

# RESEARCH NOTE

## RETAIL TRADE TREND ESTIMATE INCREASES BY 0.4 PER CENT FOR THE THIRD CONSECUTIVE MONTH.

**Friday, January 8 2016** - Today's release of the latest (November 2015) monthly ABS Retail Trade data indicates that the overall month-on-month (m-o-m) trend estimate grew by 0.4 per cent. In **trend terms**, retail turnover increased by 4.1 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 'Cafes, restaurants and takeaway food services' retailing on a m-o-m basis (1.0 per cent). 'Household goods' retailing recorded the strongest y-o-y growth (6.6 per cent). In seasonally adjusted terms, **Retail Turnover** increased by 0.4 per cent for the month of November 2015 and by 4.3 per cent on a year on year basis, up on the 3.9 per cent recorded in October 2015. Interestingly, the only negative growth recorded in November 2015 was for m-o-m 'Department stores' retailing, with all other categories across all three timeframes recording positive growth.

### TREND ANALYSIS: CONSUMER SENTIMENT

Retail trade, albeit with a slight lag, broadly tracks consumer sentiment. The latest release from the Westpac-Melbourne Institute indicates that the consumer sentiment index fell in December 2015 to 100.8 down from a cyclical high of 101.7 in November. Whilst still a positive result for consumer confidence (above 100 indicating a more optimistic rather than pessimistic outlook) recent talk of possible changes to the Australian tax regime, coupled with major banks lifting interest rates independent of the RBA, could be weighing on confidence somewhat.

### STATE BY STATE: BEST AND WORST

Retail turnover varies 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 5.4 per cent to \$92.9 billion), whilst the weakest state was Tasmania (up 1.4 per cent to \$4.5 billion). New South Wales, Victoria, WA and the ACT all recorded positive growth across all six ABS categories. '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. 'Clothing, footwear and personal accessory' retailing in Victoria, whilst still the weakest category, recorded a massive turnaround from -0.3 per cent in October to 1.4 per cent growth in November.

'Department stores' retailing was the weakest category in the ACT, although still recorded growth of 1.6 per cent.

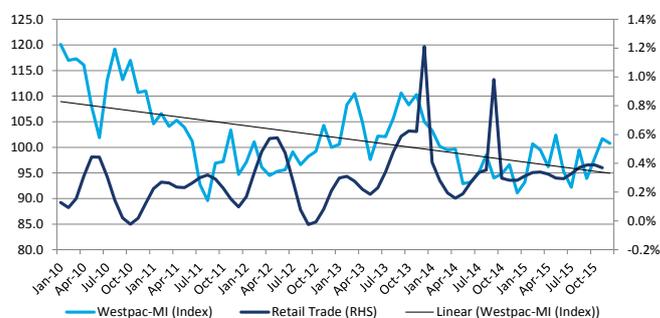
CATEGORIES	\$ billion	m-o-m	last 3 months	y-o-y
Food retailing	\$10.02	↑ 0.2%	↑ 1.0%	↑ 2.8%
Household goods retailing	\$4.42	↑ 0.9%	↑ 3.5%	↑ 6.6%
Clothing, footwear and personal accessory retailing	\$1.89	↑ 0.8%	↑ 1.0%	↑ 6.1%
Department stores	\$1.59	↓ -0.8%	↑ 1.2%	↑ 4.2%
Other retailing	\$3.40	↑ 0.4%	↑ 0.6%	↑ 5.8%
Cafes, restaurants and takeaway food services	\$3.45	↑ 1.0%	↑ 1.1%	↑ 3.8%
<b>Retail Turnover</b>	<b>\$24.77</b>	<b>↑ 0.4%</b>	<b>↑ 1.4%</b>	<b>↑ 4.3%</b>

Source: ABS (Cat 8501.0) / SCCA Research

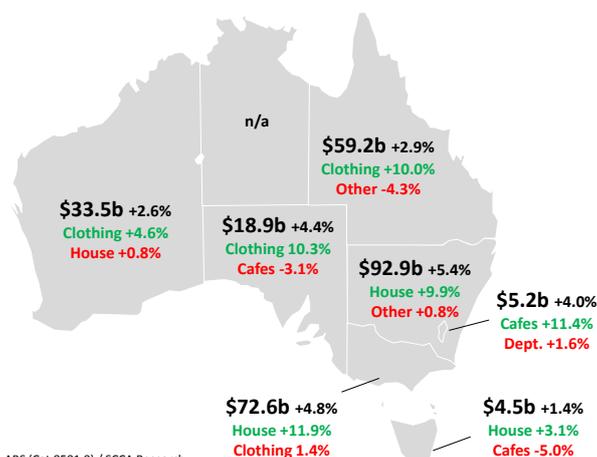
\*Seasonally Adjusted

### Consumer Sentiment vs. Retail Trade

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



Source: ABS & Westpac-MI / SCCA Research



Source: ABS (Cat 8501.0) / SCCA Research