



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT – FEBRUARY 2018

ONLINE SALES SLIGHTLY FASTER OVER THE YEAR, SLOWER IN THE MONTH

- ★ NAB Online Retail Sales Index (NORSI) slowed in February (+0.8% mom s.a.) from stronger growth in January (1.6%). 12 months to growth was also stronger in February, with sales up 15.1% compared to last year. While slowing, 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 were almost flat (0.1%) in January, substantially outpaced by NORSI in that month.
- ★ We estimate that Australian consumers have spent around \$25 billion over the 12 months to February 2018. This is equivalent to 8% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to January 2018.
- ★ Growth was mixed across categories in February. Toys and Games (33.3% February vs 20.9% 12 months to January), and the much larger sales category, Media (21.1% vs 20.6%) lead growth. While third fastest in 12 months to terms, Department stores slowed slightly (20.1% vs 21.2%). In 12 month to terms, this category has seen continued double digit growth since May 2017. Daily Deals also recorded double digit growth (19.6% vs 10.1%) along with larger sales categories of Grocery and Liquor (16.0% vs 16.2%), Food Catering (12.3% vs 14.7%), Fashion (10.7% vs 11.2%) and Homeware and Appliances (10.7% vs 10.4%). More mild, albeit still strong growth was recorded for Personal and Recreational (8.4% vs 7.7%).
- ★ SME sales represent just over a third of all online sales. Seasonally adjusted SME sales (1.1%, mom s.a.) slowed in February but still outpaced large online retailers.

	12 months to (% nsa)		
	Dec-17	Jan-18	Feb-18
Online index	11.5	14.7	15.1
SME Index	16.0	21.1	22.1
ABS Retail	1.6	2.3	N/A

	Month-on-month growth (%)		
	Dec-17	Jan-18	Feb-18
Online (s.a.)	-1.9	1.6	0.8
SME (s.a)*	-2.4	4.4	1.1
Online Trend*	1.3	1.1	0.8

*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).

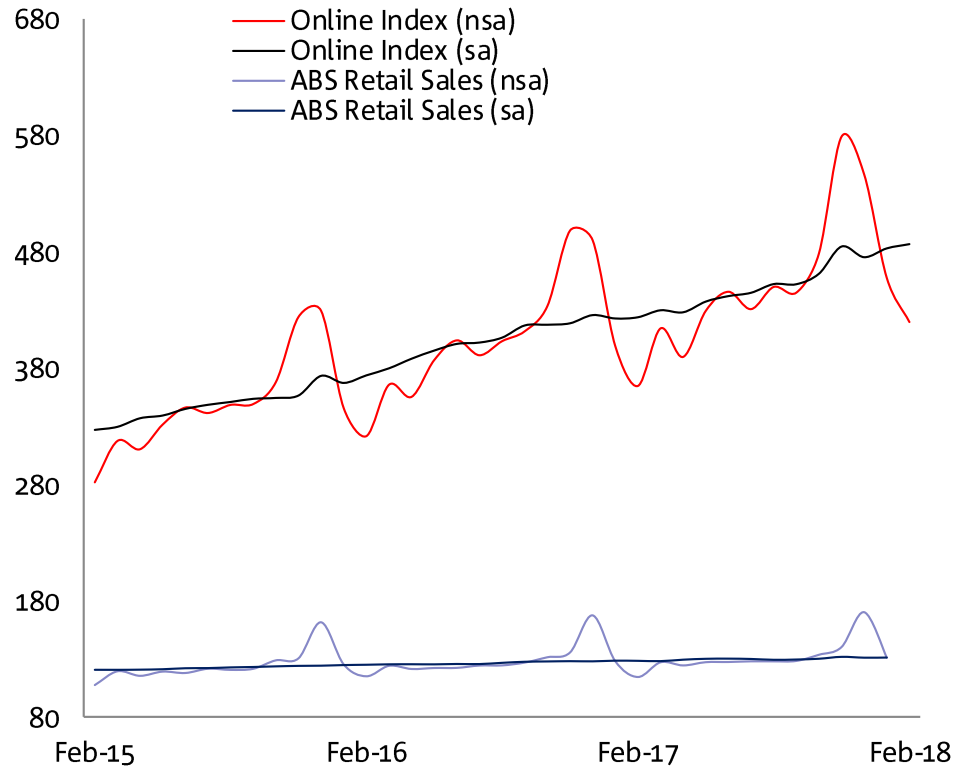
ONLINE RETAIL STATISTICS

The slowing in February 'original' sales index was in line with the regular seasonal pattern.

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES

(Jan 2010 = 100)

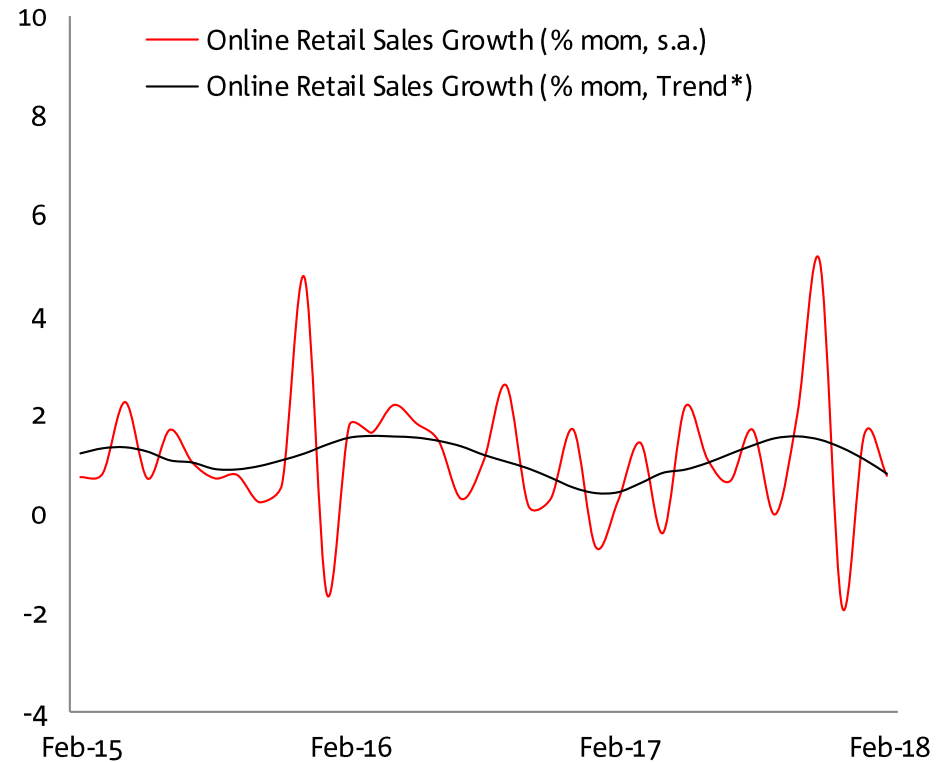


Trend online retail growth is now well above the lows of the same period 2017. Sales volatility dampened in February.

Chart 2

GROWTH IN ONLINE RETAIL

(% mom)



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NOTES

12 Month to: Change on the corresponding period last year. For this report it is the monthly value this year relative to the monthly value the previous year. This was previously quoted as Year on Year (yoy).

Month on Month (MoM) Change on the previous month. For this report it is the monthly value this month relative to the monthly value the previous month.

Revision to Trend Series:

We publish the seasonally adjusted month on month change. We incorporate a Henderson 13 term trend as the trend value. 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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