



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT – JANUARY 2018

ONLINE SALES ACCELERATE OVER THE YEAR AND MONTH

- ★ NAB Online Retail Sales Index (NORSI) rebounded strongly in January (+1.5% mom s.a.) from a revised contraction (-1.8%) in December. While volatility in online retail sales growth appeared to have settled in 2016, over the past year it has re-emerged. Year-on-year growth was also stronger in January, with sales up 14.1% 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 contracted(-0.5%) in December. Traditional sales were not as weak as NORSI in that month.
- ★ We estimate that Australian consumers have spent around \$24.7 billion over the 12 months to January 2018. This is equivalent to 7.9% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to December 2017.
- ★ Most categories accelerated in January (yoy), with Toys and Games (20.9% yoy January vs 15.3% yoy December), and Department stores (20.9% vs 12.6%) both leading along with the much larger sales category of Media (20.4% vs 19.0%). Grocery and Liquor (16.2% vs 6.5%), Food Catering (14.4% vs 18.8%), and Daily Deals also recorded double digit growth, albeit with the latter two categories slowing. More mild growth was recorded in January for Fashion (9.9% vs 7.8%) and the largest sales category Homeware and Appliances (8.8 % vs 5.5%), with a slowdown for Personal and Recreational (8.4% vs 12.2%).
- ★ SME sales represent just over a third of all online sales. Seasonally adjusted SME sales (3.2%,mom s.a.) accelerated more than large online retailers in January.

Year-on-year growth (% nsa)			
	Nov-17	Dec-17	Jan-18
Online index	15.8	10.9	14.1
SME Index	19.5	16.8	22.1
ABS Retail	3.5	1.6	N/A

Month-on-month growth (%)			
	Nov-17	Dec-17	Jan-18
Online (s.a.)	4.9	-1.8	1.5
SME (s.a)*	2.5	-1.3	3.2
Online Trend*	1.4	1.2	1.0

*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).

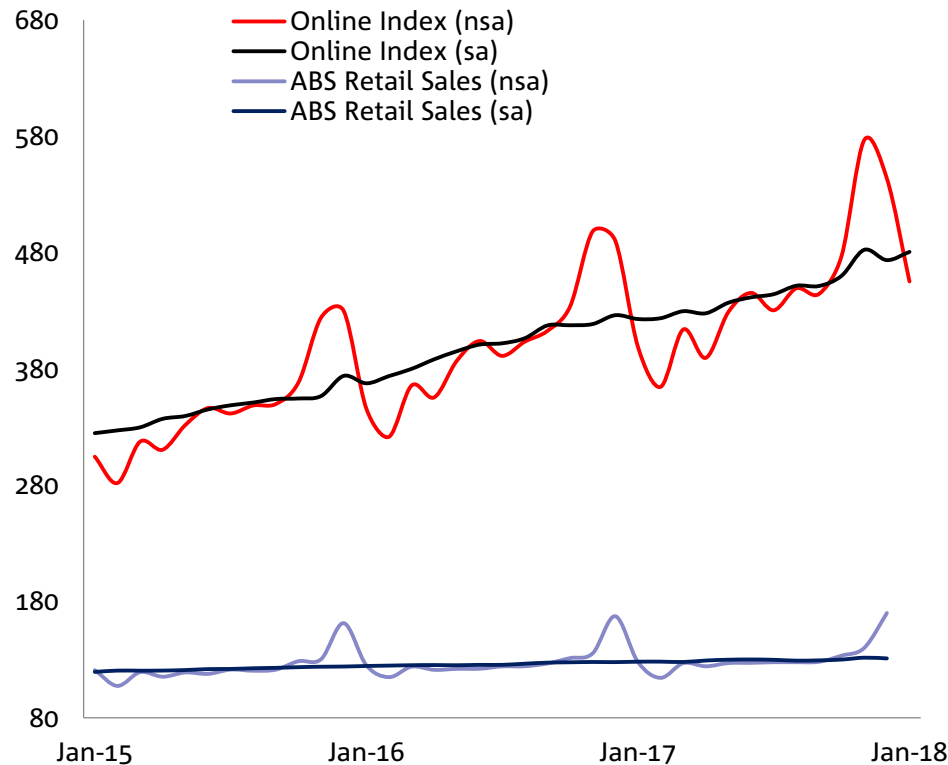
ONLINE RETAIL STATISTICS

The slowing in January 'original' sales index was below the regular seasonal pattern, given the December result.

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

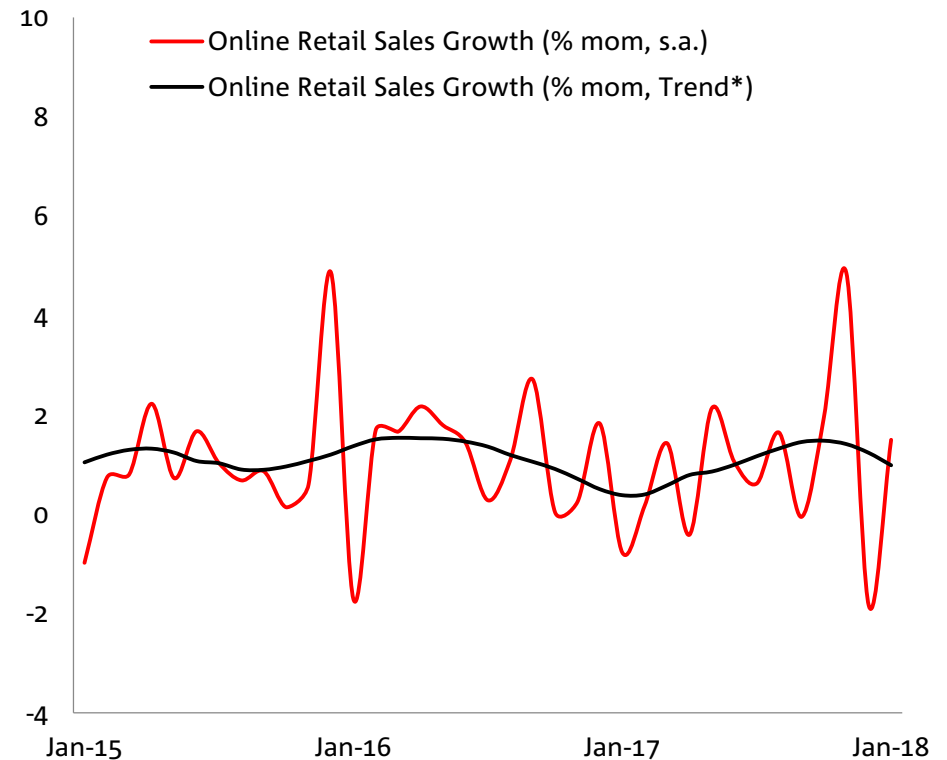


Trend online retail growth is now well above the lows of the same period 2017, however, sales volatility has re-emerged.

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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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

TOM MAZZAFERRO

General Manager,
Consumer, Real Estate and
Diversified Industries
National Australia Bank
+61 (0) 2 9237 9834
tom.mazzaferro@nab.com.au

WADE TUBMAN

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

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