



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT - APRIL 2017

ONLINE SALES SLOWER OVER THE YEAR, CONTRACT IN THE MONTH

- At -0.8%(mom, s.a.), the NAB Online Retail Sales Index contracted in April , reversing growth in March (+0.8%,mom s.a.). Year on year growth slowed from a revised 10.5% in March (was 9.0%) to 6.9% in April. The revised trend estimate for online retail sales is now virtually flat (0.1%) .
- ABS data on traditional retailers showed month on month seasonally adjusted contracted in March (-0.1%), with year on year growth of 2.4%.
- We estimate that Australian consumers have spent around \$22.37 billion over the last 12 months to April 2017. This is equivalent to 7.3% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to March 2017.
- In line with the headline number, most categories slowed in April. Against the general slowing were Homeware and appliances (10.4% yoy Apr vs 8.7% yoy Mar), Games and Toys(14.9% yoy vs 8.2% yoy) and Daily Deals (4.4% yoy vs -3.8% yoy). Media (16.3% yoy vs 16.6% yoy) maintained strong growth while previous growth lead, Takeaway Food, slowed considerably (11.3% yoy vs 24% yoy). Personal and Recreational Goods (3.4% yoy vs 14.4% yoy), Department Stores (3.4% yoy vs 8.4% yoy) and Fashion (2.4% yoy vs 4.9% yoy) also slowed but remained positive, whereas Groceries and Liquor (-1.6% yoy) is smaller this April compared to last.
- SME sales represents just over a third of all online sales. While SMEs (-0.4%,mom s.a.) recorded less negative sales, the fall in growth was sharper given the March result (+1.5%, mom, s.a.). Year on year growth for SMEs (10.6%) is still stronger than Corporates (6.9%).

Year-on-year growth (% nsa)			
	Feb-17	Mar-17	Apr-17
Online index	11.3	10.5	6.9
SME Index	16.0	19.6	10.6
ABS Retail	-0.5	2.4	N/A

Month-on-month growth (%)			
	Feb-17	Mar-17	Apr-17
Online (s.a.)	-0.1	0.8	-0.8
SME (s.a)*	1.3	1.5	-0.4
Online Trend*	0.2	0.2	0.1

*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).

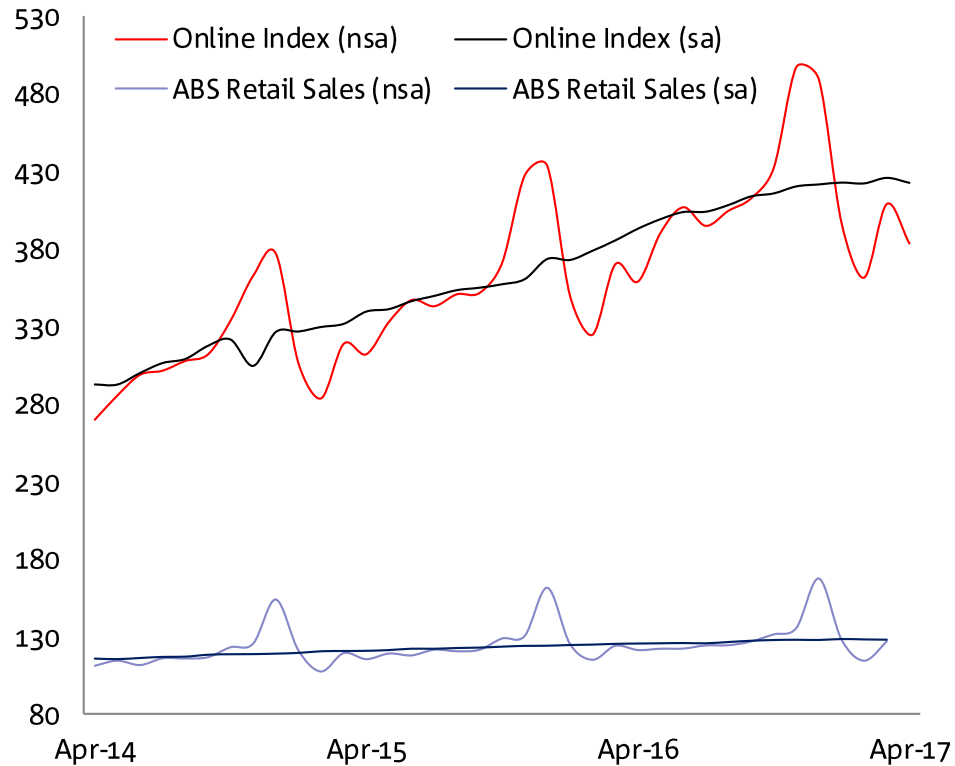
ONLINE RETAIL STATISTICS

The drop in 'original' sales in April was larger than the regular seasonal pattern.

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

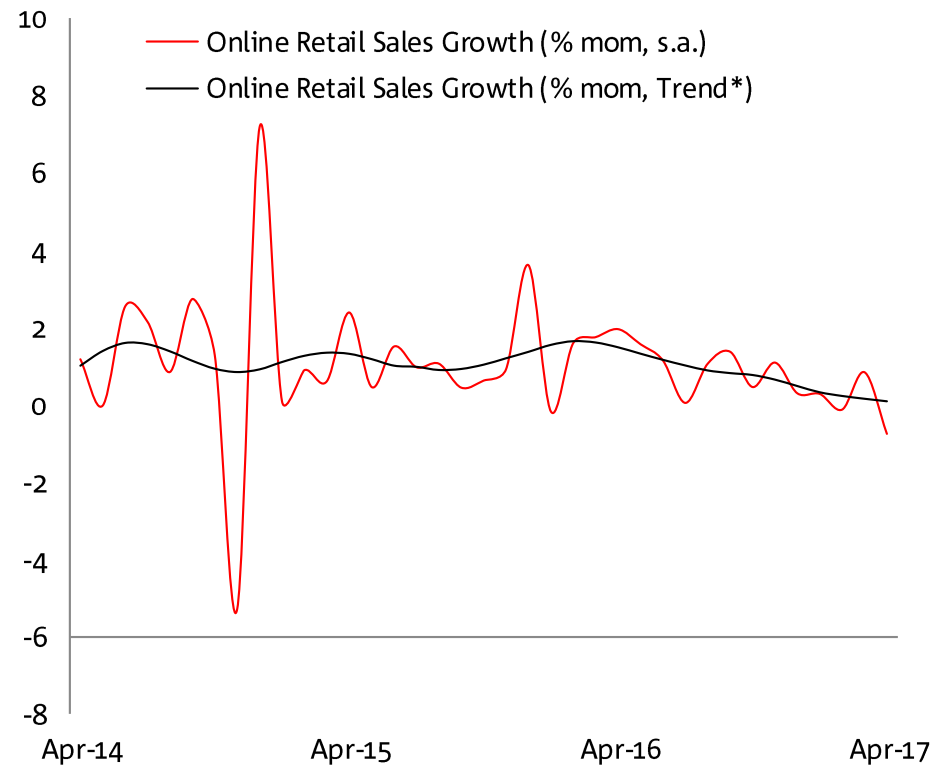


The trend slowing in online retail growth continued in April to a barely positive value

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.

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