

Solid lift in August spending

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 0.9 per cent in trend terms in August. While a solid result, and above the long-term average monthly growth of 0.4 per cent, it was the slowest monthly growth in five months.
- The annual trend growth in sales rose to fresh 4-year highs of 11.4 per cent in August, up from 10.7 per cent in July and the decade-average pace of 3.4 per cent.
- The more volatile seasonally adjusted measure of the BSI rose by 0.6 per cent in August after lifting 2.7 per cent in July.
- At a sectoral level, all 19 industry sectors except clothing rose in trend terms in August, a similar result to July. And sales rose in all of the states and territories in the month.
- 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 2018

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.9 per cent in trend terms in August – the 26th month of consecutive monthly gains.
- The growth pace started lifting in September 2017 and over the period from December 2017 to August 2018 the BSI has consistently grown by between 0.9-1.1 per cent a month.
- Annual trend growth for the BSI rose to fresh 4-year highs of 11.4 per cent in August, up from 10.7 per cent in July.
- The more volatile seasonally adjusted measure of the BSI rose by 0.6 per cent in August after lifting 2.7 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, all 19 industry sectors except clothing rose in trend terms in August. The biggest lift in sales occurred for Amusement & Entertainment (up 2.1 per cent) followed by Government Services (up 1.7 per cent) and Hotels & Motels (up 1.1 per cent). Sales fell 0.1 per cent at Clothing Stores.
- Sales at Automobiles & Vehicles rose by just 0.1 per cent in August and growth was the weakest in 13 months. In addition, five sectors recorded modest growth of 0.2 per cent in August with another three sectors recording trend monthly growth of 0.3-0.4 per cent.

Figure 1: Australian sales, trend index

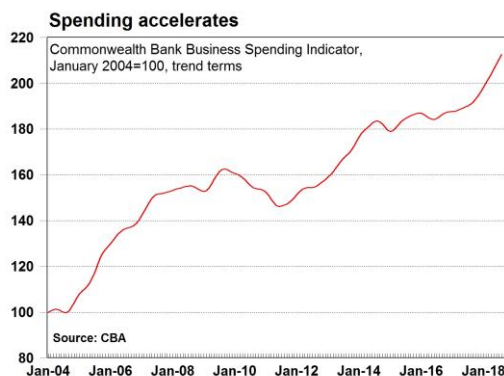
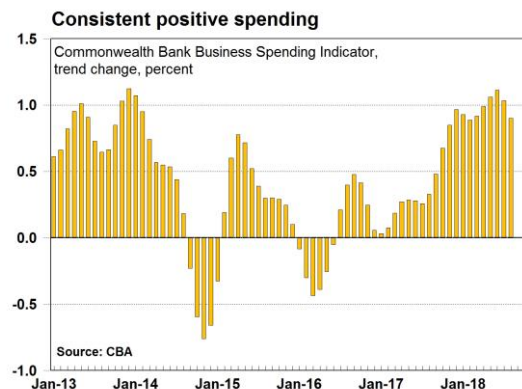


Figure 2: Australia, monthly trend %



- Meanwhile spending at Retail Stores has consolidated over the past five months, rising by between 0.5-0.8 per cent a month over the period after more lofty gains between October 2017-March 2018. While annual growth of sales at Retail Stores is seemingly solid at 15.7 per cent, notably this is from a low base. Annual declines in sales at Retail Stores were recorded from January 2016 to November 2017.
- In annual terms in August, all but one of the 19 industry sectors recorded gains. Spending fell by 0.1 per cent over the past year in the Clothing sector.
- At the other end of the scale, sectors with strongest annual growth in August included Retail Stores (up 15.7 per cent), Automobiles & Vehicles (up 13.9 per cent) and Hotels & Motels (up 13.2 per cent).
- Sales were stronger across all states and territories in August. The strongest growth occurred in Queensland (up 1.4 per cent), followed by South Australia and Western Australia (both up 1.0 per cent), Victoria (up 0.8 per cent); NSW (up 0.7 per cent); ACT (up 0.6 per cent); and Tasmania and Northern Territory (both up 0.2 per cent).
- In annual terms all states and territories had sales above a year ago. The strongest growth was in Queensland (up 15.2 per cent); Western Australia (up 12.2 per cent); Victoria (up 12.0 per cent), South Australia (up 11.2 per cent); NSW (up 9.0 per cent), ACT (up 7.6 per cent); Tasmania (up 7.1 per cent); and Northern Territory (up 6.0 per cent).

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

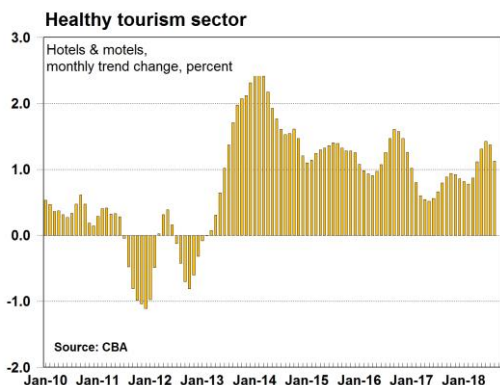
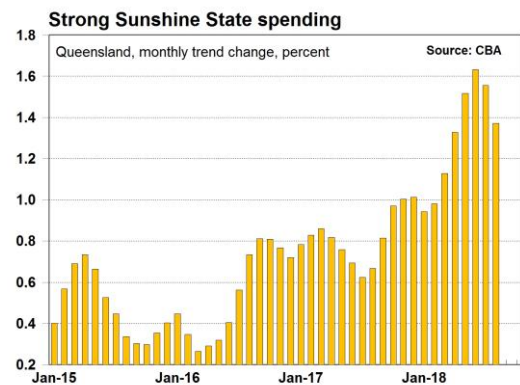


Figure 4: Queensland, monthly trend (%)



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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