

Mixed Christmas spending

Note: Revisions have been made to the data collection procedures and analytical assessment methods. The revisions affect results published since March 2018.

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 0.4 per cent in trend terms in December. While this result is in line with the long-term average monthly growth pace, the performance was more mixed across sectors.
- At a sectoral level, 12 of 19 industry sectors rose in trend terms in December, up from 11 sectors in December. Sales rose across all the states and territories in the month.
- The annual trend sales growth eased from 5.8 per cent to a 12-month low of 5.3 per cent in December, although it remains in line with the long-term average pace.
- The more volatile seasonally-adjusted measure of the BSI fell by 0.8 per cent in December although this was only the second decline in the past eight months.
- 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 December 2018

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.4 per cent in trend terms in December after a 0.3 per cent increase in November and a 0.2 per cent gain in October. Economy-wide sales have now lifted for 22 consecutive months.
- The growth pace started lifting in March 2017 and 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 has held between 0.2-0.6 per cent a month for the past 11 months, picking up pace over November and December. Current growth is in line with the long-term average pace of 0.4 per cent.
- The annual trend sales growth eased from 5.8 per cent to a 12-month low of 5.3 per cent in December, although it remains in line with the long-term average pace.
- The more volatile seasonally-adjusted measure of the BSI fell by 0.8 per cent in December although this was only the second decline in the past eight 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 December. Amongst the biggest gains in sales were Transportation (up 3.1 per cent); Hotels & Motels (up by 0.7 per cent); and Personal Service Providers (up 0.6 per cent).

Figure 1: Australian sales, trend index

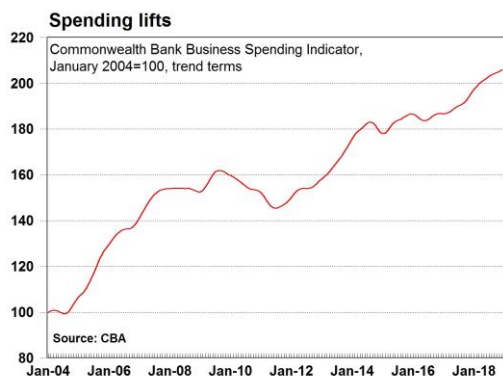
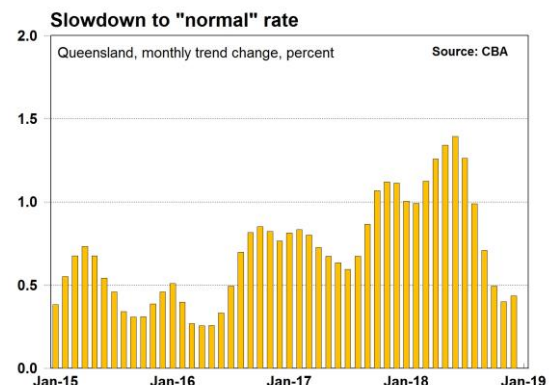


Figure 2: Queensland, monthly trend % change



- Sales fell most in Automobiles & Vehicles (down by 1.3 per cent); Mail Order/Telephone Order Providers (down by 1.0 per cent); and Government Services (down by 0.7 per cent).
- Encouragingly, Business Services was amongst the sectors to gain in December (up 0.4 per cent), and sales have now only fallen once in almost three years. And the 0.7 per cent lift in sales at Hotels & Motels extends the period of consecutive monthly growth to more than 5½ years.
- In annual terms in December, all but three of the 19 industry sectors recorded gains. Spending fell by 1.8 per cent over the past year in Government Services with Clothing down 1.3 per cent and in Automobile/Vehicle Rentals down 0.9 per cent.
- At the other end of the scale, sectors with strongest annual growth in December included Transportation (up 18.7 per cent); Airlines (up 11.7 per cent); and Hotels & Motels (up 11.6 per cent).
- Sales were stronger across all states and territories in December. The strongest growth occurred in Tasmania (up 0.9 per cent); NSW (up 0.6 per cent); ACT and Western Australia (both up 0.5 per cent). South Australia (up 0.3 per cent); Northern Territory (up 0.2 per cent); and Victoria and Queensland (both up 0.1 per cent).
- In annual terms all states and territories had sales above a year ago except Northern Territory (down 1.6 per cent). The strongest growth was in Tasmania (up 7.6 per cent); from Western Australia (up 6.4 per cent); Victoria (up 5.9 per cent); Queensland (up 5.7 per cent); NSW (up 4.8 per cent); South Australia (up 4.5 per cent); and ACT (up 2.0 per cent).

Figure 3: Business Services, monthly trend (%)

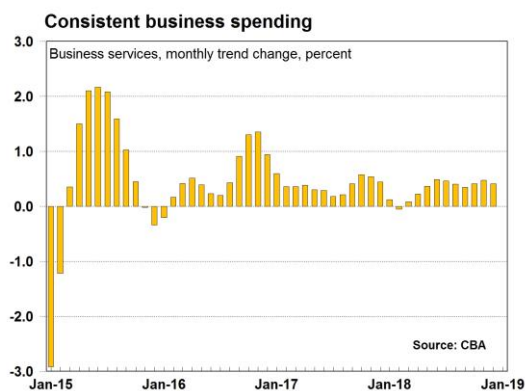
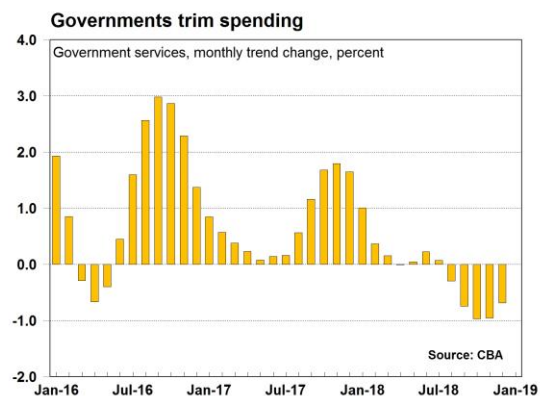


Figure 4: Government, monthly trend (%)



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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