



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT – NOVEMBER 2017

ONLINE SALES ACCELERATE OVER THE YEAR AND MONTH

- ★ NAB Online Retail Sales Index (NORSI) accelerated strongly in November(+4.7% mom s.a.). This is the highest monthly growth rate since December 2014. Year-on-year growth was also stronger in November, with sales up 14.4% compared to last year. Trend online retail sales is still much stronger than the early months of 2017.
- ★ ABS data on traditional retailers showed month on month seasonally adjusted sales grew (0.5%) in October. The revised equivalent NORSI for October was 2.0%, so NORSI outpaced traditional sales in that month.
- ★ We estimate that Australian consumers have spent around \$24 billion over the 12 months to November 2017. This is equivalent to 7.7% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to October 2017.
- ★ Most categories accelerated in November (yoy), with Daily Deals (35.1% yoy November vs 18.6% yoy October), and the much larger category Homeware and Appliances (24.9 % vs 3.8%) recording the most rapid growth over the past year. Although Media (21.6% vs 23.9%) was 3rd fastest, it did slow slightly. Food Catering (12.9% vs 8.6%), Games&Toys (12.1% vs 2.3%), and Grocery and Liquor (10.2% vs 9.7%) also recorded double digit growth. Department stores (9.6% vs 8.1%), Personal and Recreational slowed (6.0% vs 8.8%), and Fashion rebounded after a period of weaker sales (5.0% vs 0%).
- ★ SME sales represent just over a third of all online sales. Seasonally adjusted SME sales saw a slight slowing in November (3.0%,mom s.a.) with large online retailer growth much faster in the month.

Year-on-year growth (% nsa)			
	Sep-17	Oct-17	Nov-17
Online index	6.6	8.9	14.4
SME Index	13.7	20.8	21.0
ABS Retail	1.1	1.6	N/A

Month-on-month growth (%)			
	Sep-17	Oct-17	Nov-17
Online (s.a.)	-0.2	2.0	4.7
SME (s.a)*	0.3	3.9	3.0
Online Trend*	1.4	1.4	1.2

*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).

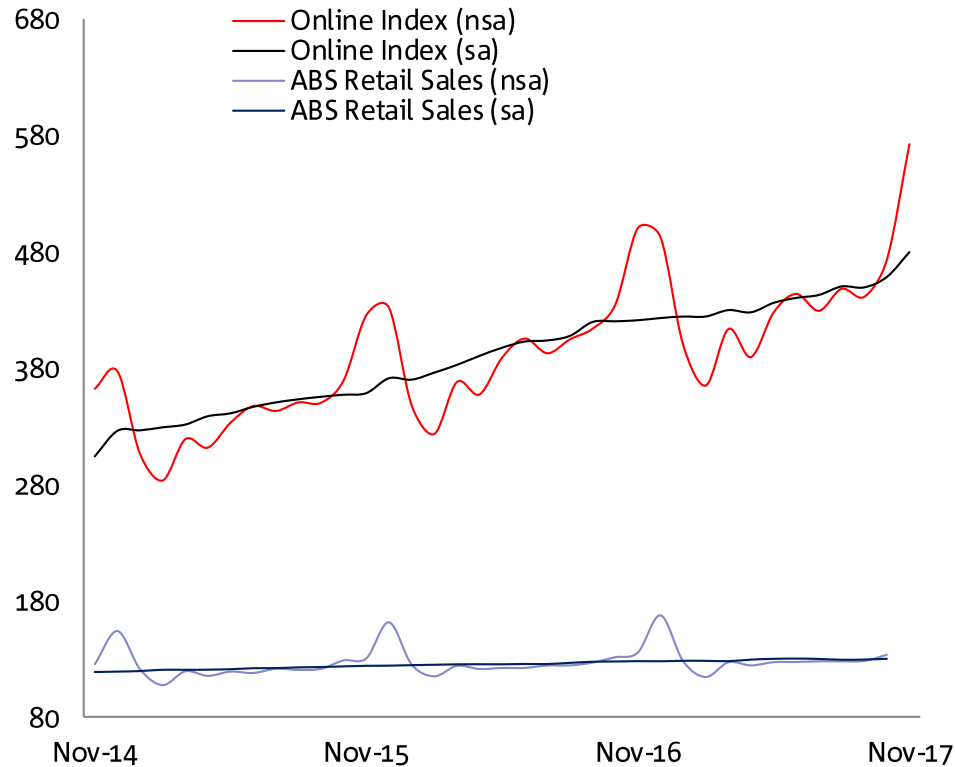
ONLINE RETAIL STATISTICS

The uptick in November 'original' sales was slightly above the regular seasonal pattern.

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

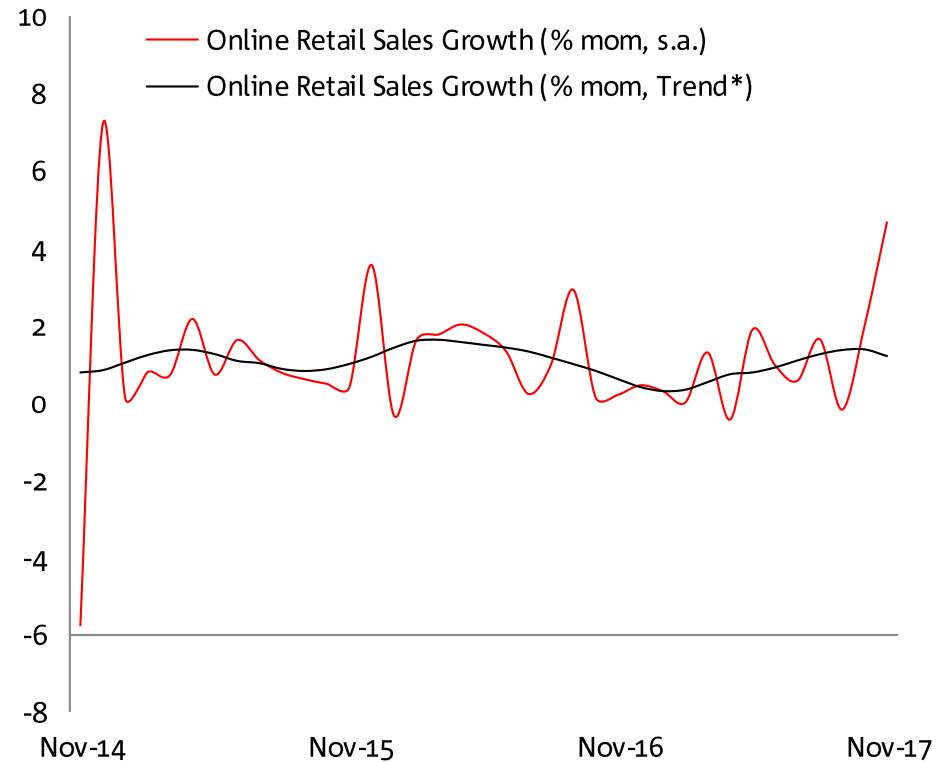


Trend online retail growth is now well above the lows earlier in the year.

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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