



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT - FEBRUARY 2017

ONLINE SALES SLOWER OVER THE YEAR AND MONTH

- ★ The NAB Online Retail Sales Index slowed slightly in February to 0.2% (mom, s.a.), compared to revised January growth of 0.3% (was -0.5%, mom, s.a.). Year on year growth slowed from a revised 12.1% in January (was 11.7%) to 10.1% in February. The revised trend estimate for online retail sales continues to slow, currently at 0.3%, down from 0.5% last month.
- ★ ABS data on traditional retailers showed month on month seasonally adjusted grew 0.4% in January, with year on year growth of 2.2%.
- ★ We estimate that Australian consumers have spent around \$22 billion over the last 12 months to February 2017. This is equivalent to 7.2% of spending at traditional bricks & mortar retailers as measured by the ABS in the 12 months to January 2017.
- ★ Categories were mixed in February with an improvement in Food Catering (28.6% yoy Feb vs 25.8% yoy Dec), Personal and Recreational Goods (17.5% yoy vs 15% yoy), Media (17% yoy vs 14% yoy), and Department Stores (9.6% yoy vs 7.3% yoy) offset by slowing in Homeware and Appliances (18.4% yoy vs 22.1% yoy), Fashion (9.2% yoy vs 12.6% yoy), Groceries and Liquor (1.3% yoy vs 5.1% yoy), Daily Deals (-1.8% yoy vs 3.4% yoy) and Games and Toys(1.3% yoy vs 4.5% yoy)
- ★ SME sales represents just over a third of all online sales. In the month, SME sales (+1.7%,mom s.a.) outpaced the larger retailers after a weak December result (-1.9%). Year on year growth for SMEs (18.5%) was also considerably stronger than Corporates (10.1%).

Year-on-year growth (% nsa)			
	Dec-16	Jan-17	Feb-17
Online index	11.6	12.1	10.1
SME Index	14.5	18.2	18.5
ABS Retail	3.7	2.2	N/A

Month-on-month growth (%)			
	Dec-16	Jan-17	Feb-17
Online (s.a.)	0.2	0.3	0.2
SME (s.a)*	-1.9	1.6	1.7
Online Trend*	0.6	0.5	0.3

*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).

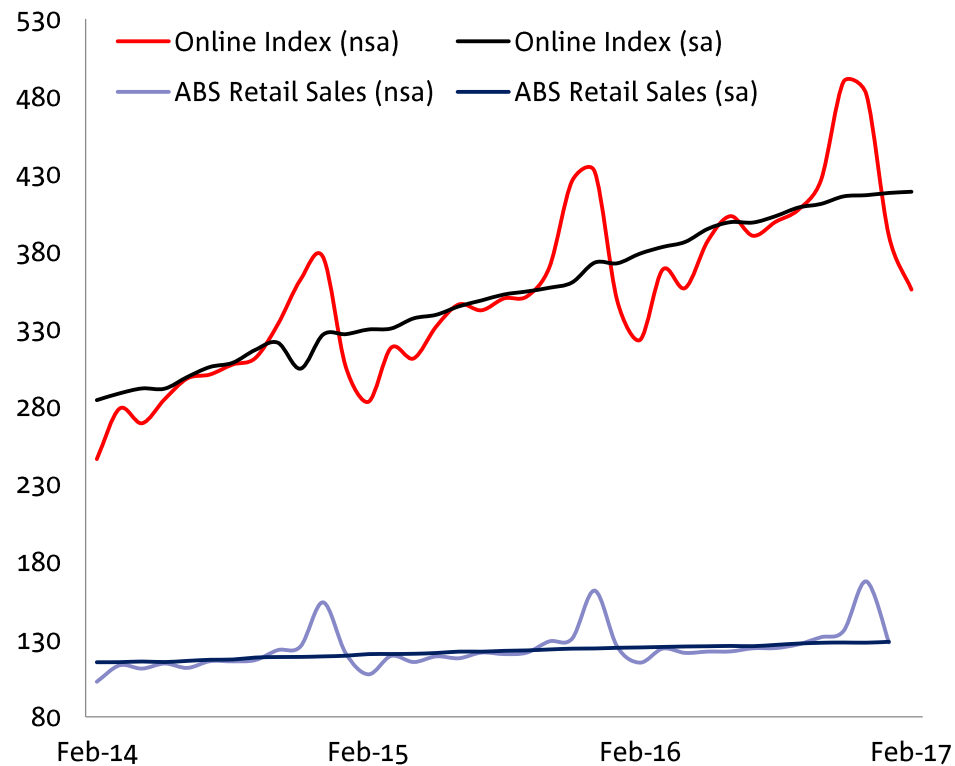
ONLINE RETAIL STATISTICS

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

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

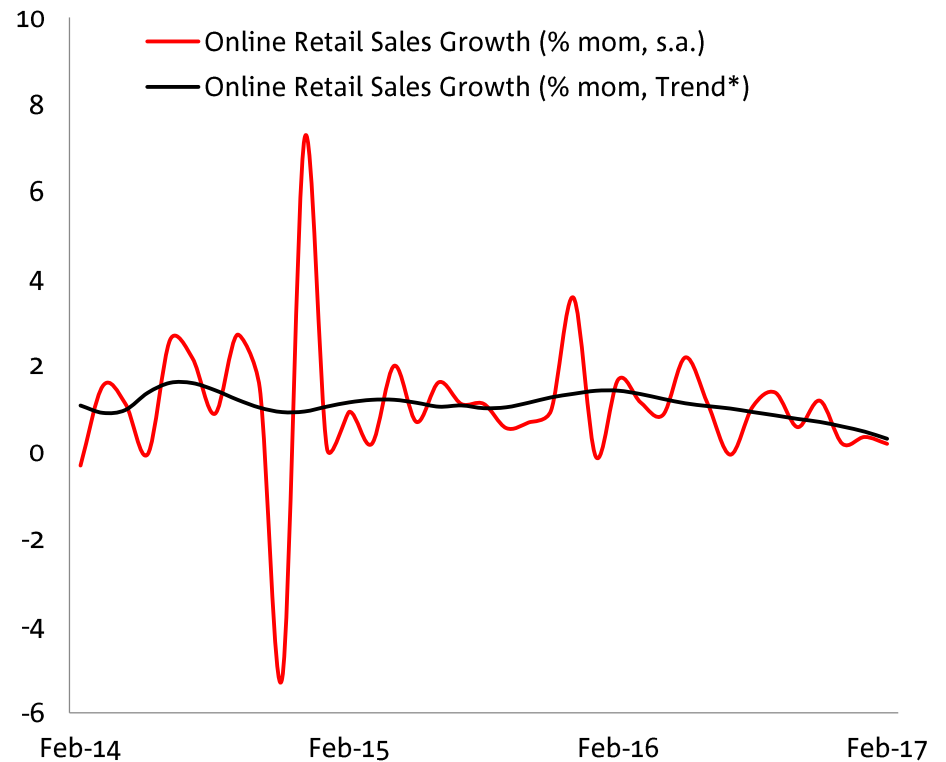


Fundamentally the trend slowing in online retail growth continued in February

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.

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

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

ABOUT QUANTIUM

Quantium is Australia's leading data analytics and marketing strategy firm. Quantium has worked with NAB for more than six years, assessing de-identified transaction data to derive insights, trends and shopping habits of different customer groups. The resulting analysis forms Market Blueprint and is used by NAB and other businesses to drive innovation and business performance through customer, distribution and marketing strategies. www.quantium.com.au

IMPORTANT NOTICE

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances. NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please [click here](#) to view our disclaimer and terms of use.