



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT – AUGUST 2017

ONLINE SALES ACCELERATED OVER THE YEAR AND MONTH

- ★ NAB Online Retail Sales Index (NORSI) accelerated in August (+1.7% mom s.a.). This rapid acceleration in the month is beyond the usual August seasonal pattern. Year-on-year growth was also stronger in August with sales up 10.3% compared to last year. While trend online retail sales (+0.7%) dipped slightly, it is still much stronger than February and March.
- ★ ABS data on traditional retailers showed month on month seasonally adjusted sales flat in (0.0%) in July, hence NORSI was much faster month-on-month.
- ★ We estimate that Australian consumers have spent around \$23.28 billion over the 12 months to August 2017. This is equivalent to 7.5% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to July 2017.
- ★ Most categories accelerated in August (yoy), with Games and Toys (21.6% yoy August vs 11.9% yoy July), Food Catering (18% vs 13.1%), Media (17.7% vs 8.2%), Daily Deals (12.8% vs 6.5%), and Grocery and Liquor (9.3% vs 7.8%), accelerating through the year. While the largest spend share category, Homeware and Appliances (11.7% vs 16.6%) still recorded double digit growth, it slowed, along with Personal and Recreational (1.4% vs 2.5%) and Fashion (0.6% vs 0.7%).
- ★ SME sales represents just over a third of all online sales. Seasonally adjusted SME sales saw strong growth in the month (2.6%, mom s.a.) after a couple of weak months prior.

Year-on-year growth (% nsa)			
	Jun-17	Jul-17	Aug-17
Online index	8.9	8.5	10.3
SME Index	15.6	16.8	15.3
ABS Retail	4.1	2.9	N/A

Month-on-month growth (%)			
	Jun-17	Jul-17	Aug-17
Online (s.a.)	0.8	0.6	1.7
SME (s.a)*	-1.9	-0.2	2.6
Online Trend*	0.8	0.8	0.7

*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).

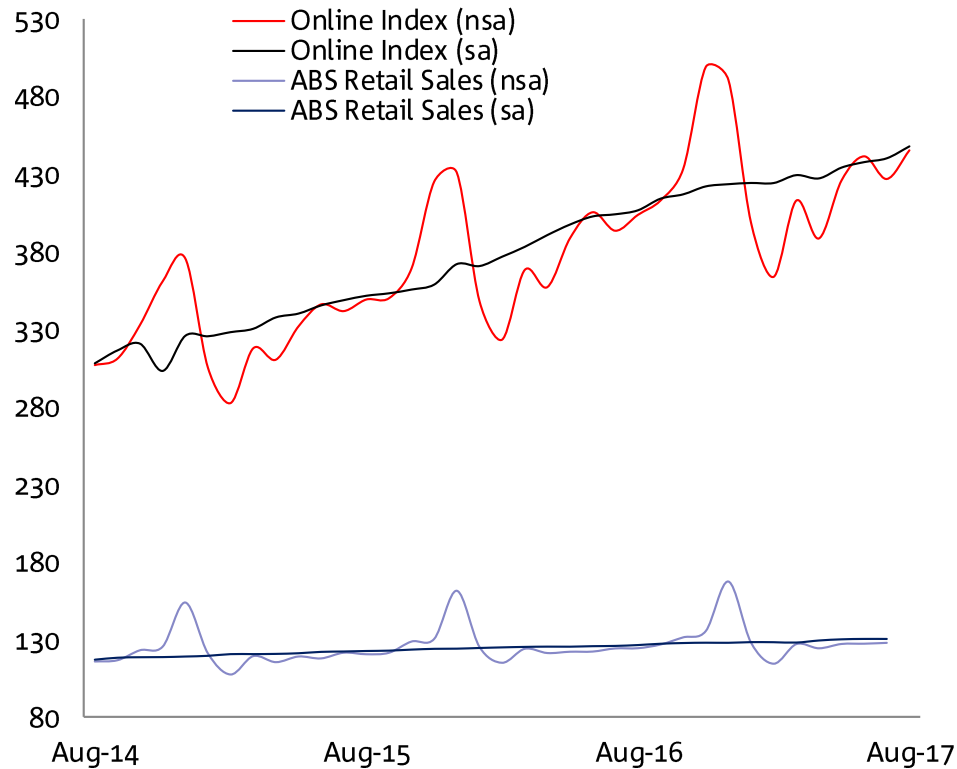
ONLINE RETAIL STATISTICS

The uptick in August 'original' sales was stronger than the regular seasonal pattern.

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

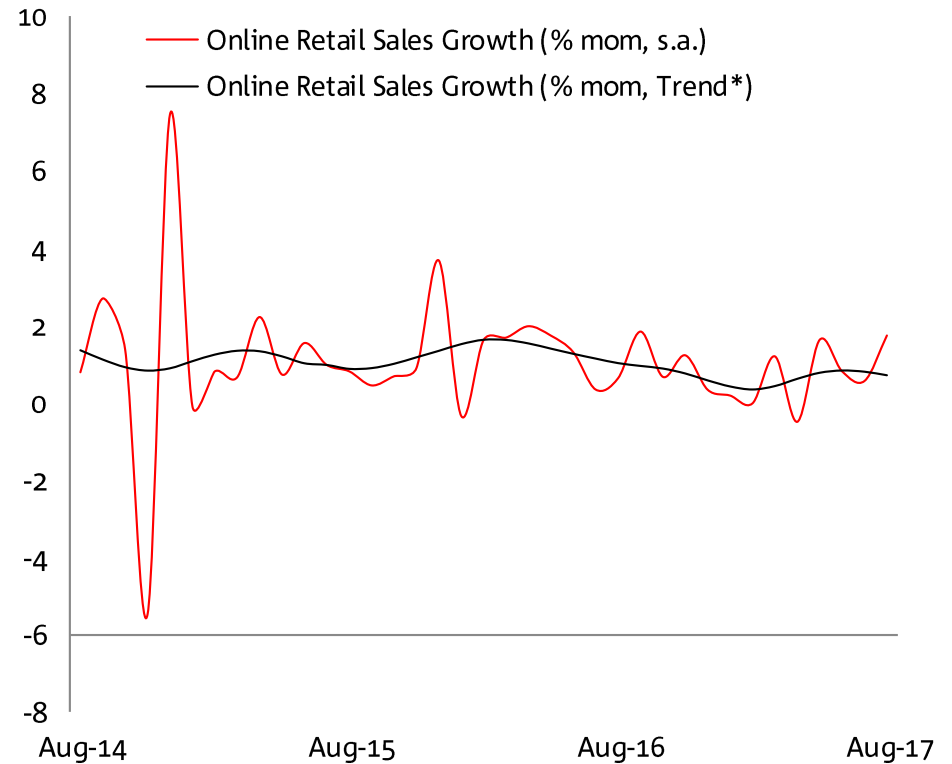


While the trend online retail growth slowed slightly in August, it is well above the low in February.

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.

Effect of buy now, pay later payment facilitators:

With the advent of buy now pay later payment facilitators, payments made for the final good purchased are facilitated by a third party. These transactions mask the ability to identify final merchant categories. Fashion and Personal & Recreational goods are the categories most affected by the emergence of these payment facilitators. As such, it is likely that sales at these categories are being understated in recent index estimates.

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