NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT – APRIL 2018

ONLINE SALES SLIGHTLY FASTER OVER THE MONTH AND YEAR

* NAB Online Retail Sales Index (NORSI) accelerated in April (+1.4% mom s.a.) from stronger growth in March(1.1%). 12 months to growth was also stronger in April, with sales up 17.9% compared to last year. While slowing, trend online retail sales is still much stronger compared to the same period a year ago.

* ABS data on traditional retailers showed month on month seasonally adjusted sales were flat (0.0%) in March, substantially outpaced by NORSI in that month.

* We estimate that Australian consumers have spent around $25.8 billion over the 12 months to April 2018. This is equivalent to 8.2% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to March 2018.

* All but two categories accelerated in sales growth in April 2018. Fastest 12-months-to growth was recorded by Department stores, whose sales accelerated (25.5% April vs 22.0% 12 months to March). 2nd placed Toys and Games, which recorded the fastest 12-months-to growth in March, slowed in April (25.1% vs 34.7%), along with Food Catering (9.3% vs 15.2%). The much larger sales category, Media (23.5% vs 22.6%), was third fastest in 12 months to terms. Smallest spend share category, Daily Deals, also recorded double digit growth (20.6% vs 14.0%), along with larger sales categories of Grocery and Liquor (18.9% vs 14.1%), Fashion (14.9% vs 6.8%), Homeware and Appliances (14.8% vs 12.5%), and Personal and Recreational (13.0% vs 5.7%).

* Sales to online SME merchants represent almost 37% of all online sales. Seasonally adjusted SME sales (0.7%,mom s.a.) slowed in April, outpaced by large online retailers.

12 months to (% nsa)			
	Feb-18	Mar-18	Apr-18
Online index	16.0	14.9	17.9
SME Index	20.8	18.7	25.4
ABS Retail	3.0	4.4	N/A

Month-on-month growth (%)			
	Feb-18	Mar-18	Apr-18
Online (s.a.)	0.7	1.1	1.4
SME (s.a)*	1.1	1.3	0.7
Online Trend*	1.0	0.9	0.6

*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 Quantium. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS).

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ONLINE RETAIL STATISTICS

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

Chart 1

INDEX - ONLINE RETAIL VS. ABS RETAIL SALES
(Jan 2010 = 100)

Legend:
- Online Index (nsa)
- Online Index (sa)
- ABS Retail Sales (nsa)
- ABS Retail Sales (sa)
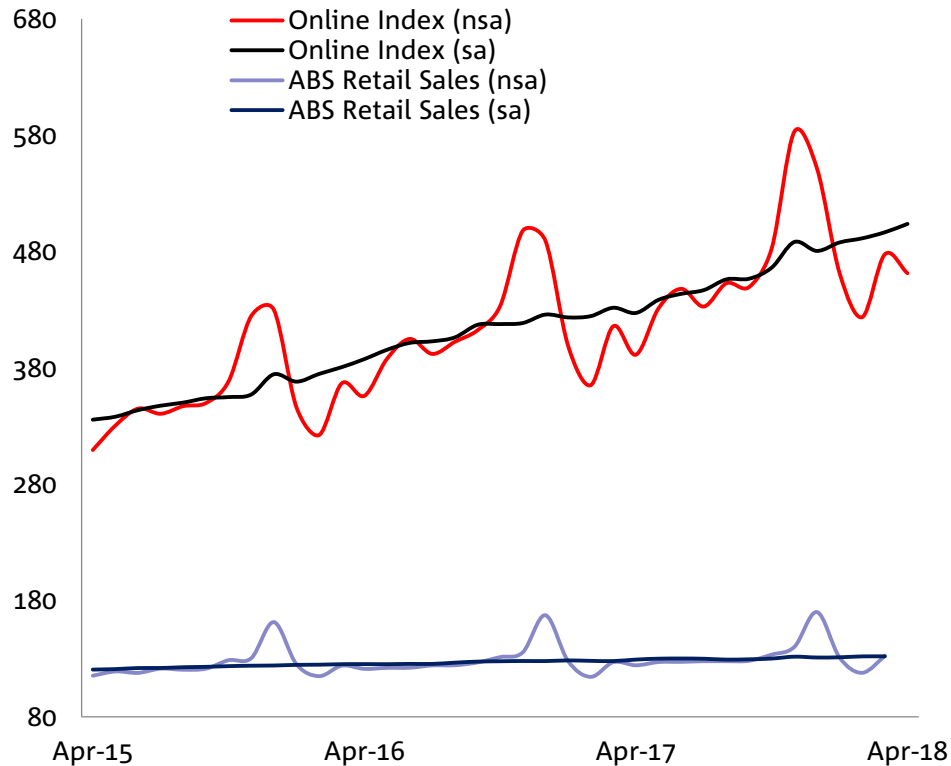
Trend online retail growth is now well above the lows of the same period 2017, but is turning down. If recent monthly results continue, trend values should improve.

Chart 2

GROWTH IN ONLINE RETAIL
(% mom)
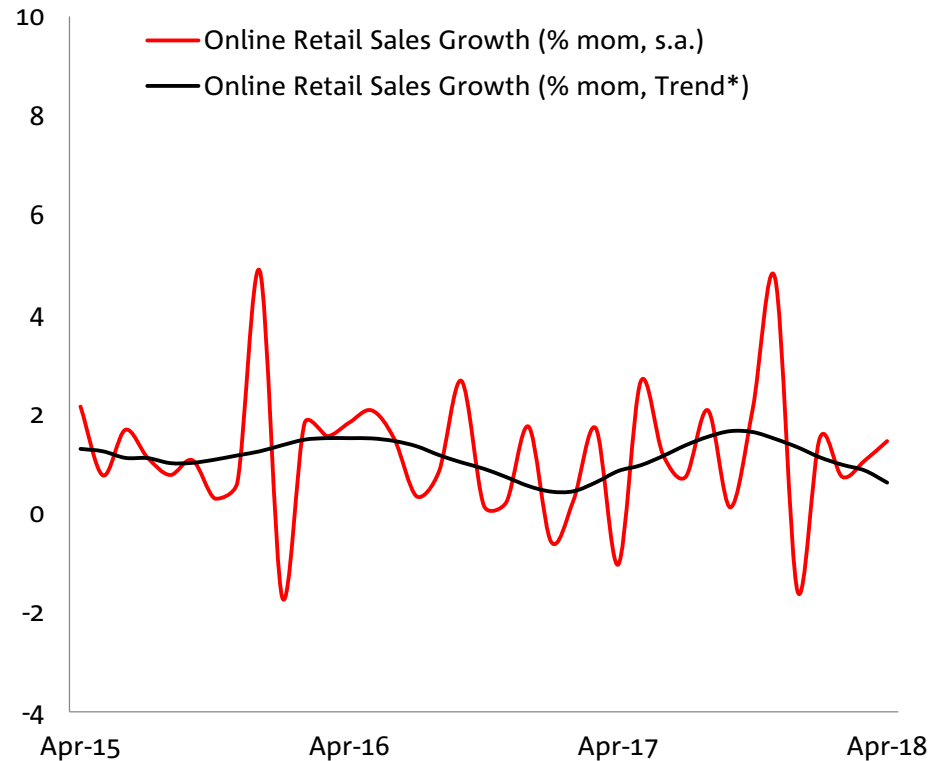
Legend:
- Online Retail Sales Growth (% mom, s.a.)
- Online Retail Sales Growth (% mom, Trend*)

* 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 Quantium. Traditional retail sales data is sourced from the Australian Bureau of Statistics (ABS).

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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