

RESEARCH NOTE

RETAIL TRADE TREND ESTIMATE INCREASES BY 0.3 FOR JANUARY 2016 AND BY 4 PER CENT YEAR-ON-YEAR

Friday, March 4 2016 - Today's release of the latest (January 2016) 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 'Other' retailing on a m-o-m basis (1.4 per cent). 'Household goods' retailing recorded the strongest y-o-y growth (6.0 per cent). In seasonally adjusted terms, **Retail Turnover** increased by 0.3 per cent for the month of January 2016 and by 4.0 per cent on a y-o-y basis. This equals the 4.0 per cent growth recorded the prior 12-month period and also the five-year average (4.0 per cent).

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 consumer sentiment returned to an optimistic (i.e. over 100) level in February 2016 and is now at 101.3, a sizable increase from 97.3 in January. Indeed, the Index indicates that optimists outnumbered pessimists only five times in last two years. The recent drop in global oil prices and local petrol pump prices could well be providing households with more disposable income.

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 5.2 per cent to \$93.7b), although this was closely followed by Victoria (up 5.0 per cent to \$73.2b). The weakest state was Tasmania (up 1.5 per cent to \$4.6b). All jurisdictions, with the exception of Queensland and Tasmania, 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 another strong result in this category. 'Department stores' retailing was once again 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 the worst performing category nationally at -3.7 per cent.

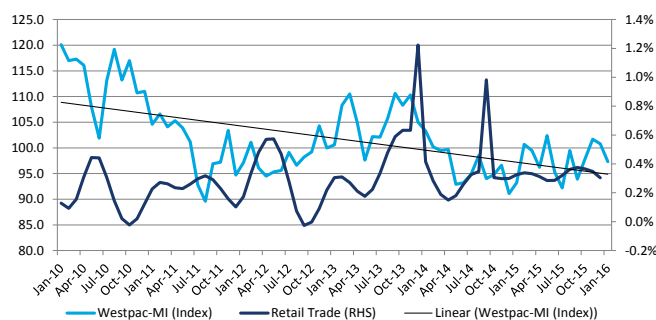
CATEGORIES	\$ billion	m-o-m	last 3 months	y-o-y
Food retailing	\$10.11	↑ 0.8%	↑ 1.7%	↑ 3.7%
Household goods retailing	\$4.37	↓ -1.0%	↑ 0.8%	↑ 6.3%
Clothing, footwear and personal accessory retailing	\$1.91	↑ 1.1%	↑ 2.0%	↑ 4.7%
Department stores	\$1.59	↑ 0.1%	↑ 2.9%	↑ 4.6%
Other retailing	\$3.36	↓ -0.9%	↓ -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

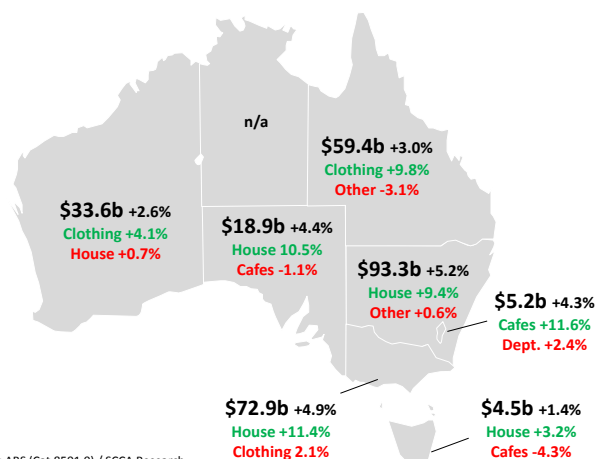
*Seasonally Adjusted

Consumer Sentiment vs. Retail Trade

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



Source: ABS & Westpac-MI / SCCA Research



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