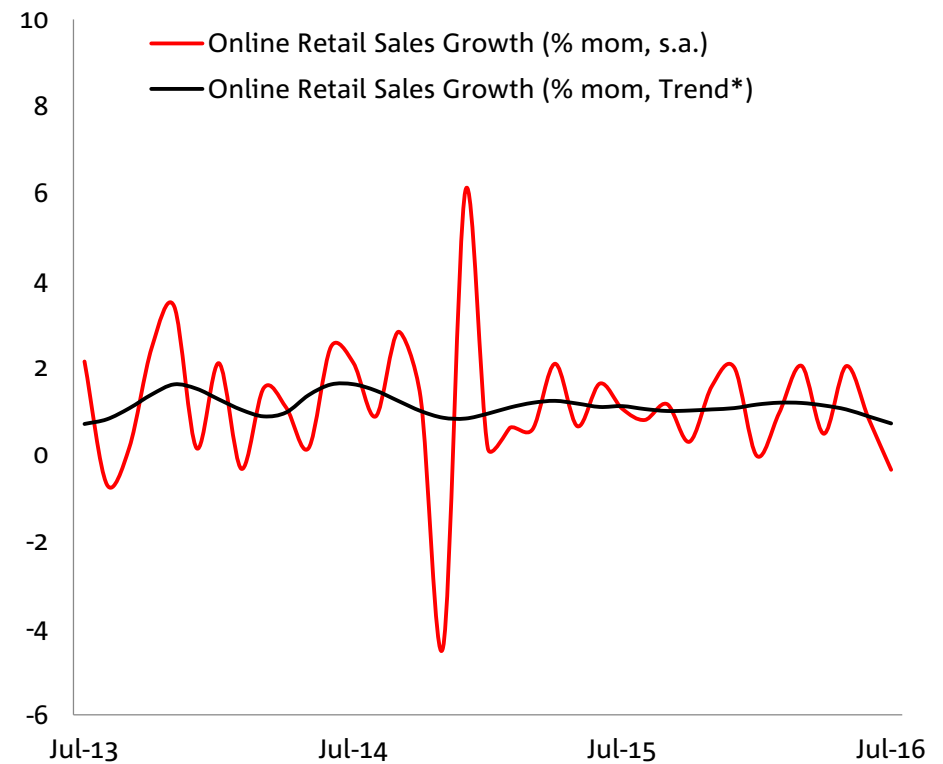
Non-Seasonally Adjusted Index fell in July 2016

Chart 1
INDEX - ONLINE RETAIL VS. ABS RETAIL SALES
 (Jan 2010 = 100)



There was a contraction in seasonally adjusted mom growth rate in July, while trend still slowing.

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.

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.

Impact of online media streaming companies:

Several high profile subscription media services have entered the Australian market in the past 12 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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