

Economy-wide spending grinds higher

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, continued to lift after the soft growth in September/October last year, rising by 0.6 per cent in trend terms in January. Spending grew across the majority of industry sectors and across all states and territories in January.
- Spending growth of 0.6 per cent in January is now above the 0.4 per cent long-term average monthly growth pace
- At a sectoral level, 14 of 19 industry sectors rose in trend terms in January, up from 12 sectors in December.
- The annual trend sales growth eased from 6.0 per cent to a 12-month low of 5.9 per cent in January, although it remains slightly above the long-term average growth pace.
- The more volatile seasonally-adjusted measure of the BSI rose by 1.2 per cent in January, the seventh gain in nine months.
- The Commonwealth Bank BSI is obtained by tracking the value of credit and debit card transactions processed through Commonwealth Bank merchant facilities. The BSI covers spending broadly across the economy rather than just retail sales, including spending on automobiles, personal services and airlines.

Business Sales Indicator January 2019

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.6 per cent in trend terms in January after a 0.5 per cent increase in December and a 0.4 per cent gain in November. Economy-wide sales have now consistently lifted each month for two years.
- The growth pace started lifting in March 2017 and over the period from October 2017 to January 2018 the BSI consistently recorded monthly gains of between 0.7-0.9 per cent a month. Growth in sales has held between 0.3-0.6 per cent a month for the past 12 months, picking up pace over November and December. Current growth is in line with the long-term average pace of 0.4 per cent.
- The annual trend sales growth eased from 6.0 per cent to a 12-month low of 5.9 per cent in January, above the long-term average annual rate of 5.6 per cent.
- The more volatile seasonally-adjusted measure of the BSI rose by 1.2 per cent in January after falling by 0.7 per cent in December and rising 0.5 per cent in November.
- The Commonwealth Bank BSI is obtained by tracking the value of credit and debit card transactions processed through the Commonwealth Bank merchant facilities. And in line with the practice of the Bureau of Statistics with retail trade data, seasonally adjusted and trend estimates of the BSI are obtained by applying statistical software. The seasonally adjusted and trend BSI results permit analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, 14 of the 19 industry sectors rose in trend terms in January. Amongst the biggest gains in sales were Transportation (up 3.3 per cent); Retail Stores (up 3.0 per cent); Hotels & Motels (up by 1.1 per cent); and Airlines (up 0.9 per cent).

Figure 1: Australian sales, trend index

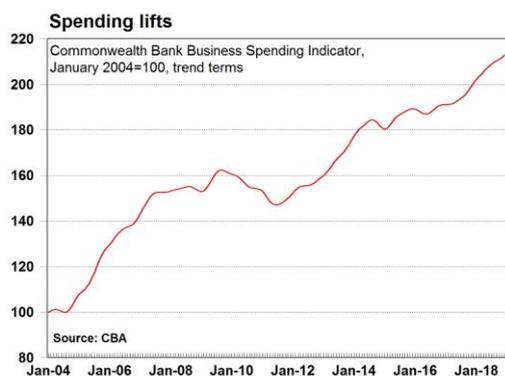
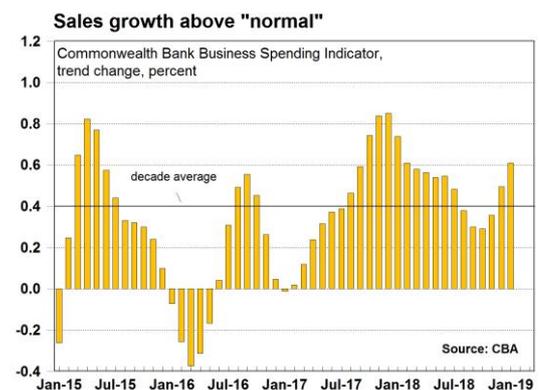


Figure 2: Australia, monthly trend % change

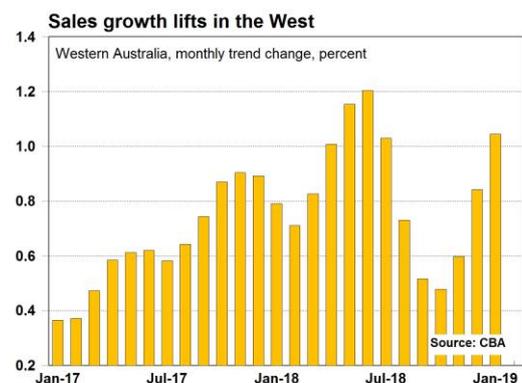


- Sales fell most in Automobiles & Vehicles (down by 1.3 per cent); Government Services (down by 0.7 per cent); Amusement & Entertainment and Automobile/Vehicle Rentals (both down by 0.1 per cent).
- Business Services was amongst the sectors to gain in January (up 0.3 per cent), although it was the smallest gain in nine months. By contrast the 1.1 per cent lift in sales at Hotels & Motels was the strongest gain in six months.
- In annual terms in January, all but four of the 19 industry sectors recorded gains. Spending fell by 2.5 per cent over the past year in Government Services with Clothing down 1.1 per cent, Automobile/Vehicle Rentals down 1.3 per cent and Automobiles & Vehicles down 0.7 per cent
- At the other end of the scale, sectors with strongest annual growth in January included Retail Stores, Transportation Airlines and Hotels & Motels.
- Sales were stronger across all states and territories in January. The strongest growth occurred in Western Australia, Tasmania and Northern Territory (all up 1.0 per cent) followed by NSW (up 0.8 per cent); ACT (up 0.7 per cent). South Australia (up 0.4 per cent); Queensland (up 0.3 per cent); and Victoria (up 0.2 per cent).
- In annual terms all states and territories had sales above a year ago. The strongest growth was in Western Australia (up 10.6 per cent) from Tasmania (up 8.1 per cent). Slowest growth was in South Australia (up 3.9 per cent).

Figure 3: Hotels & Motels, monthly trend (%)



Figure 4: Western Australia, monthly 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 19 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 and as such 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.
- 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 Stores |
| 2. Amusement & Entertainment | 12. Personal Service Providers |
| 3. Automobile/Vehicle Rentals | 13. Professional Services & Membership Organisations |
| 4. Automobiles & Vehicles | 14. Repair Services |
| 5. Business Services | 15. Retail Stores |
| 6. Clothing Stores | 16. Service Providers |
| 7. Contracted Services | 17. Transportation |
| 8. Government Services | 18. Utilities |
| 9. Hotels & Motels | 19. Wholesale Distributors & Manufacturers |
| 10. Mail Order/Telephone Order Providers | |

DISCLOSURE AND DISCLAIMER APPENDIX

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