# RESEARCH NOTE

SHOPPING CENTRE COUNCIL OF AUSTRALIA

## RETAIL TRADE TREND ESTIMATE INCREASED BY 0.2 PER CENT FOR APRIL 2016 AND BY 3.4 PER CENT YEAR-ON-YEAR

**Thursday, June 2 2016 -** Today's release of the latest (April 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 3.4 per cent year-on-year (y-o-y), down from 3.6 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 '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 (5.8 per cent). In seasonally adjusted terms, **Retail Turnover** grew by 0.2 per cent in the month of April 2016 and increased by 3.6 per cent on a y-o-y basis (equal to the pcp).

### TREND ANALYSIS: CONSUMER SENTIMENT

Historically retail trade, albeit with a slight lag, usually tracks consumer sentiment as the adjacent chart highlights. However, since the end of 2015 there has been a distinct departure from this trend. The latest release from the Westpac-Melbourne Institute indicates that consumer sentiment is at 103.2 for May 2016. This is up from 95.1 in April and is the highest reading of the index since January 2014. The increase in the index is partly attributable to the May 2016 Budget but the majority of the increase was most likely the direct impact of the RBA cutting the cash rate by 25bp to 1.75%.

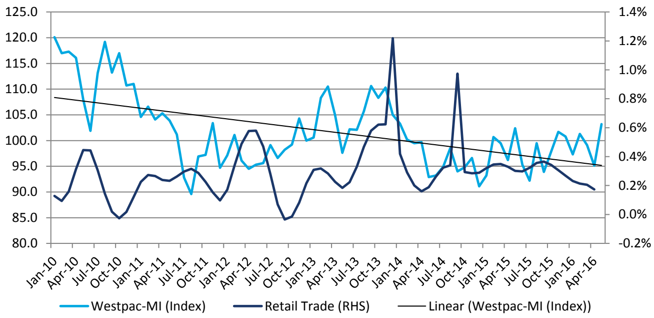
### STATE BY STATE: BEST AND WORST

Retail turnover varies within the ABS defined six categories and 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 jurisdictions in seasonally adjusted terms were the ACT (up 5.4 per cent to $5.3 billion) followed by an increase of 5.1 per cent in both NSW ($94.7 billion) and Vic. ($74.1 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 Vic. and SA, however in NSW it was eclipsed by 'Clothing, footwear and personal accessory' retailing. 'Department stores' retailing was once again the weakest category in the ACT, although it still recorded growth of 2.5 per cent. The worst performing category nationally was 'Cafes, restaurants & takeaway food' retailing in Tas. (-2.5 per cent).

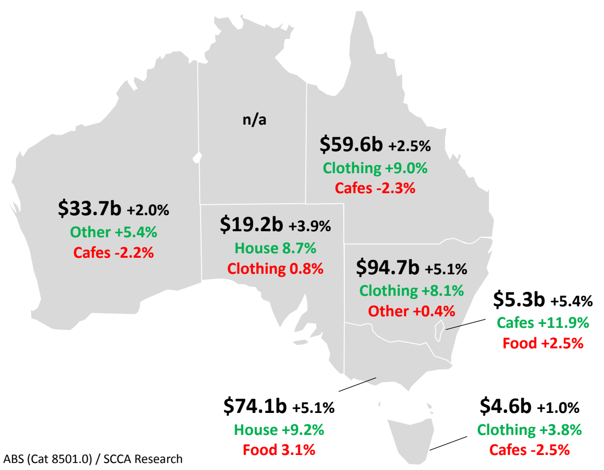
| CATEGORIES | $ billion | m-o-m | last 3 months | y-o-y |
|---|---|---|---|---|
| Food retailing | $10.06 | ↓ -0.3% | ↑ 0.1% | ↑ 2.4% |
| Household goods retailing | $4.44 | ↑ 0.3% | ↑ 0.9% | ↑ 5.8% |
| Clothing, footwear and personal accessory retailing | $1.98 | ↑ 0.5% | ↑ 2.1% | ↑ 4.8% |
| Department stores | $1.60 | ↑ 0.4% | ↑ 0.1% | ↑ 3.6% |
| Other retailing | $3.42 | ↑ 0.2% | ↑ 0.5% | ↑ 4.4% |
| Cafes, restaurants and takeaway food services | $3.48 | ↑ 1.0% | ↑ 1.1% | ↑ 3.0% |
| **Retail Turnover** | **$24.98** | **↑ 0.2%** | **↑ 0.6%** | **↑ 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

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