



# **NAB ONLINE RETAIL SALES INDEX**

**MONTHLY REPORT - AUGUST 2016**

# ONLINE SALES REMAIN SUBDUED IN AUGUST 2016

- ★ While the NAB Online Retail Sales Index increased 0.5% (mom, s.a.) in August, year on year growth continued the slowing evidenced in the past couple of months. The revised trend estimate for online retail sales is still slowing, currently at 0.5%, down from 0.9% in June.
- ★ ABS data on traditional retailers showed month on month seasonally adjusted was unchanged in July (0.0%) with year on year growth of 2%.
- ★ We estimate that Australian consumers have spent around \$20.6 billion over the last 12 months to August 2016. This is equivalent to 6.9% of spending at traditional bricks & mortar retailers as measured by the ABS in the 12 months to July 2016.
- ★ Key categories to slow in August were Food Catering (26% yoy vs 48.5% yoy), Media (24% yoy vs 33.9% yoy), and Games and Toys (18% yoy vs 36.4% yoy). Department and Variety Stores (-0.5% yoy vs -5.8% yoy) contracted, with further deterioration observed in Daily Deals (-8.4% yoy vs -5.3% yoy).
- ★ Personal and Recreational Goods led year on year online growth in August (26.6% yoy vs 22.4% yoy in July).
- ★ Sales growth improved for Fashion (11.1% yoy vs 9.9% yoy), Groceries and Liquor (7.8% yoy vs 1.4% yoy), Homeware and Appliances (3.5% yoy vs 1.6% yoy).
- ★ SME sales represents just over a third of all online sales. SME sales grew strongly in August, with seasonally adjusted monthly growth estimated at 8%. Year on year growth for SMEs (24.3%) outpaced Corporates (11.9%).

Year-on-year growth (% nsa)			
	Jun-16	Jul-16	Aug-16
Online index	15.2	12.7	11.9
SME Index	19.1	14.8	24.3
ABS Retail	3.5	2.0	N/A

Month-on-month growth (%)			
	Jun-16	Jul-16	Aug-16
Online (s.a.)	0.9	-0.3	0.5
SME (s.a)*	3.1	-2.6	8.0
Online Trend*	0.9	0.7	0.5

\*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. Caution should be used with SME seasonal adjustment as it is based on a shorter period than the corporate index. Non-seasonally adjusted (nsa) online sales data is produced by Quantum. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS).

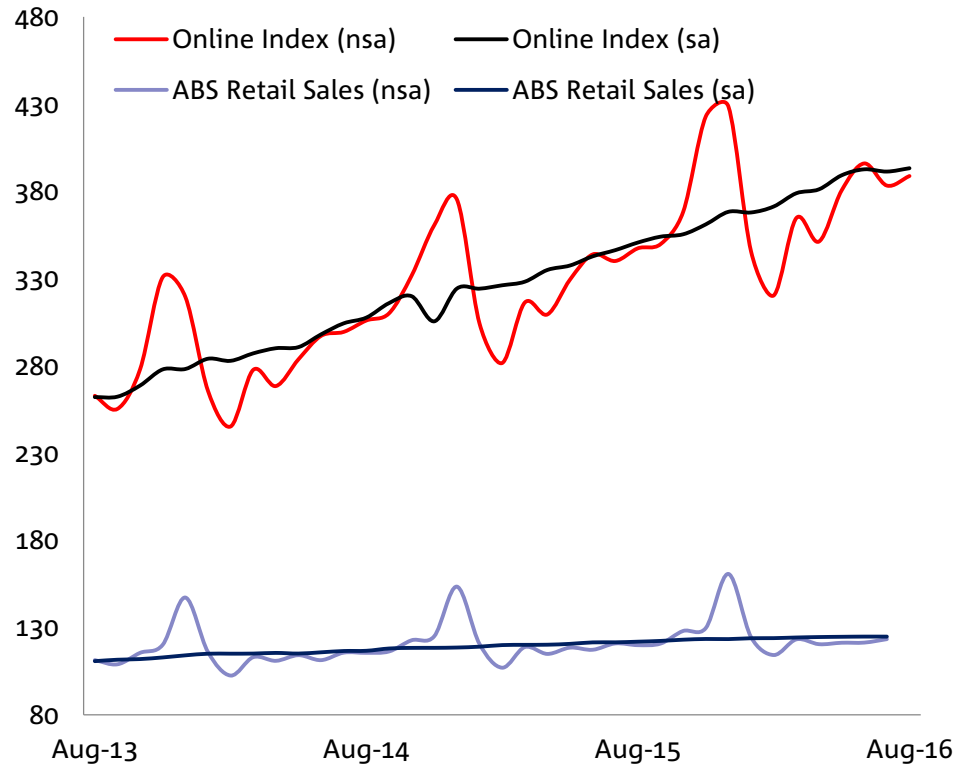
# ONLINE RETAIL STATISTICS

Non-Seasonally Adjusted Index grew in August 2016, but remains lower than June

Chart 1

## INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

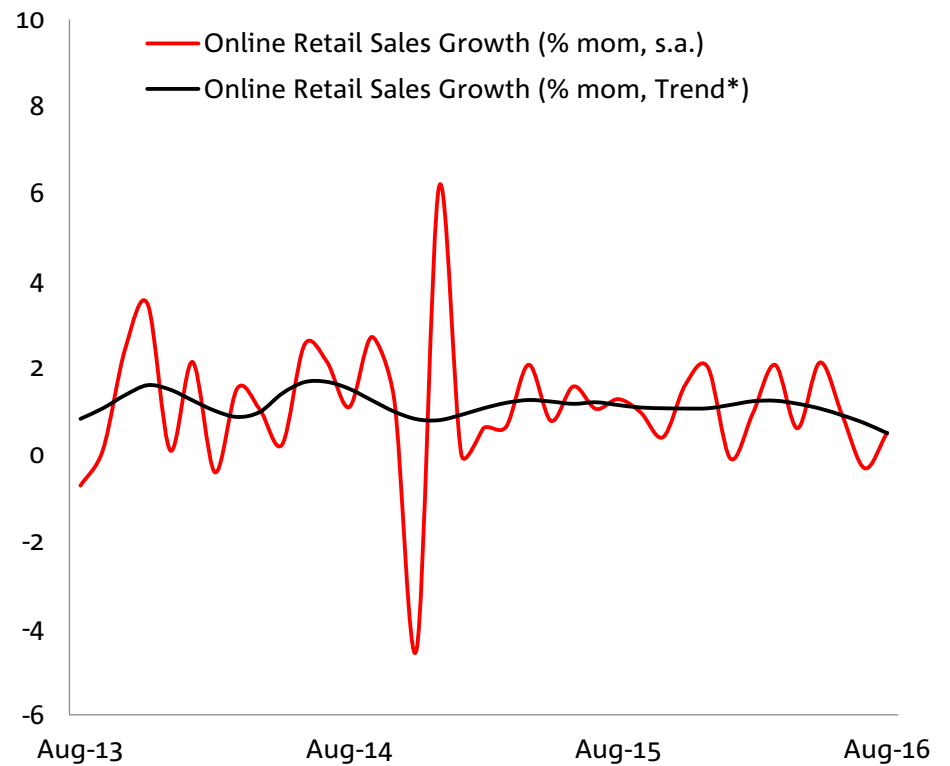


Monthly growth improved in August, however the trend still slowing.

Chart 2

## GROWTH IN ONLINE RETAIL

(% mom)



\* 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. Caution should be used with SME seasonal adjustment as it is based on a shorter period than the corporate index. Non-seasonally adjusted (nsa) online sales data is produced by Quantum. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS).



# NOTES

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## **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. Seasonal adjustment of the SME series is based on a shorter time period, and should be used with caution.

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.

# TO DISCUSS THIS REPORT IN MORE DETAIL PLEASE SPEAK WITH YOUR NAB RELATIONSHIP MANAGER

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