

RESEARCH NOTE

RETAIL TRADE TREND ESTIMATE INCREASES BY 0.3 FOR DECEMBER 2015 AND BY 4 PER CENT YEAR-ON-YEAR

Friday, February 5 2016 - Today's release of the latest (December 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 4 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 'Clothing, footwear and personal accessory' retailing on a m-o-m basis (1.1 per cent). 'Household goods' retailing recorded the strongest y-o-y growth (6.3 per cent). In seasonally adjusted terms, **Retail Turnover** remained relatively unchanged growing by just 0.03 per cent for the month of December 2015 and by 4.2 per cent on a year on year basis, on par with the 4.3 per cent recorded the previous month. Whilst m-o-m and 3 month growth recorded a number of negatives, y-o-y retail trade figures indicate a strong 2015 for retailers.

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 fell in January 2016 to 97.3 down from 100.8 in December. Whilst the index is at its lowest level in four months, it is 4.1 points above the same period last year. The post-Christmas hangover in retail spending, combined with falls in the ASX (down almost 8 per cent over the same period), could well be weighing on consumer confidence.

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 5.2 per cent to \$93.3 billion), whilst the weakest state was Tasmania (up 1.4 per cent to \$4.5 billion). New South Wales, Victoria, Western Australia and the Australian Capital Territory all recorded positive growth across all six ABS categories. 'Household goods' remains the key driver of retail growth in four of the seven analysed jurisdictions, most notably New South Wales and Victoria, with South Australia also posting a strong result in this category. 'Department stores' retailing was the weakest category in the Australian Capital Territory, although still recorded growth of 2.4 per cent. In Tasmania,

'Cafes, restaurants & takeaway food' retailing was once again the worst performing category at -4.3 per cent.

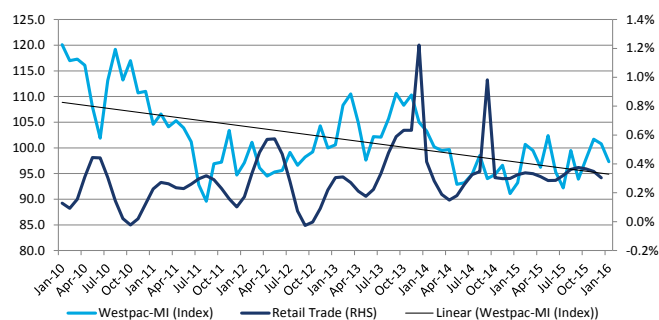
CATEGORIES	\$ billion	m-o-m	last 3 months	y-o-y
Food retailing	\$10.11	↑ 0.8%	↑ 1.7%	↑ 3.7%
Household goods retailing	\$4.37	↓ -1.0%	↑ 0.8%	↑ 6.3%
Clothing, footwear and personal accessory retailing	\$1.91	↑ 1.1%	↑ 2.0%	↑ 4.7%
Department stores	\$1.59	↑ 0.1%	↑ 2.9%	↑ 4.6%
Other retailing	\$3.36	↓ -0.9%	↓ -0.8%	↑ 4.0%
Cafes, restaurants and takeaway food services	\$3.42	↓ -0.5%	↓ -0.4%	↑ 2.9%
Retail Turnover	\$24.76	0.0%	↑ 1.0%	↑ 4.2%

Source: ABS (Cat 8501.0) / SCCA Research

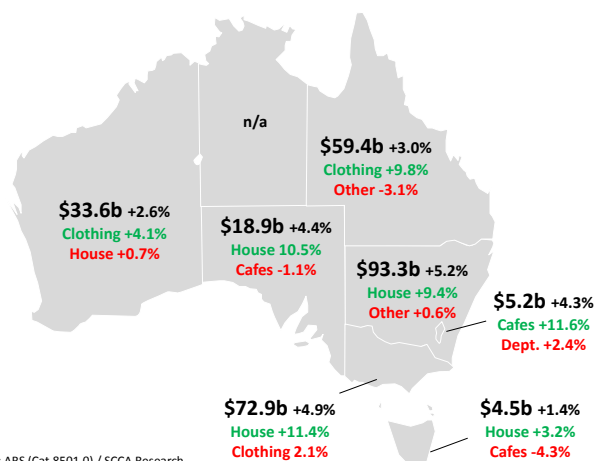
*Seasonally Adjusted

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