

Commonwealth Bank Business Sales Indicator

20 January 2010

- The Commonwealth Bank Business Sales Indicator is obtained by tracking the value of credit and debit card transactions processed through Commonwealth Bank merchant facilities.
- The Business Sales Indicator rose by 0.3 per cent in trend terms in December, the weakest growth in 11 months. While the rate of growth has eased since July, growth has been positive now for just over a year. Compared with a year ago, the Business Sales Indicator is up 6.4 per cent – the fastest growth in 22 months.
- The seasonally adjusted results from the Business Sales Indicator suggest that the Bureau of Statistics retail trade series may have weakened in December.

Business Sales Indicator December 2009

- The Business Sales Indicator rose by 0.3 per cent in trend terms in December after rising by 0.4 per cent in November. Figure 1 shows while business sales have consistently grown in trend terms over the past 13 months, the pace of spending has slowed since peaking in July.
- In seasonally adjusted terms, Figure 2 shows the Business Sales Indicator fell 0.4 per cent in December after a 1.1 per cent rise in November, pointing to a weaker outcome from the Australian Bureau of Statistics retail trade series for December. In November, the ABS reported a solid 1.4 per cent lift in retail trade.
- The Business Sales Indicator picked up sharply in trend terms in December 2008 in response to the Federal Government’s first stimulus package as per Figure 3. Previously, the spending gauge had been weak over 2008, falling from January to March 2008, flat-lining through to August and then easing slightly again from September to November.
- Over 2009 the Business Sales Indicator consistently grew with monthly trend growth averaging 0.5 per cent.
- Currently the Business Sales Indicator stands 6.4 per cent higher than a year ago, the fastest annual growth in 22 months.
- In trend terms, the value of spending transactions fell in six of the 20 industries in December, up from three industries in November. The weakest sector was Retail Stores (down 1.5 per cent), followed by Wholesale Distributors and Manufacturers (down 1.2 per cent) and Business Services (down 0.6 per cent)
- Sales in the Business Services sector have now fallen in trend terms for nine consecutive months, while the other weak sector is Hotels and Motels where sales have fallen in trend terms for five straight months.
- The strongest industry sectors in December were Automobile and Vehicles (up 1.7 per cent in trend terms, after a 3.1 per cent rise in November), Repair Services (up 1.2 per cent in trend terms) and Automobile Rentals (up 0.8 per cent).

Figure 1: BSI Monthly Trend

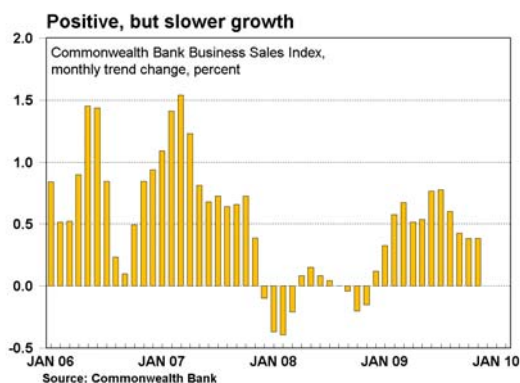
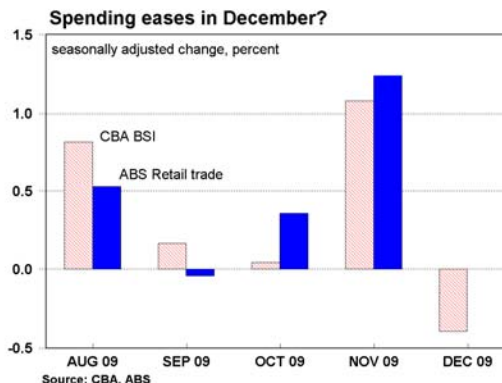


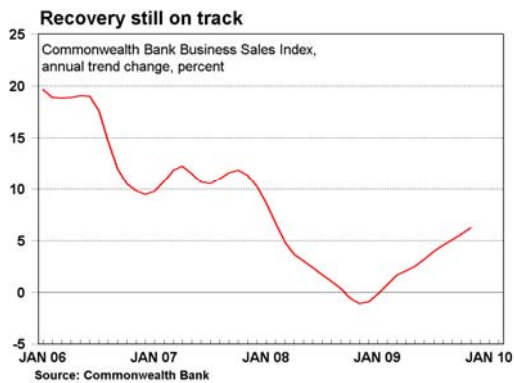
Figure 2: BSI Seasonally Adjusted (%)



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- In annual terms sectors which recorded strong growth included; Service Providers (up 25.9 per cent), Amusement and Entertainment (up 15.7 per cent), and Personal Service Providers (up 11.9 per cent).
- The sector where transaction growth has been consistently weak in annual terms is Business Services, down 3.9 per cent on a year ago.
- Across states and territories in December, fastest sales growth occurred in ACT (up 0.9 per cent in trend terms), followed by Tasmania (up 0.7 per cent) and NSW (up 0.6 per cent). At the other end of the scale, the spending gauge was weakest in South Australia (down 1.3 per cent) and Queensland (spending unchanged).

Figure 3: BSI Annual Trend (%)



About the Commonwealth Bank Business Sales Indicator

- The Commonwealth Bank Business Sales Indicator is obtained by tracking the value of credit and debit card transactions processed through Commonwealth Bank merchant facilities throughout Australia.
- The Business Sales Indicator is compiled monthly and covers 20 industry sectors and all Australian states and territories.
- Credit and debit card transactions can be volatile on a month-to-month basis, affected by seasonal and irregular factors. To better gauge the direction and changes of spending across the economy, the Business Sales Indicator is tracked in trend terms.
- The monthly Business Sales Indicator has been devised to provide a more timely assessment of spending trends in the economy. The main monthly indicator of spending in the economy is the Australian Bureau of Statistics' (ABS) Retail Trade release. However these statistics cover just spending at retail establishments, and exclude spending at a raft of other businesses.
- The Business Sales Indicator includes transactions made at traditional retail establishments such as supermarkets, clothing stores and cafes & restaurants which is more comparable to the ABS Household Final Consumption Expenditure released on a quarterly basis. The Business Sales Indicator also covers businesses such as airlines, car dealers and utilities such as water and electricity companies as well as motels, business, professional and government services and wholesalers. Refer to Figure 3 for a comparison of the Business Sales Indicator and the ABS Household consumption.
- The Business Sales Indicator includes industry sectors based on the International Merchant Category Code (MCC) categories. MCC is a four digit number assigned to a business when the business first starts accepting cards as a form of payment. Refer to Table 1 for the MCC listing.

Table 1: Merchant Types

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| 1. Airlines | 11. Miscellaneous |
| 2. Amusement and Entertainment | 12. Miscellaneous Stores |
| 3. Automobile/Vehicle Rentals | 13. Personal Service Providers |
| 4. Automobiles and Vehicles | 14. Professional Services and Membership Organisations |
| 5. Business Services | 15. Repair Services |
| 6. Clothing Stores | 16. Retail Stores |
| 7. Contracted Services | 17. Service Providers |
| 8. Government Services | 18. Transportation |
| 9. Hotels and Motels | 19. Utilities |
| 10. Mail Order/Telephone Order Providers | 20. Wholesale Distributors and Manufacturers |

DISCLOSURE AND DISCLAIMER APPENDIX

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