

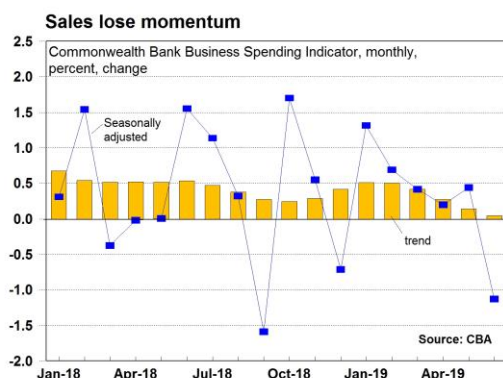
Spending flat-lines in June

- Economy-wide spending stalled in June. The Commonwealth Bank Business Sales Indicator (BSI) was broadly flat in trend terms – the weakest monthly growth rate in over two years. Spending growth has decelerated for four consecutive months and is below the 0.4 per cent long-term average monthly growth pace.
- The annual trend sales growth fell from 4.6 per cent to 4.1 per cent – the slowest rate in 19 months and below the 5.5 per cent long-term average growth pace.
- The more volatile seasonally-adjusted measure of the BSI fell by 1.1 per cent in June - the first decline in six months.
- At a sectoral level, 11 of 19 industry sectors rose in trend terms in June, with one sector broadly flat. In May, 11 of the 19 sectors also posted gains in sales.
- Spending rose in four states and territories in June. The strongest gains were recorded in Victoria and Tasmania (both up 0.4 per cent), but spending fell most in Western Australia (down 0.2 per cent).
- 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.

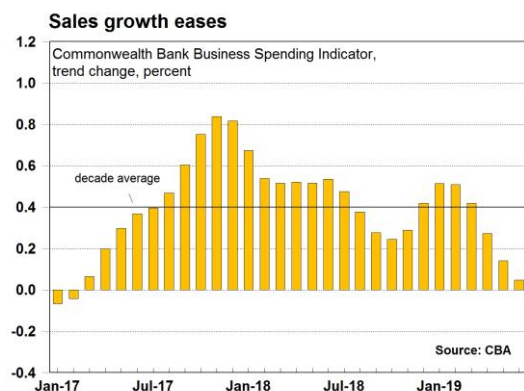
Business Sales Indicator June 2019

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending was broadly flat in trend terms in June – the weakest monthly growth rate since February 2017.
- Over the period from October 2017 to January 2018 the BSI consistently recorded monthly gains of around 0.8 per cent. Growth in sales trended down over 2018, reaching 0.2 per cent in October. Monthly growth rates lifted from December and gains held between 0.4-0.5 per cent per month to March, marginally above the long-term average pace of 0.4 per cent. Spending growth has since decelerated for four consecutive months.
- The annual trend sales growth fell from 4.6 per cent to 4.1 per cent – the slowest rate in 19 months and below the 5.5 per cent long-term average growth pace.
- The more volatile seasonally-adjusted measure of the BSI fell by 1.1 per cent in June - the first decline in six 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, 11 of the 19 industry sectors rose in trend terms in June. Amongst the biggest gains in sales were Mail Order/Telephone Order Providers (up 1.8 per cent); Utilities (up 0.6 per cent); Service Providers and Professional Services & Membership Organisations (both up 0.4 per cent).

Australian sales, Seasonally-adjusted and trend indexes

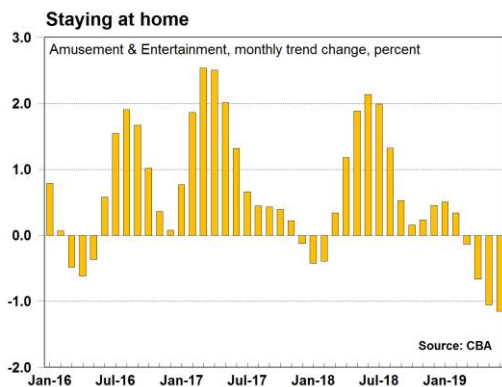


Australia, BSI, monthly trend %

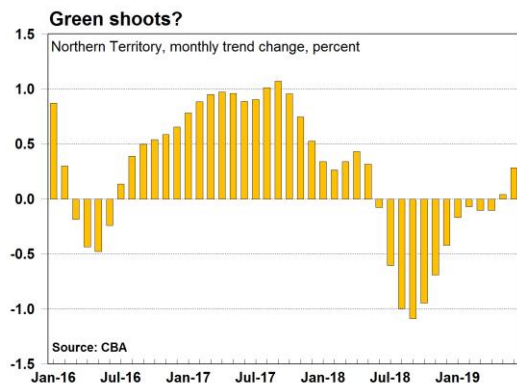


- Sales fell most in Amusement & Entertainment (down 1.2 per cent) and Automobiles & Vehicles (down by 1.0 per cent).
- Sales at Retail Stores were broadly flat in June.
- In annual terms in June, all but eight of the 19 industry sectors recorded gains. Spending fell by 7.4 per cent over the past year in Automobiles & Vehicles, followed by Government Services (down by 4.2 per cent); Mail Order/Telephone Order Providers (down 3.3 per cent); and Clothing Stores (down by 2.8 per cent).
- At the other end of the scale, sectors with strongest annual growth in June included Transportation, Retail Stores, Airlines, Utilities and Hotels & Motels.
- Spending rose in four states and territories in June. The strongest gains were recorded in Victoria and Tasmania (both up 0.4 per cent), followed by the Northern Territory (up 0.3 per cent) and South Australia (up 0.2 per cent). But spending fell most in Western Australia (down 0.2 per cent) and New South Wales (down 0.1 per cent). Spending was broadly flat in the ACT and Queensland.
- In annual terms all states and territories had sales above a year ago except the Northern Territory (down 4.8 per cent). The strongest growth was in Tasmania (up 6.2 per cent) and Victoria (up 5.1 per cent). But annual sales growth in South Australia (up 1.9 per cent), Western Australia and Queensland (both up 3.9 per cent) all lagged.

Amusement & Entertainment, monthly trend (%)



Northern Territory, 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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