



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT - JANUARY 2017

ONLINE SALES SLIGHTLY FASTER OVER THE YEAR, CONTRACTS IN THE MONTH

- ★ The NAB Online Retail Sales Index contracted -0.5% (mom, s.a.) in January, much slower than the revised previous month (0.5%,mom, s.a.). Year on year growth accelerated from 11.1% in December to 11.7% in January. The revised trend estimate for online retail sales continues to slow, currently at 0.5%, down from 0.6% last month.
- ★ ABS data on traditional retailers showed month on month seasonally adjusted grew 0.5% in December, with year on year growth of 3.7%.
- ★ We estimate that Australian consumers have spent around \$21.83 billion over the last 12 months to January 2017. This is equivalent to 7.2% of spending at traditional bricks & mortar retailers as measured by the ABS in the 12 months to December 2016.
- ★ The January year on year result was partly due to an improvement in slowing in two larger spend share categories - Homeware and Appliances (17.8% yoy Jan vs 15.6% yoy Dec), and Groceries and Liquor (6.1% yoy vs 3.3% yoy), along with smaller spend share categories of Personal and Recreational Goods (13.8% yoy vs 12.3% yoy) and Department Stores (4.6% yoy vs 1.4% yoy) .
- ★ Categories to slow include larger spend share categories of Media (16.1% yoy vs 20.5% yoy) and Fashion (7.1% yoy vs 7.3% yoy), and smaller share categories of Food Catering (25.3% vs 34.9% yoy), and Daily Deals (3.5% yoy vs 6.2% yoy). Games and Toys remained weak despite improving in January (-0.9% yoy vs -2.2% yoy)
- ★ SME sales represents just over a third of all online sales. In the month, SME sales rebounded (+0.9%,mom s.a.) after a weak December result (-1.1%). Year on year growth for SMEs (19.7%) was also considerably stronger than Corporates (11.7%).

Year-on-year growth (% nsa)			
	Nov-16	Dec-16	Jan-17
Online index	14.8	11.1	11.7
SME Index	22.2	16.1	19.7
ABS Retail	3.9	3.7	N/A

Month-on-month growth (%)			
	Nov-16	Dec-16	Jan-17
Online (s.a.)	1.2	0.5	-0.5
SME (s.a)*	4.4	-1.1	0.9
Online Trend*	0.7	0.6	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).

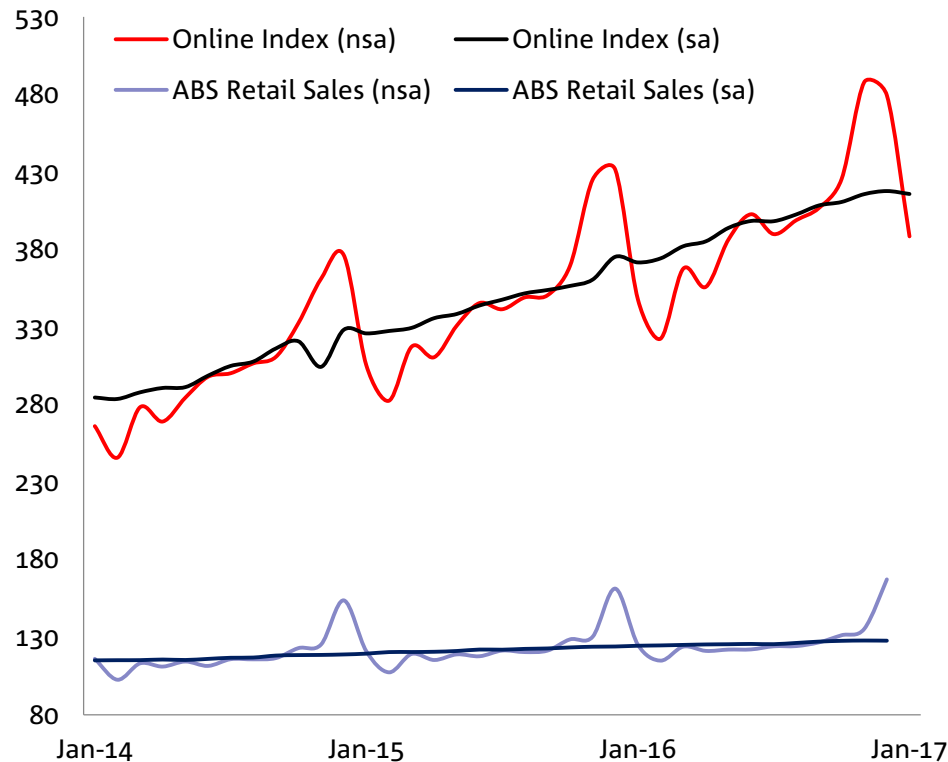
ONLINE RETAIL STATISTICS

The drop in 'original' sales in January largely reflected seasonal factors.

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

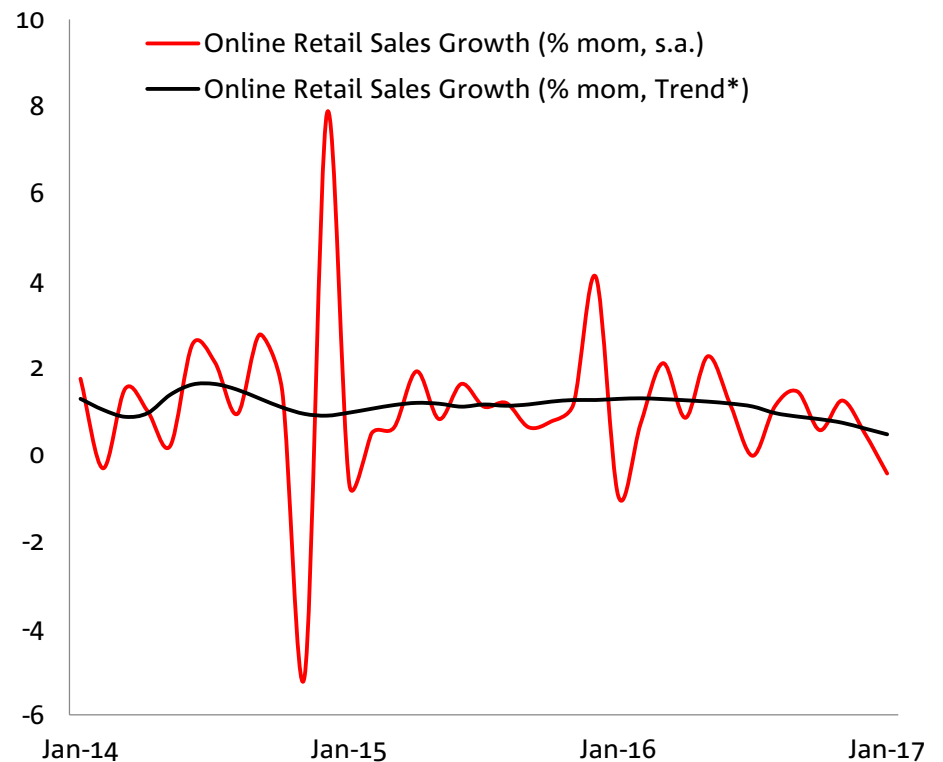


Fundamentally the trend slowing in online retail growth continued in January

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. 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.

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Visit nab.com.au/onlineretailsales or contact:

ALAN OSTER

Group Chief Economist
Group Economics
National Australia Bank
+61 (0) 3 8634 2927
alan.oster@nab.com.au

RICHARD COATH

General Manager,
Consumer, Health, Agri & TMI
Global Institutional Banking
National Australia Bank
+61 (0) 3 8641 2918
richard.coath@nab.com.au

WADE TUBMAN

Group Executive
Quantium
+61 (0) 2 9292 6400
wade.tubman@quantium.com.au

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