



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT - NOVEMBER 2016

ONLINE SALES SLOWER OVER THE YEAR, FASTER IN THE MONTH

- ★ The NAB Online Retail Sales Index increased 1.1% (mom, s.a.) in November, much faster than the previous month(0.5%,mom, s.a.). Year on year growth slowed from 14.1% to 13.3%. The revised trend estimate for online retail sales continues to slow, currently at 0.6%, down from 0.8% last month.
- ★ ABS data on traditional retailers showed month on month seasonally adjusted grew 0.5% in October, with year on year growth of 2.1%.
- ★ We estimate that Australian consumers have spent around \$21.4 billion over the last 12 months to November 2016. This is equivalent to 7.1% of spending at traditional bricks & mortar retailers as measured by the ABS in the 12 months to October 2016.
- ★ The November headline result was partly due to slowing in two larger spend share categories - Homeware and Appliances (10.5% yoy Nov vs 14.9% yoy Oct), and Media (19.2% yoy vs 23.8% yoy), along with smaller spend share categories of Food Catering (28.7% yoy vs 36.9% yoy). Games and Toys was especially weak (-6.8% yoy vs 11.6% yoy), the first time in the series history that this category has slowed in November.
- ★ Categories to accelerate include larger spend share categories of Groceries and Liquor (8.5% yoy vs 4.7% yoy) and Fashion (21.1% yoy vs 15.0% yoy), and smaller share categories of Personal and Recreational Goods (19.6% vs 13.4%), Department and Variety Stores (4.8% yoy vs 4.3% yoy), and Daily Deals (4.6% yoy vs 2.4% yoy).
- ★ SME sales represents just over a third of all online sales. SME sales slightly outpaced broader sales in November, with seasonally adjusted monthly growth estimated at 5.7%. Year on year growth for SMEs (25.5%) was considerably stronger than Corporates (13.3%).

Year-on-year growth (% nsa)			
	Sep-16	Oct-16	Nov-16
Online index	15.3	14.1	13.3
SME Index	16.9	18.3	25.5
ABS Retail	4.4	2.1	N/A

Month-on-month growth (%)			
	Sep-16	Oct-16	Nov-16
Online (s.a.)	1.4	0.5	1.1
SME (s.a)*	-0.3	0.9	5.7
Online Trend*	0.8	0.8	0.6

*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 Quantium. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS).

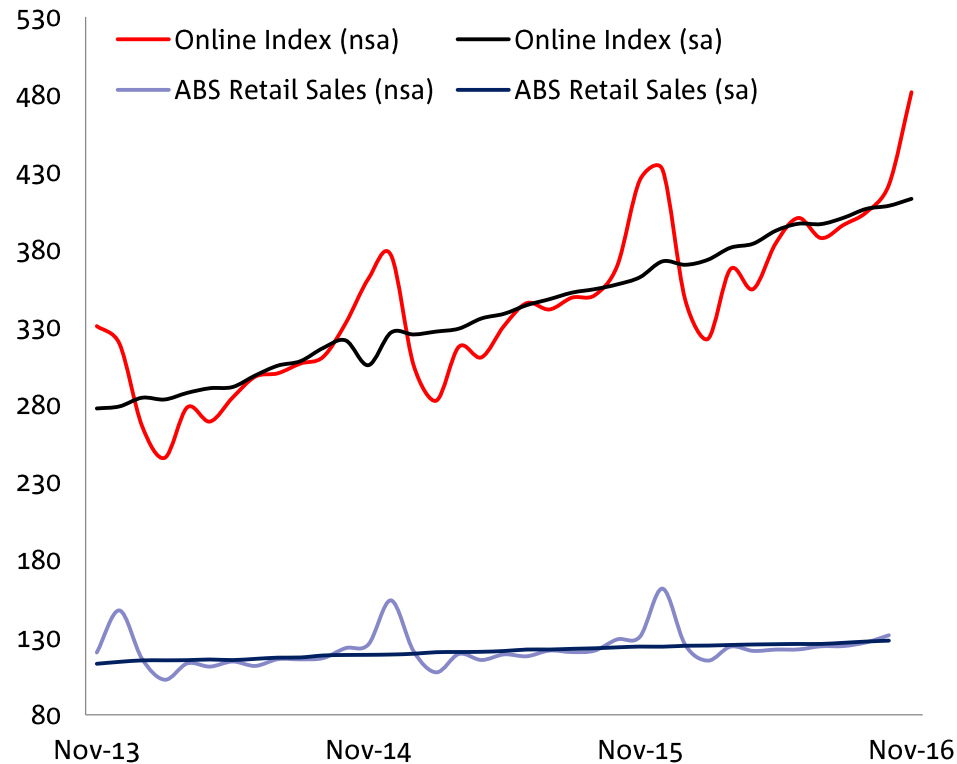
ONLINE RETAIL STATISTICS

The kick up in 'original' sales in November largely reflected seasonal factors.

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

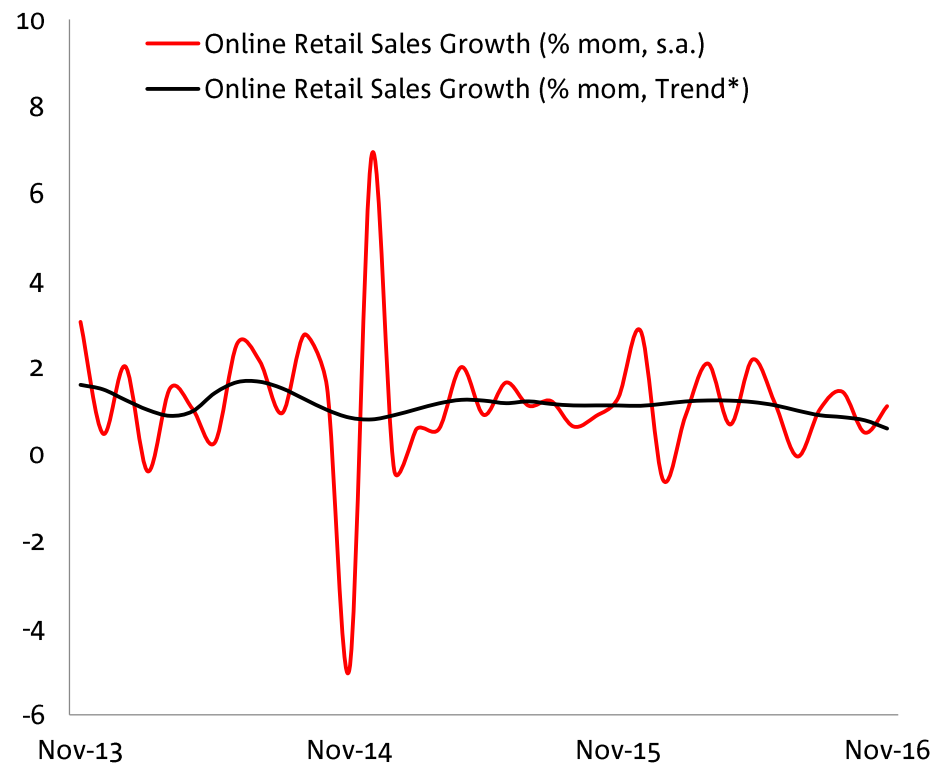


Fundamentally the trend slowing in online retail growth continued in November

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

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.

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