SHOPPING CENTRE COUNCIL OF AUSTRALIA

RESEARCH NOTE

RETAIL TRADE TREND ESTIMATE INCREASED BY 0.2 PER CENT FOR MAY 2016 AND BY 3.3 PER CENT YEAR-ON-YEAR

Thursday, July 5 2016 - Today's release of the latest (May 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 3.3 per cent year-on-year (y-o-y), down from 3.4 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 'Other' retailing on a m-o-m basis (1.4 per cent) and also on a y-o-y basis (6.0 per cent). 'Other' retailing includes; recreational goods, pharmaceutical , cosmetic and toiletry goods, as well as non-store retailing. In seasonally adjusted terms, **Retail Turnover** grew 0.2 per cent in May 2016 and increased by 3.4 per cent on a y-o-y basis (down from a revised 3.5 per cent in the pcp). Despite slowing growth in Retail Turnover on a y-o-y basis, all ABS categories recorded strong growth.

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 102.2 for June 2016. This is slightly down from 103.2 in May and follows a massive increase in the Index (+8.5) in May. The Index remains in 'positive' territory and Westpac noted that this "represents a consolidation at improved levels".

STATE BY STATE: BEST AND WORST

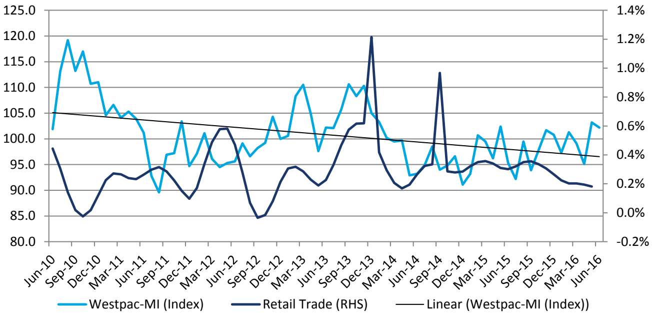
Retail turnover varies within the ABS defined six categories and across different jurisdictions. The following map outlines and compares the total and growth of retail trade (y-o-y), and the best and worst retail growth categories. The strongest jurisdictions in seasonally adjusted terms were the ACT (up 5.2 per cent to $5.3 billion) followed by Victoria (up 5.1 per cent to $74.4 billion) and New South Wales (up 5.0 per cent to $95.1 billion). The weakest state was Tasmania (up 1.2 per cent to $4.6 billion). New South Wales, Victoria and the ACT recorded positive growth across all six ABS categories. 'Household goods' retailing was the key driver of retail growth in one jurisdiction only, Victoria. Until recently 'Household goods' retailing was also the strongest category in New South Wales (replaced by 'Clothing, footwear & personal accessory'/'Cafes, Restaurants & Takeaway Food' both up 7.7 per cent) and South Australia (replaced by 'Other' retailing 8.3 per cent).

'Clothing, footwear & personal accessory' was the strongest category in three jurisdictions, a reflection of the change in season. The worst performing category nationally was 'Cafes, restaurants & takeaway food' retailing in Queensland (-2.7 per cent).

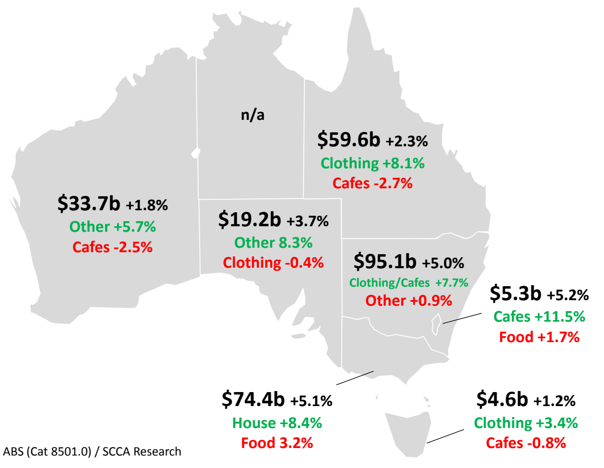
CATEGORIES	$ billion	m-o-m	last 3 months	y-o-y
Food retailing	$10.13	↑ 0.7%	↑ 0.8%	↑ 2.4%
Household goods retailing	$4.38	↓ -1.1%	↓ -0.8%	↑ 3.0%
Clothing, footwear and personal accessory retailing	$1.95	↓ -1.2%	↑ 0.4%	↑ 3.4%
Department stores	$1.59	↔ 0.0%	↓ -0.3%	↑ 4.1%
Other retailing	$3.47	↑ 1.4%	↑ 2.1%	↑ 6.0%
Cafes, restaurants and takeaway food services	$3.50	↑ 0.3%	↑ 1.6%	↑ 3.9%
Retail Turnover	**$25.02**	↑ **0.2%**	↑ **0.7%**	↑ **3.4%**

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