

Firm spending growth in March

- The pace of economy-wide spending is continuing to lift according to the Commonwealth Bank Business Sales Indicator (BSI). The BSI, a measure of economy-wide spending, rose by 0.7 per cent in March after a similar lift in February. Spending growth remains above the 0.4 per cent long-term average monthly growth pace.
- The annual trend sales growth rose from 5.4 per cent to 5.6 per cent in March, just above the 5.5 per cent long-term average growth pace.
- The more volatile seasonally-adjusted measure of the BSI rose by 0.7 per cent in March, the ninth gain in 11 months.
- At a sectoral level, 12 of 19 industry sectors rose in trend terms in March, with four sectors broadly flat. In February, 13 of the 19 sectors posted gains in sales.
- Spending rose across all states and territories in March except Northern Territory.
- 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 March 2019

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.7 per cent in trend terms in March after a similar rise in February. The February and March growth rates were the strongest recorded in the past 14 months.
- 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 trended down over 2018, reaching 0.3 per cent a month from September-November 2018. Monthly growth rates have lifted from December. The current monthly growth pace of 0.7 per cent is above the long-term average pace of 0.4 per cent.
- The annual trend sales growth rose from 5.4 per cent to 5.6 per cent in March, just above the 5.5 per cent long-term average growth pace.
- The more volatile seasonally-adjusted measure of the BSI rose by 0.7 per cent in March, the ninth gain in 11 months.
- 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, 12 of the 19 industry sectors rose in trend terms in March. Amongst the biggest gains in sales were recorded by Amusement & Entertainment and Transportation (both up 1.6 per cent); and Hotels & Motels up 1.2 per cent.

Figure 1: Australian sales, trend index

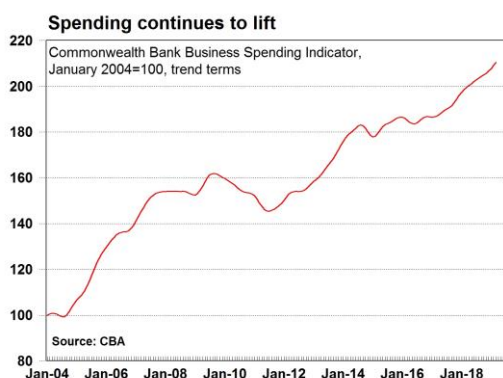
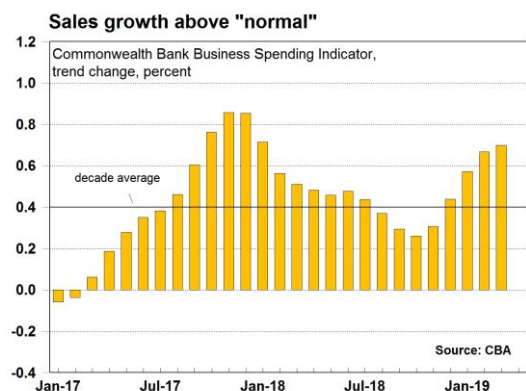


Figure 2: Australia, monthly trend %



- Sales fell most in Business Services (down by 0.9 per cent); and Government Services (down by 0.3 per cent).
- Sales at Clothing Stores; Contracted Services; Repair Services; and Wholesale Distributors & Manufacturers were all broadly flat in March.
- Of note, Airlines have now shown consistent monthly sales growth for just over three years.
- In annual terms in March, all but six of the 19 industry sectors recorded gains. Spending fell by 4.8 per cent over the past year in Government Services with Automobile/Vehicle Rentals down 2.6 per cent; Wholesale Distributors & Manufacturers (down 1.5 per cent); and Clothing down 1.2 per cent.
- At the other end of the scale, sectors with strongest annual growth in March included Retail Stores, Transportation, Airlines and Hotels & Motels.
- Sales were stronger across all states and territories in March except Northern Territory (down 0.4 per cent). The strongest growth occurred in Western Australia (up 0.9 per cent) followed by Victoria and Queensland (both up 0.8 per cent); NSW and Tasmania (both up 0.6 per cent); South Australia (up 0.5 per cent); and ACT (up 0.4 per cent).
- In annual terms all states and territories had sales above a year ago except Northern Territory (down 4.6 per cent). The strongest growth was in Western Australia (up 8.7 per cent) from Tasmania (up 6.4 per cent). Slowest growth was in South Australia (up 3.3 per cent).

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

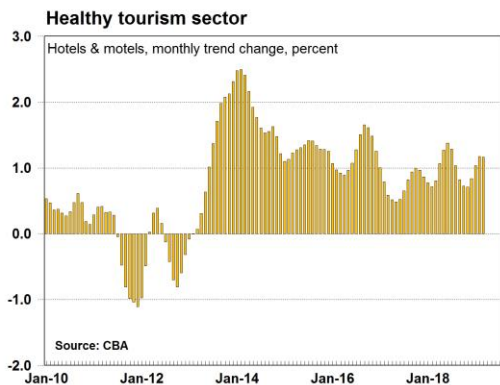
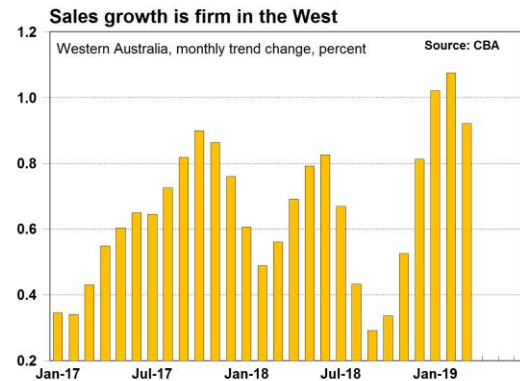


Figure 4: Western Australia, monthly trend (%)



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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