

RESEARCH NOTE

RETAIL TRADE TREND ESTIMATE INCREASED BY 0.2 PER CENT IN AUGUST 2018 AND BY 3.4 PER CENT YEAR-ON-YEAR

Friday, October 5 2018 - The latest release (August 2018) of the monthly ABS Retail Trade data indicates that the overall month-on-month (m-o-m) trend estimate increased by 0.2 per cent, down from 0.3 per cent in the prior corresponding period (pcp). In trend terms, Retail Turnover increased by 3.4 per cent year-on-year (y-o-y), up from 3.2 per cent in the 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 'Department stores' retailing on a m-o-m basis (0.9 per cent), whilst 'Cafes, restaurants and takeaway services' retailing recorded the strongest growth on a y-o-y basis (5.0 per cent). In **seasonally adjusted** terms, Retail Turnover increased by 0.3 per cent in the month of August 2018, up from -0.0 per cent in July 2018. On a y-o-y basis, Retail Turnover increased by 3.8 per cent, up from 2.9 per cent in the pcp and the highest y-o-y read of the ABS data since May 2017.

TREND ANALYSIS: CONSUMER CONFIDENCE

Consumer sentiment has now been 'positive' for 10 consecutive months, and also positive for 11 out of the last 12 months. The latest figures from the Westpac-Melbourne Institute Index of Consumer Confidence report consumer sentiment at 100.5 for September 2018, down from 103.6 in the previous month. Consumer confidence is often a leading indicator of the retail industry and recent political uncertainty, combined with increased mortgage interest rates from some lenders leading to household finance pressures, have most likely negatively impacted confidence. It remains to be seen if this fall in confidence, although still in 'positive' territory, will be reflected in retail spending.

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 VIC (up 4.6 per cent to \$81.9 billion) followed by TAS (up 4.4 per cent to \$5.1 billion) and SA (up 3.4 per cent to \$20.9 billion). WA was the worst performing jurisdiction (down 0.5 per cent to \$33.9 billion), recording the third consecutive month of negative growth. 'Cafes, restaurants and takeaway services' retailing recorded the highest growth in NSW (up 5.1 per cent), SA (up 11.5 per cent) and WA (up 1.7 per cent), whilst 'Department stores' retailing recorded the lowest growth in four jurisdictions. VIC and, for the first time since

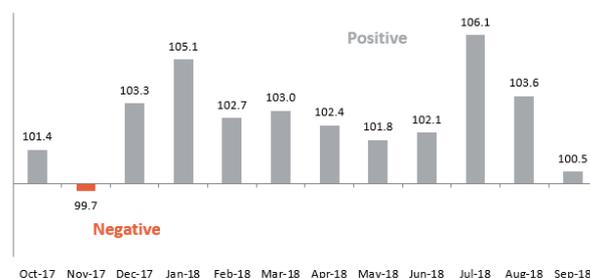
December 2016, NSW were the only jurisdictions to record positive growth across all six ABS categories.

CATEGORIES	\$ billion	m-o-m	last 3 months	y-o-y
Food retailing	\$10.92	↓ -0.0%	↑ 0.6%	↑ 4.3%
Household goods retailing	\$4.58	↑ 0.2%	↓ -0.8%	↑ 2.2%
Clothing, footwear and personal accessory retailing	\$2.10	↑ 0.8%	↑ 0.6%	↑ 4.0%
Department stores	\$1.56	↑ 0.9%	↓ -2.3%	↑ 2.0%
Other retailing	\$3.87	↑ 0.4%	↑ 2.5%	↑ 3.4%
Cafes, restaurants and takeaway food services	\$3.84	↑ 0.7%	↑ 2.2%	↑ 5.0%
Retail Turnover	\$26.87	↑ 0.3%	↑ 0.7%	↑ 3.8%

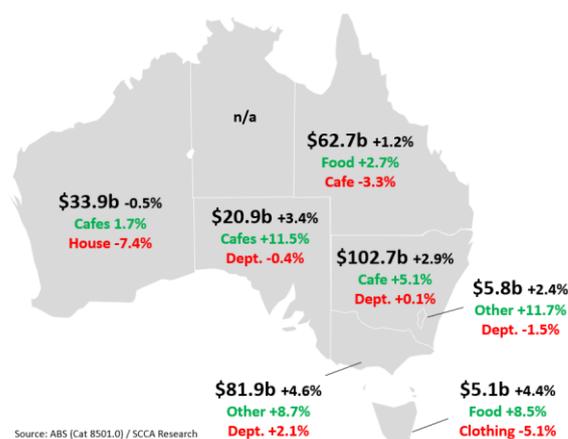
Source: ABS (Cat 8501.0) / SCCA Research

*Seasonally Adjusted

Westpac-MI Consumer Sentiment
12-months to June 2018



Source: Westpac-Melbourne Institute / SCCA Research



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