

RESEARCH NOTE

RETAIL TRADE CONTINUES TO GROW ALBEIT AT A SLOWER RATE THAN PREVIOUSLY RECORDED.

Wednesday, November 4 2015 - Today's release of the latest (September 2015) monthly ABS Retail Trade data indicates that the overall month-on-month (m-o-m) trend estimate grew by 0.3 per cent. In trend terms, retail turnover increased by 3.7 per cent year-on-year (y-o-y).

STATE OF PLAY

The following table summarises the key data in **seasonally adjusted** terms across the six ABS retail categories. The strongest growth was recorded for 'Household goods' retailing on a m-o-m basis (1.0 per cent), likewise 'Household goods' retailing recorded the strongest y-o-y growth (5.8 per cent). In seasonally adjusted terms, **Retail Turnover** increased by 0.4 per cent for the month of September 2015 and by 3.7 per cent on a year on year basis, down on the 4.5 per cent recorded in August 2015.

TREND ANALYSIS: CONSUMER SENTIMENT

Retail trade, albeit with a slight lag, broadly tracks consumer sentiment as the chart below highlights. The latest release from the Westpac-Melbourne Institute indicates that the consumer sentiment index increased in October 2015 to 97.8 (up from 93.9 in September 2015). A jump in the index of some 3.9 points indicates a much more positive outlook for the retail industry and, at least partially, offsets the fall of 5.6 points in the previous month. The increase in the index recorded over the last month could be attributed to the recent change of Government as well as an improvement in the performance of the Australian dollar.

STATE BY STATE: BEST AND WORST

Retail turnover tells a different story not only within the ABS defined six categories but also across different jurisdictions. The following map outlines and compares the total and growth of retail trade (y-o-y), and the best and worst retail growth categories. The strongest state in seasonally adjusted terms was New South Wales (up 6.1 per cent to \$92.9 billion), whilst the weakest state was Tasmania (up 2.2 per cent to \$4.5 billion). New South Wales, Western Australia and the Australian Capital Territory once again recorded positive growth across all six ABS categories. 'Clothing, footwear and personal accessory' retailing was the strongest across three jurisdictions, perhaps a signal of the changing seasons. 'Household goods' remains the key driver of retail growth in both New South Wales and Victoria as a result of the on-going housing development boom. 'Department stores' retailing, an under performer for some time, was the weakest

category in only one jurisdiction, although it still recorded positive growth in that jurisdiction.

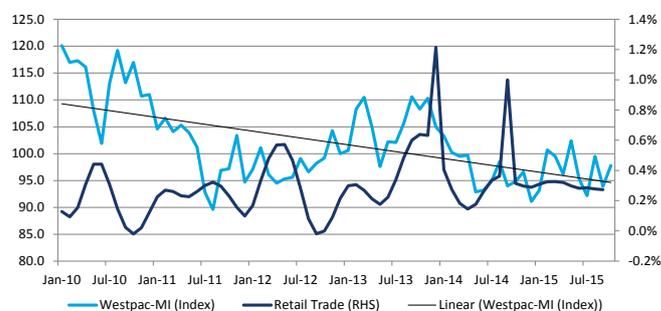
CATEGORIES	\$ billion	m-o-m	last 3 months	y-o-y
Food retailing	\$9.94	↑ 0.3%	↑ 0.9%	↑ 2.9%
Household goods retailing	\$4.31	↑ 1.0%	↓ -0.8%	↑ 5.8%
Clothing, footwear and personal accessory retailing	\$1.88	↑ 0.2%	↑ 1.3%	↑ 5.7%
Department stores	\$1.53	↓ -2.0%	↑ 0.7%	↑ 1.3%
Other retailing	\$3.39	↑ 0.4%	↑ 1.4%	↑ 4.3%
Cafes, restaurants and takeaway food services	\$3.45	↑ 0.9%	↑ 1.0%	↑ 2.7%
Retail Turnover	\$24.50	↑ 0.4%	↑ 0.7%	↑ 3.7%

Source: ABS (Cat 8501.0) / SCCA Research

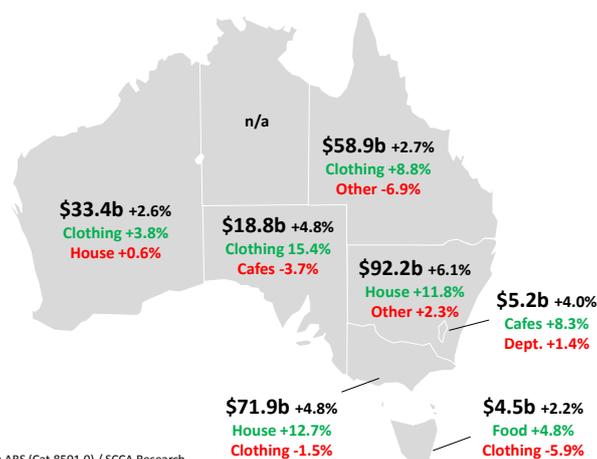
*Seasonally Adjusted

Consumer Sentiment vs. Retail Trade

Westpac-MI Index vs. ABS Retail Trade (m-o-m growth %, trend)



Source: ABS & Westpac-MI / SCCA Research



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