

RESEARCH NOTE

RETAIL TRADE TREND ESTIMATE INCREASED BY 0.1 PER CENT FOR JULY 2016 AND BY 2.7 PER CENT YEAR-ON-YEAR

Thursday, September 1 2016 - Today's release of the latest (July 2016) monthly ABS Retail Trade data indicates that the overall month-on-month (m-o-m) trend estimate grew by 0.1 per cent. In **trend terms**, retail turnover increased by 2.7 per cent year-on-year (y-o-y), down from a revised 3.0 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' retailing on a m-o-m basis (1.2 per cent) while 'Clothing, footwear and personal accessory' retailing recorded the strongest growth on a y-o-y basis (6.0 per cent). In seasonally adjusted terms, **Retail Turnover** remained unchanged in July 2016 and increased by 2.7 per cent on a y-o-y basis (also unchanged from the pcp). Retail turnover growth has been low to flat over the last two months; however we note major revisions to ABS data during this timeframe.

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 of the Westpac Melbourne Institute indicates that consumer sentiment is at 101.0 for August 2016, up from 99.1 in July. The uptick in sentiment can, at least in part, be explained by the timing of the survey which was taken in the period covering the Reserve Bank's decision to cut the cash rate by 25 basis points to 1.5 per cent.

STATE BY STATE: BEST AND WORST

Retail turnover varies within the ABS defined six categories and 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 jurisdictions in **seasonally adjusted** terms were the ACT (up 5.0 per cent to \$5.4 billion) followed by Victoria (up 4.8 per cent to \$74.8 billion) and New South Wales (up 4.6 per cent to \$95.6 billion). The weakest state was Western Australia (up 1.4 per cent to \$33.7 billion). New South Wales, Victoria, Tasmania and the ACT once again recorded positive growth across all six ABS categories. 'Clothing, footwear and personal accessory' retailing was the key driver of retail growth in Queensland (up 8.4 per cent) and New South Wales (up 8.0 per cent), a reflection of the change in season. However, the strongest growth category across all jurisdictions was 'Other' retailing in the

ACT (up 11.3 per cent). Conversely 'Cafes, restaurants and takeaway food' retailing was the weakest performing category in Queensland (-3.9 per cent) and Western Australia (-3.0 per cent)..

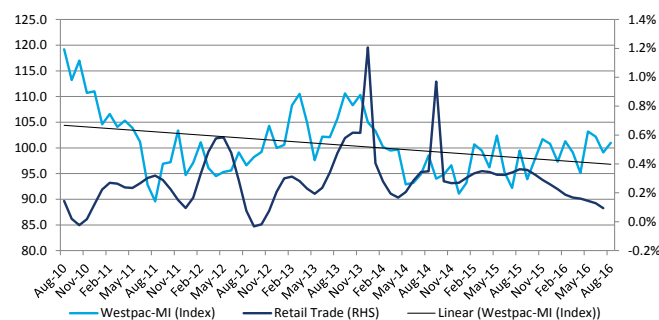
CATEGORIES	\$ billion	m-o-m	last 3 months	y-o-y
Food retailing	\$10.14	↑ 0.7%	↑ 0.8%	↑ 2.6%
Household goods retailing	\$4.35	↓ -0.7%	↓ -1.8%	↑ 1.5%
Clothing, footwear and personal accessory retailing	\$2.02	↑ 0.3%	↑ 1.7%	↑ 6.0%
Department stores	\$1.49	↓ -6.2%	↓ -6.1%	↓ -3.8%
Other retailing	\$3.48	↑ 0.2%	↑ 1.5%	↑ 4.6%
Cafes, restaurants and takeaway food services	\$3.54	↑ 1.2%	↑ 1.7%	↑ 3.7%
Retail Turnover	\$25.01	↔ 0.0%	↑ 0.2%	↑ 2.7%

Source: ABS (Cat 8501.0) / SCCA Research

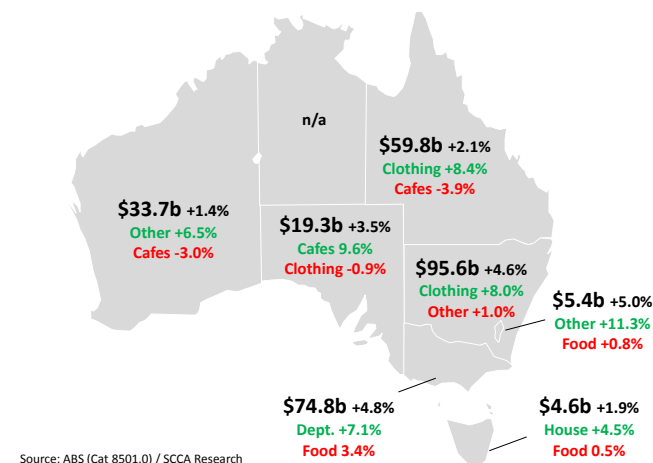
*Seasonally Adjusted

Consumer Sentiment vs. Retail Trade

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



Source: ABS & Westpac Melbourne Institute / SCCA Research



Source: ABS (Cat 8501.0) / SCCA Research