SHOPPING CENTRE
COUNCIL OF AUSTRALIA

RESEARCH NOTE

YEAR-ON-YEAR RETAIL TRADE GROWTH STRONGER THAN PRIOR MONTH FOLLOWING STRONG CONSUMER CONFIDENCE.

Friday, December 4 2015 - Today's release of the latest (October 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 3.9 per cent year-on-year (y-o-y).

STATE OF PLAY

The adjacent table summarises the key data in **seasonally adjusted** terms across the six ABS retail categories. The strongest growth was recorded for 'Department stores' retailing on a m-o-m basis (3.5 per cent), however 'Household goods' retailing recorded the strongest y-o-y growth (6.1 per cent). In seasonally adjusted terms, **Retail Turnover** increased by 0.5 per cent for the month of October 2015 and by 3.9 per cent on a year on year basis, up on the 3.7 per cent recorded in September 2015.

TREND ANALYSIS: CONSUMER SENTIMENT

Retail trade, albeit with a slight lag, broadly tracks consumer sentiment as the adjacent chart highlights. The latest release from the Westpac-Melbourne Institute indicates that the consumer sentiment index increased for the second consecutive month in November 2015 to 101.7 (up from 97.8). This is the second highest level at which the index has been recorded since January 2014, and is only just shy of the 102.4 recorded following the May 2015 Budget. Recent political events seem to have more than offset any negativity from consumers as a result of the major banks increasing interest rates independently of the Reserve Bank of Australia.

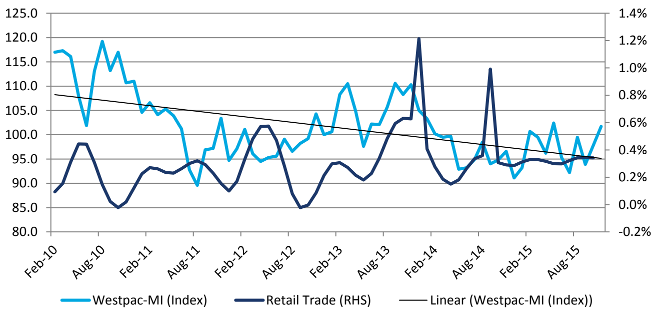
STATE BY STATE: BEST AND WORST

Retail turnover varies not only within the ABS defined six categories but also across different jurisdictions. The adjacent 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 5.7 per cent to $92.5 billion), whilst the weakest state was Tasmania (up 2 per cent to $4.5 billion). New South Wales, Western Australia and the ACT once again recorded positive growth across all six ABS categories. 'Clothing, footwear and personal accessory' retailing was the strongest across three jurisdictions, whilst 'Household goods' remains the key driver of retail growth in both New South Wales and Victoria as a result of the ongoing housing development boom. 'Department stores' retailing, an under performer for some time, has experienced a significant turnaround and no longer features as the weakest category in any jurisdiction. Indeed, 'Department store' retailing increased by 5.2 per cent (seasonally adjusted) nationally on a y-o-y basis.

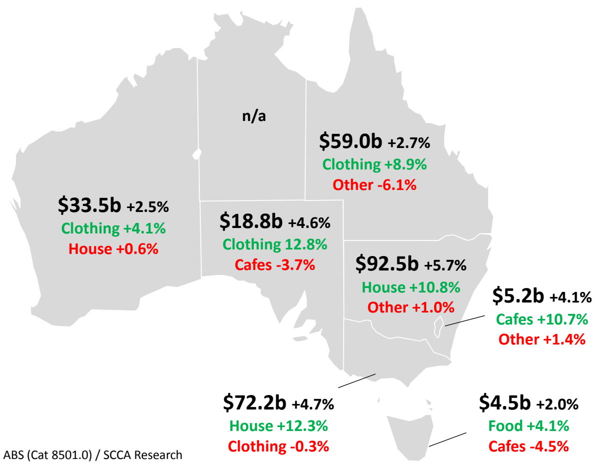
CATEGORIES	$ billion	m-o-m	last 3 months	y-o-y
Food retailing	$10.01	↑ 0.6%	↑ 1.5%	↑ 3.2%
Household goods retailing	$4.37	↑ 1.1%	↑ 2.6%	↑ 6.1%
Clothing, footwear and personal accessory retailing	$1.87	↓ -0.1%	↓ -1.5%	↑ 4.7%
Department stores	$1.60	↑ 3.5%	↑ 3.2%	↑ 5.2%
Other retailing	$3.39	↔ 0.0%	↑ 1.8%	↑ 2.8%
Cafes, restaurants and takeaway food services	$3.41	↓ -0.6%	↓ -0.2%	↑ 3.3%
Retail Turnover	**$24.66**	**↑ 0.5%**	**↑ 1.4%**	**↑ 3.9%**

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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