



NAB ONLINE RETAIL SALES INDEX

MONTHLY REPORT – MAY 2018

ONLINE SALES SLIGHTLY SLOWER OVER THE MONTH AND YEAR

- ★ NAB Online Retail Sales Index (NORSI) slowed slightly in May (+1.2% mom s.a.) from stronger growth in April (1.6%). 12 months to growth was also slower in May, with sales up 17.2% compared to April's 12 month to growth of 18.4%. 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 grew 0.4% in April, substantially outpaced by NORSI in that month.
- ★ We estimate that Australian consumers have spent around \$26.08 billion over the 12 months to May 2018. This is equivalent to 8.3% of spending at traditional bricks & mortar retailers, as measured by the ABS in the 12 months to April 2018.
- ★ Generally moderate slowing for six of nine categories in May, but all maintain double digit 12-months to growth. Fastest 12-months-to growth was recorded by Games and Toys stores, whose sales accelerated (29.5% May vs 26.6% 12 months to April). Department stores (23.5%) recorded the 2nd fastest growth, but slowed from April (25.6%). The much larger sales category, Media (21.8% vs 24.2%), was 3rd fastest in 12 months to terms, but also slowed, along with Grocery and Liquor (20.8% vs 21.3%). The recent resurgence in Fashion continues, with growth accelerating again (16.5% vs 15.4%). Personal and Recreational (11.9% vs 13.1%) slowed, along with the largest spend category Homewares and Appliances (11.8% vs 13.4%), and smallest category Daily Deals (11.6% vs 20.6%). While Food Catering had a marginal increase in growth (10.7% vs 10.5%), it was the slowest category in May.
- ★ SME merchants represent over 36% of all online sales. Seasonally adjusted SME sales jumped in May (3.9%, mom s.a.), outpacing large online retailers.

	12 months to (% nsa)		
	Mar-18	Apr-18	May-18
Online index	15.2	18.4	17.2
SME Index	17.2	24.9	17.4
ABS Retail	4.4	1.2	N/A

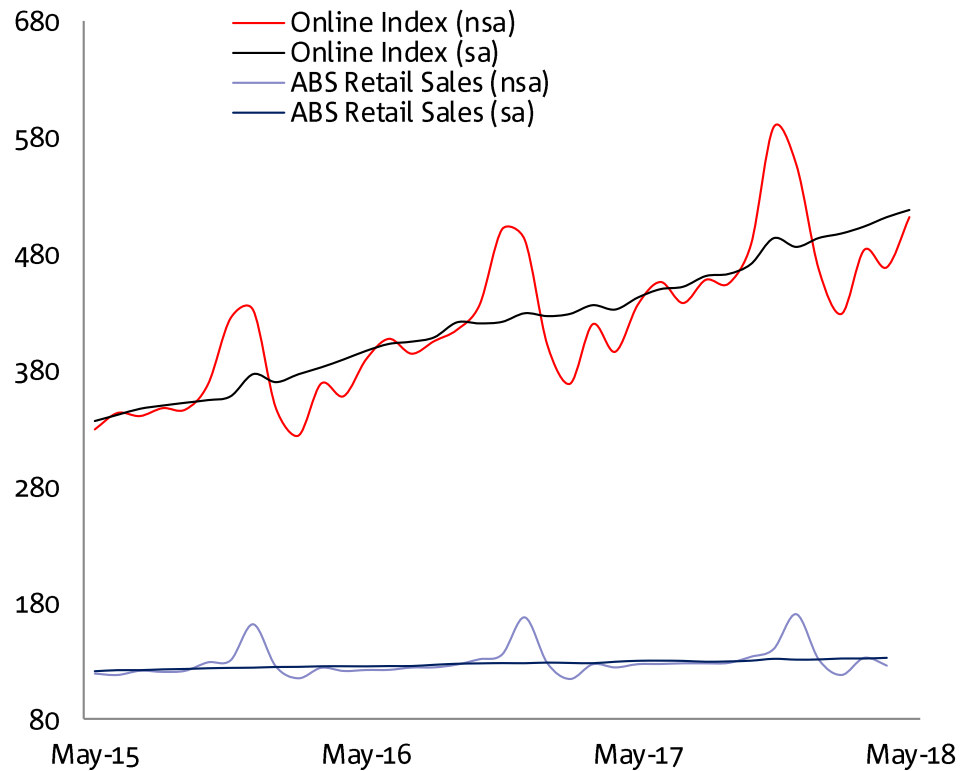
	Month-on-month growth (%)		
	Mar-18	Apr-18	May-18
Online (s.a.)	1.2	1.6	1.2
SME (s.a)*	1.0	0.9	3.9
Online Trend*	1.0	1.0	0.7

*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

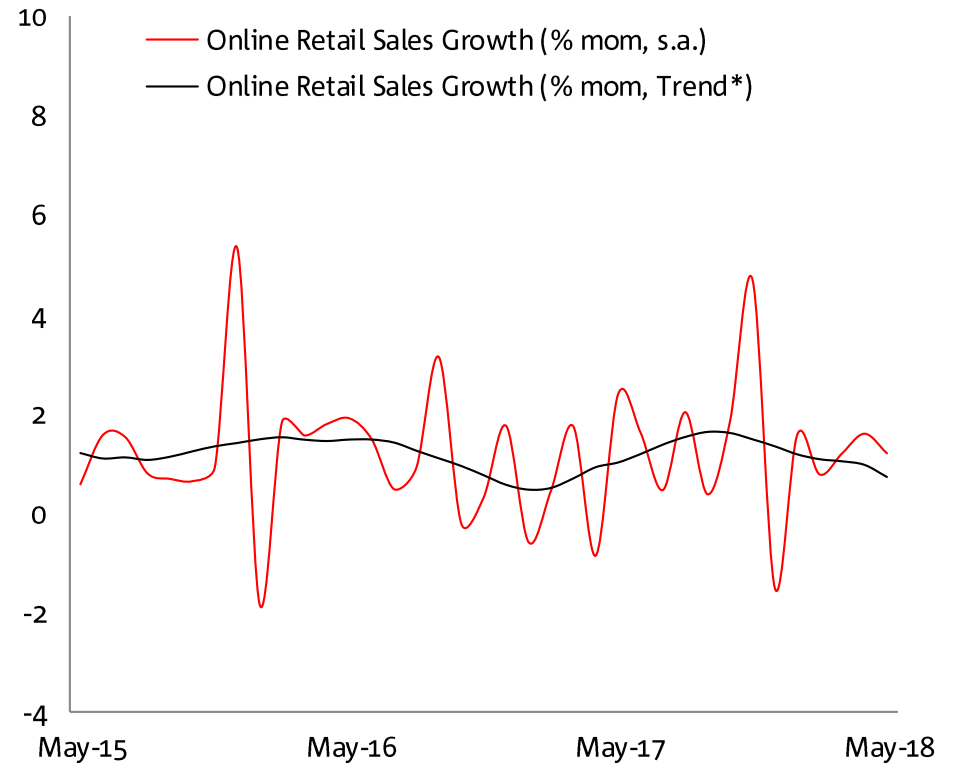
The acceleration in May 'original' monthly sales index was slightly lower than the regular seasonal pattern.

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, but is turning down.

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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