

Stable spending through election period

- Economy-wide spending doesn't appear to have been unduly affected through the election period. The Commonwealth Bank Business Sales Indicator (BSI), rose by 0.5 per cent in trend terms in April, down only from the 0.6 per cent growth recorded over February and March. Spending growth remains above the 0.4 per cent long-term average monthly growth pace.
- The annual trend sales growth held at 5.3 per cent for the fourth straight month, just below the 5.5 per cent long-term average growth pace.
- The more volatile seasonally-adjusted measure of the BSI rose by 0.3 per cent in April, the 10th gain in the past year.
- At a sectoral level, 15 of 19 industry sectors rose in trend terms in April, with one sector broadly flat. In March, 14 of the 19 sectors posted gains in sales with two sectors flat.
- Spending rose across all states and territories in April 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 April 2019

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.5 per cent in trend terms in April after gains of 0.6 per cent in both February and March and a 0.5 per cent increase in sales recorded in January.
- Over the period from October 2017 to January 2018 the BSI consistently recorded monthly gains of between 0.7-0.8 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 lifted from December and held 0.5-0.6 per cent per month in the period since, above the long-term average pace of 0.4 per cent.
- The annual trend sales growth held at 5.3 per cent for the fourth straight month, just below the 5.5 per cent long-term average growth pace.
- The more volatile seasonally-adjusted measure of the BSI rose by 0.3 per cent in April, the 10th gain in the past year.
- 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, 15 of the 19 industry sectors rose in trend terms in April. Amongst the biggest gains in sales were recorded by Amusement & Entertainment and Utilities (both up 1.0 per cent); and Hotels & Motels up 0.9 per cent.

Figure 1: Australian sales, Seasonally-adjusted and trend indexes

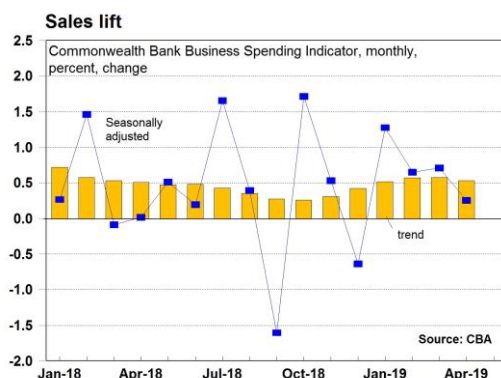
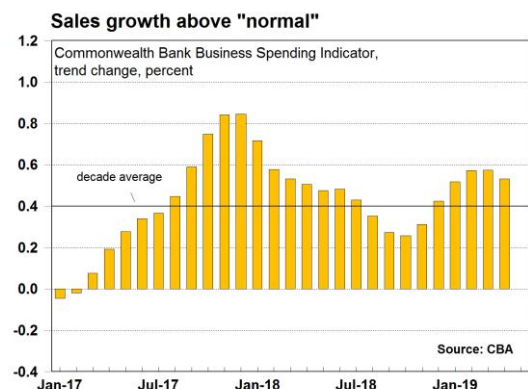


Figure 2: Australia, monthly trend %



- Sales fell most in Clothing stores (down by 0.3 per cent); and Business Services and Repair Services (both by 0.2 per cent).
- Sales at Business Services have now fallen for the past five months. But notably Government Services have lifted for the past three months after generally contracting for the previous 10 months.
- In annual terms in April, all but seven of the 19 industry sectors recorded gains. Spending fell by 4.7 per cent over the past year in Mail Order/Telephone Order Providers, followed by Automobile/Vehicle Rentals (down 3.3 per cent); Clothing Stores and Government Services (both down by 1.9 per cent).
- At the other end of the scale, sectors with strongest annual growth in April included Retail Stores, Transportation, Airlines, Amusement & Entertainment and Hotels & Motels.
- Sales were stronger across all states and territories in April except Northern Territory (down 0.4 per cent). The strongest growth occurred in Queensland (up 0.9 per cent) followed by Victoria and Tasmania (both up 0.8 per cent); South Australia (up 0.5 per cent); and Western Australia, NSW and ACT (all up 0.3 per cent).
- In annual terms all states and territories had sales above a year ago except Northern Territory (down 5.4 per cent). The strongest growth was in Tasmania (up 7.1 per cent) from Western Australia (up 7.0 per cent). Slowest growth was in South Australia (up 3.1 per cent).

Figure 3: Government Services, monthly trend (%)

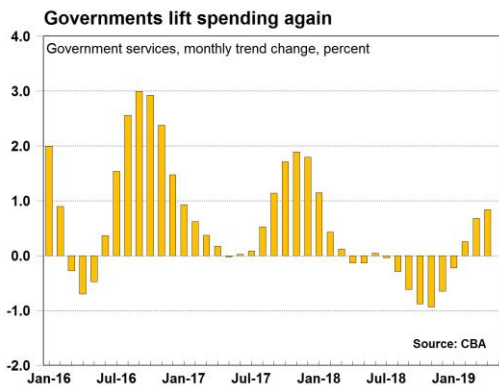
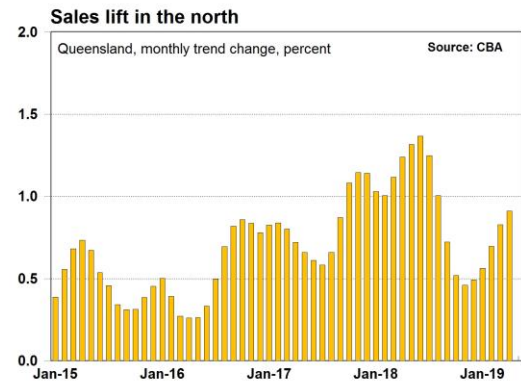


Figure 4: Queensland, monthly trend (%)



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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