

Solid economy-wide spending in February

- Economy-wide spending remained solid in February. The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 1.0 per cent in trend terms in February, matching the January outcome and the strongest pace of growth in four years.
- The annual trend growth in sales lifted from 6.0 per cent to 7.0 per cent – the fastest growth in over two years and above the decade-average pace of 3.2 per cent.
- The more volatile seasonally adjusted measure of the BSI rose by 1.7 per cent in February – the sixth gain in seven months.
- At a sectoral level, 16 of the 19 industry sectors rose in trend terms in February, up from 15 sectors in January but equal to the December result. And sales rose in all of the states but the two territories recorded lower trend sales 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 February 2018

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – lifted by 1.0 per cent in trend terms in February. After recording broadly flat monthly trend growth in sales a year ago from December 2016 to February 2017, the pace of sales has consistently lifted. Now monthly trend growth is maintaining the strongest pace recorded in four years.
- Encouragingly, sales at combined retail and clothing stores continued to lift, growing by 0.9 per cent in February. A year ago sales were falling at a 0.3 per cent monthly pace in the combined retail and clothing sectors.
- Annual trend growth of the BSI rose from 6.0 per cent to 7.0 per cent in February.
- The more volatile seasonally-adjusted measure of the BSI rose by 1.7 per cent in February after rising by 1.2 per cent in January. Spending has now grown in six of the past seven 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, 16 of the 19 industry sectors rose in trend terms in February. Sales were down at Mail Order/Telephone Order Providers (down by 1.1 per cent) followed by Business Services (down 0.4 per cent) and Utilities (down 0.2 per cent). The biggest lift in sales occurred at Retail Stores (up 1.9 per cent) from Government Services (up 1.5 per cent) and Airlines (up 1.1 per cent).

Figure 1: Australian sales, monthly trend %

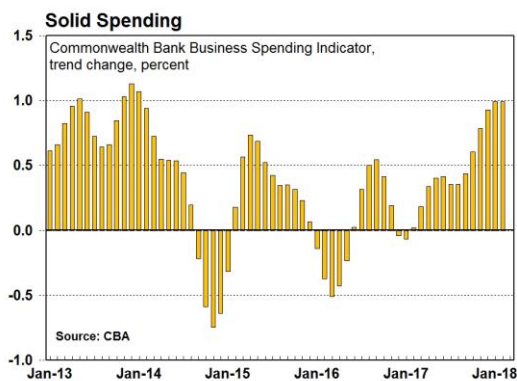
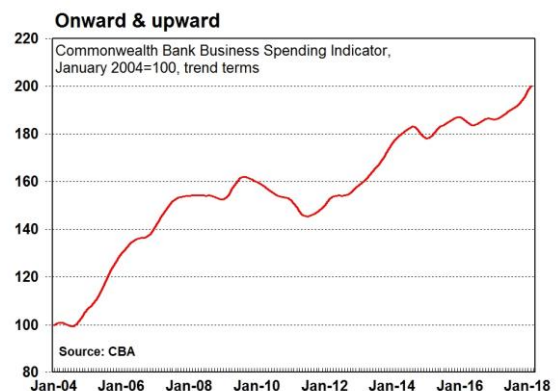


Figure 2: Australian sales, trend index



- The lift in spending by Retail Stores matched the January outcome and was the strongest growth in around 8½ years (July 2009), supported by firm job growth, low interest rates and modest retail inflation.
- In annual terms in February all but one of the 19 industry sectors recorded gains. Spending fell 4.9 per cent over the past year in the Mail Order/Telephone Order Providers sector.
- At the other end of the scale, sectors with strongest annual growth in February included Airlines (up 17.3 per cent), Transportation (up 13.9 per cent), Utilities (up 12.0 per cent) and Government Services (up 11.8 per cent).
- Across all states in February, sales were stronger. But sales fell 0.4 per cent in the Northern Territory and fell by 0.3 per cent in the ACT. Strongest growth occurred in Victoria (up 1.4 per cent) from Queensland (up 1.1 per cent); NSW (up 1.0 per cent); Tasmania (up 0.7 per cent); and South Australia and Western Australia (both up 0.6 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was Queensland (up 11.4 per cent); from Western Australia (up 8.8 per cent); Victoria (up 8.5 per cent); Northern Territory (up 8.3 per cent), South Australia (up 8.2 per cent); Tasmania (up 7.5 per cent); NSW (up 5.9 per cent); and the ACT (up 3.3 per cent).

Figure 3: Business Services, monthly trend (%)

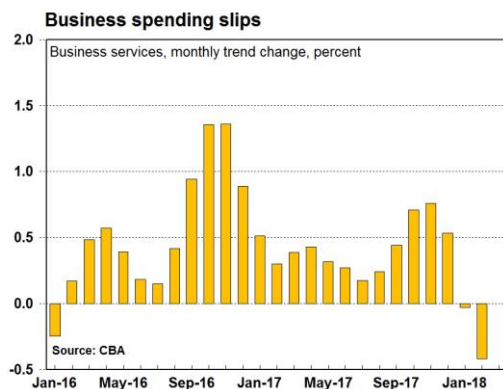
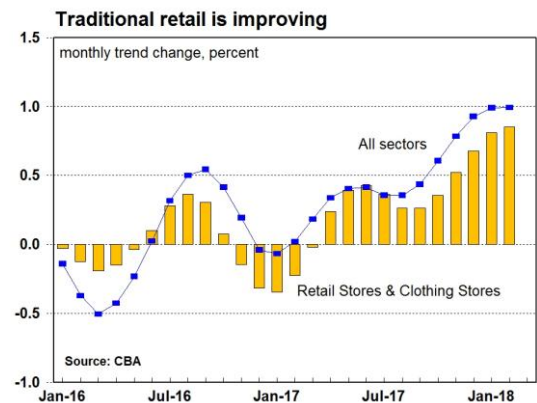


Figure 4: Retail & Clothing, monthly trend (%)



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

Craig James – Chief Economist, CommSec (Author)
(02) 9118 1806 (work), 0419 695 082 (mobile)

Ryan Felsman – Senior Economist, CommSec
(02) 9118 1805 (work), 0457 524 482 (mobile)

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