SHOPPING CENTRE COUNCIL OF AUSTRALIA

RESEARCH NOTE

RETAIL TRADE TREND ESTIMATE INCREASED BY 0.2 FOR MARCH 2016 AND BY 3.6 PER CENT YEAR-ON-YEAR

Thursday, May 5 2016 - Today's release of the latest (March 2016) monthly ABS Retail Trade data indicates that the overall month-on-month (m-o-m) trend estimate grew by 0.2 per cent. In trend terms, retail turnover increased by 3.6 per cent year-on-year (y-o-y), down from 3.8 per cent in the prior corresponding period (pcp).

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 (5.8 per cent). In seasonally adjusted terms, **Retail Turnover** grew by 0.4 per cent in the month of March 2016 and increased by 3.6 per cent on a y-o-y basis (up from 3.3 per cent in the pcp).

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 is at 95.1 for April 2016. This is down from 99.1 in March and is the second consecutive month that pessimists have outweighed optimists in the index. According to Westpac, this was a "surprise fall" in sentiment with international and local share market conditions appearing to be creating unease for respondents. Both consumer confidence and retail sales may be affected in coming months with a recent move by the Reserve Bank of Australia to cut the Cash Rate to 1.75%, the May 2016 Budget and the upcoming Federal Election yet to be reflected in the data.

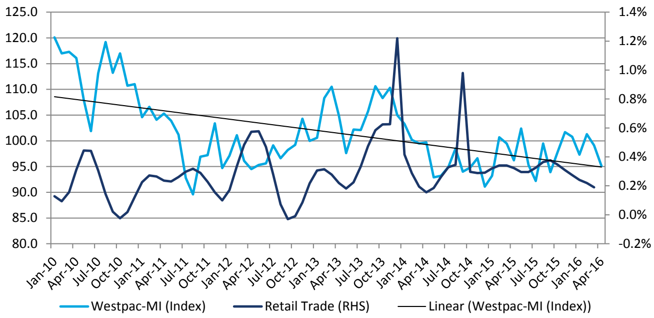
STATE BY STATE: BEST AND WORST

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 jurisdictions in seasonally adjusted terms were ACT (up 5.4 per cent to $5.3 billion) followed by an increase of 5.1 per cent in both NSW ($94.4 billion) and Vic. ($73.8 billion). The weakest state was Tas. up 1.0 per cent to $4.6 billion). Most jurisdictions, with the exception of Qld., WA and Tas., recorded positive growth across all six ABS categories. Interestingly, 'Cafes, restaurants and takeaway food services' retailing was the worst performing category in all three of those jurisdictions. 'Household goods' retailing remains the key driver of retail growth in NSW, Vic. and SA. 'Department stores' retailing was once again the weakest category in the ACT, although still recorded growth of 2.5 per cent. The worst performing category nationally was 'Cafes, restaurants & takeaway food' retailing in Tas. (-3.0 per cent).

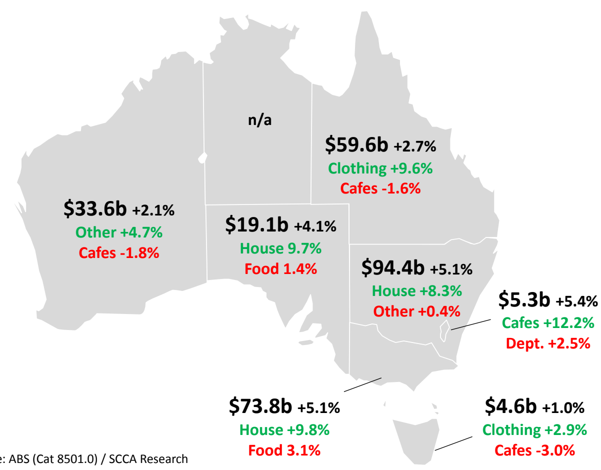
CATEGORIES	$ billion	m-o-m	last 3 months	y-o-y
Food retailing	$10.11	↑ 0.6%	↑ 0.1%	↑ 2.9%
Household goods retailing	$4.43	↑ 0.1%	↑ 1.5%	↑ 5.8%
Clothing, footwear and personal accessory retailing	$1.97	↑ 1.1%	↑ 2.3%	↑ 5.2%
Department stores	$1.59	↓ -0.5%	↓ -0.2%	↑ 1.7%
Other retailing	$3.41	↑ 0.4%	↑ 1.6%	↑ 3.6%
Cafes, restaurants and takeaway food services	$3.44	↔ 0.0%	↑ 0.6%	↑ 3.0%
Retail Turnover	**$24.95**	↑ **0.4%**	↑ **0.8%**	↑ **3.6%**

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