

RESEARCH NOTE

RETAIL TRADE TREND ESTIMATE INCREASED 0.1 PER CENT FOR AUGUST 2017 AND BY 2.8 PER CENT YEAR-ON-YEAR

Thursday, October 5 2017 - The latest release (August 2017) of the monthly ABS Retail Trade data indicates that the overall month-on-month (m-o-m) **trend** estimate increased by 0.1 per cent, equal to 0.1 per cent in the prior corresponding period (pcp). In **trend** terms, Retail Turnover increased by 2.8 per cent year-on-year (y-o-y), down from 3.1 per cent (revised) 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 (0.7 per cent), whilst 'Other' retailing (4.9 per cent) was the strongest growing category on a y-o-y basis. In seasonally adjusted terms, Retail Turnover fell by 0.6 per cent in the month of August 2017, the largest monthly fall since March 2013. On a y-o-y basis, Retail Turnover increased by 2.1 per cent, down from (a revised) 3.5 per cent in the pcp.

TREND ANALYSIS: CONSUMER SENTIMENT

The latest release of the Westpac Melbourne Institute Consumer Sentiment Index indicates that consumer sentiment increased to 97.9 in September 2017, up from 95.5 in August 2017, although still firmly in negative territory. Consumer sentiment, often a leading indicator for retail sales, has been running in negative territory for 10 consecutive months and, as the adjacent chart highlights, a cyclical trough in sentiment was recorded in the months leading up to August 2017.

STATE BY STATE: BEST AND WORST

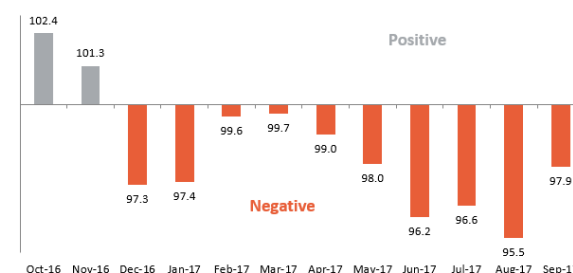
Retail turnover varies within the ABS defined six categories and across different jurisdictions. The following map outlines and compares the total and growth of retail trade (y-o-y), and the best and worst retail growth categories. The strongest jurisdictions in seasonally adjusted terms were Tasmania (up 4.7 per cent to \$4.8 billion) followed by the ACT (up 4.5 per cent to \$5.7 billion) and Victoria (up 3.8 per cent to \$78.3 billion). Despite still being the weakest jurisdiction, there was consolidation of the improved retail turnover growth for Western Australia (up 0.5 per cent to \$34.1 billion). 'Cafes, restaurants and takeaway food services' retailing was the strongest growing category for all but two jurisdictions (Queensland and the ACT) with the highest y-o-y growth for that category recorded in Tasmania (up 10.7 per cent). 'Department stores' retailing was, once again, the weakest performing category in all jurisdictions except Tasmania, noting that the ABS does not report 'Department stores' retailing in that particular jurisdiction.

CATEGORIES	\$ billion	m-o-m	last 3 months	y-o-y
Food retailing	\$10.44	↓ -0.6%	↓ -0.4%	↑ 2.3%
Household goods retailing	\$4.47	↓ -1.0%	↓ -2.5%	↑ 2.0%
Clothing, footwear and personal accessory retailing	\$2.02	↓ -0.2%	↑ 0.3%	↑ 0.9%
Department stores	\$1.53	↑ 0.7%	↓ -2.5%	↓ -1.4%
Other retailing	\$3.78	↑ 0.1%	↑ 1.5%	↑ 4.9%
Cafes, restaurants and takeaway food services	\$3.65	↓ -1.3%	↓ -0.8%	↑ 1.2%
Retail Turnover	\$25.88	↓ -0.6%	↓ -0.6%	↑ 2.1%

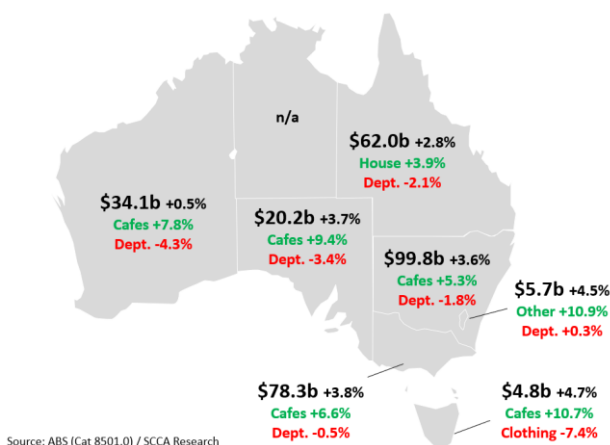
Source: ABS (Cat 8501.0) / SCCA Research

*Seasonally Adjusted

Westpac-MI Consumer Sentiment
12-months to September 2017



Source: Westpac-Melbourne Institute / SCCA Research



Source: ABS (Cat 8501.0) / SCCA Research