

Spending lifts at modest pace

- Economy-wide spending grew modestly in August according to the Commonwealth Bank Business Sales Indicator (BSI). In trend terms the BSI lifted by 0.3 per cent in August after similar growth in July.
- Over the past decade, the BSI has recorded average monthly growth of 0.3 per cent. Average monthly growth over the past five years has been 0.5 per cent.
- The annual trend growth in sales eased from 8.2 per cent in July to 7.7 per cent in August.
- The more volatile seasonally adjusted measure of the BSI rose by 0.8 per cent in August after falling by 1.3 per cent in July.
- At a sectoral level, 16 of the 19 industry sectors rose in trend terms in August. And sales rose in six of the eight states and territories in the month with sales flat in two states.
- 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 August 2017

- Economy-wide spending posted modest growth in line with longer-term averages in August. Sales rose in most industry sectors and states/territories. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.3 per cent in trend terms in August after a similar rise in July.
- The BSI has lifted 0.3 per cent a month on average over the past decade. But average growth of sales over the past year has been higher, lifting by 0.6 per cent on average per month.
- The annual trend growth in sales eased from 8.2 per cent in July to 7.7 per cent in August.
- The more volatile seasonally adjusted measure of the BSI rose by 0.8 per cent in August after falling by 1.3 per cent in July.
- 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, 16 of the 19 industry sectors rose in trend terms in August. The biggest lift in sales occurred at Government services (up 1.2 per cent), followed by Service Providers (up 1.0 per cent), Hotels & Motels and Utilities (both up 0.8 per cent).
- On the other side of the equation, sales fell by 2.4 per cent in Amusement & Entertainment; fell 0.1 per cent in Business Services; and sales fell by less than 0.1 per cent in Repair Services.

Figure 1: Australian sales, trend index

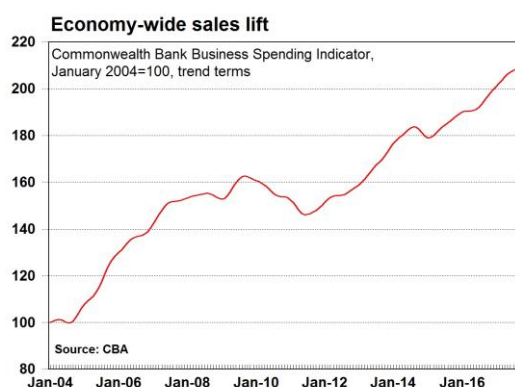
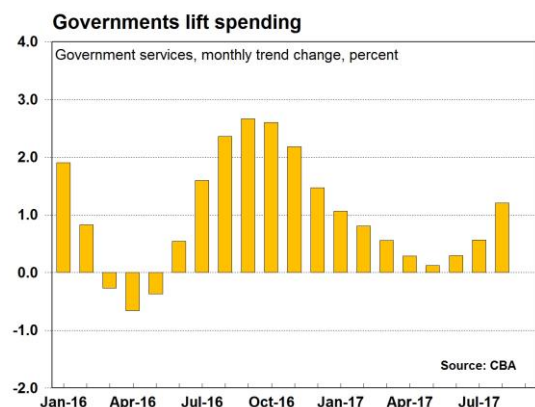


Figure 2: Government services, monthly trend



- In annual terms in August, only one of the 19 industry sectors contracted: Mail Order/Telephone Order Providers (down 5.9 per cent).
- At the other end of the scale, sectors with strongest annual growth in August included: Service Providers (up 21.2 per cent), Airlines (up 18.6 per cent); and Government Services (up 14.7 per cent).
- Across all states and territories in August sales were stronger except Tasmania and Victoria (sales largely flat). Strongest were South Australia and ACT (both up 0.5 per cent); Northern Territory, Western Australia and Queensland (all up 0.4 per cent) and NSW (up 0.1 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was Victoria (up 10.3 per cent); from ACT (up 10.1 per cent); Northern Territory (up 9.7 per cent); Queensland (up 9.6 per cent); South Australia (up 9.3 per cent); Tasmania (up 7.5 per cent); Western Australia (up 6.7 per cent); and NSW (up 6.1 per cent).

Figure 3: ACT, monthly trend (%)

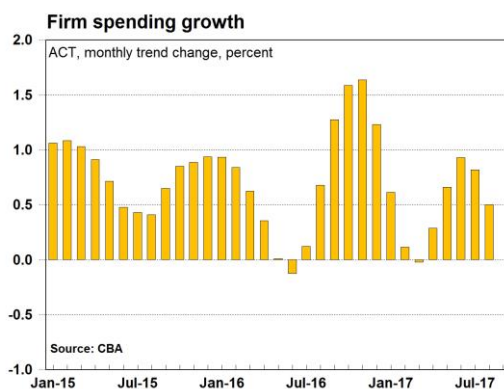
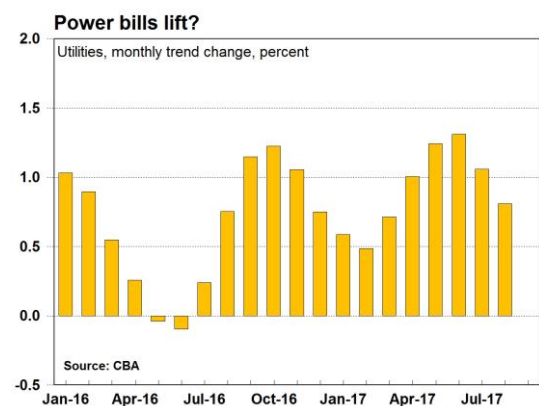


Figure 4: Utilities, month trend (%)



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 | |

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