

## Fastest spending growth in 4 years

- Economy-wide spending accelerated in January. The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 1.1 per cent in trend terms in January, up from 1.0 per cent in December and the fastest monthly growth in four years.
- The annual trend growth in sales lifted from 4.9 per cent to 6.2 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 1.5 per cent in January – the fifth gain in six months.
- At a sectoral level, all but one of the 19 industry sectors rose in trend terms in January, a similar result to December and up from 17 sectors showing gains in November. And sales rose in all 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 January 2018

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – lifted by 1.1 per cent in trend terms in January with the growth pace gradually lifting over each of the past five months. Monthly growth is the strongest in four years.
- Encouragingly, sales at combined retail and clothing stores rose by 0.7 per cent in trend terms in January – the strongest result in 2½ years.
- Annual trend growth of the BSI rose from 4.9 per cent to 6.2 per cent in January.
- The more volatile seasonally-adjusted measure of the BSI rose by 1.5 per cent in January after falling 0.1 per cent in December. Spending has now grown in five of the past 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, all of the 19 industry sectors rose in trend terms in January except Mail Order/Telephone Order Providers (down by 1.8 per cent). The biggest lift in sales occurred at Retail Stores (up 1.7 per cent) from Government Services (up 1.6 per cent), Transportation (up 1.5 per cent) and Amusement & Entertainment (up 1.3 per cent).

Figure 1: Australian sales, monthly trend %

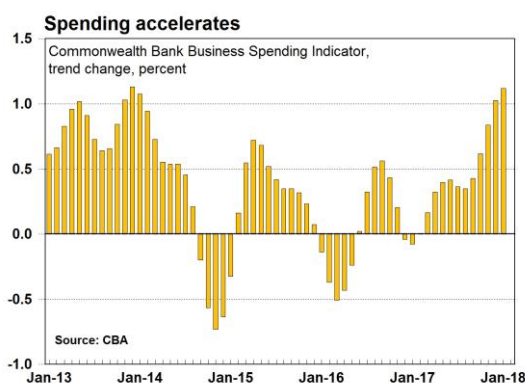
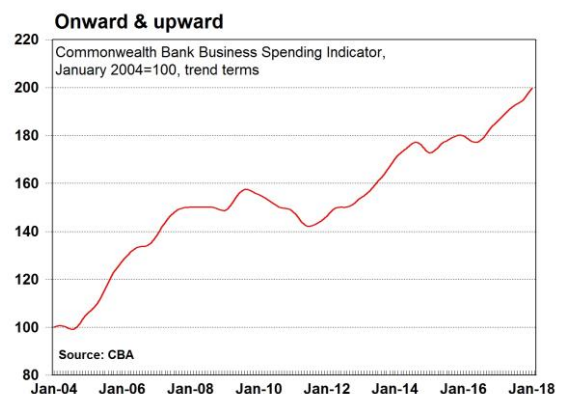


Figure 2: Australian sales, trend index



- The lift in spending by Retail Stores was the biggest in around 8½ years and has been influenced by a strong job market and lower selling prices.
- In annual terms in January all but one of the 19 industry sectors recorded gains. Spending fell 5.2 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 January included Transportation (up 15.9 per cent); Amusement & Entertainment (up 15.8 per cent); Airlines (up 14.0 per cent) and Utilities (up 13.5 per cent) and
- Across all states and territories in January, sales were stronger. Strongest growth occurred in Victoria (up 1.4 per cent) from NSW (up 1.1 per cent); Western Australia, Tasmania and Queensland (all up by 1.0 per cent); South Australia (up 0.8 per cent); and the ACT and Northern Territory (both up 0.2 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was Northern Territory (up 11 per cent) from Queensland (up 10.8 per cent); Western Australia (up 9.2 per cent); South Australia (up 8.8 per cent), Tasmania and Victoria (both up 8.5 per cent); NSW (up 5.6 per cent); and the ACT (up 5.3 per cent).

Figure 3: Government Services, monthly trend (%)

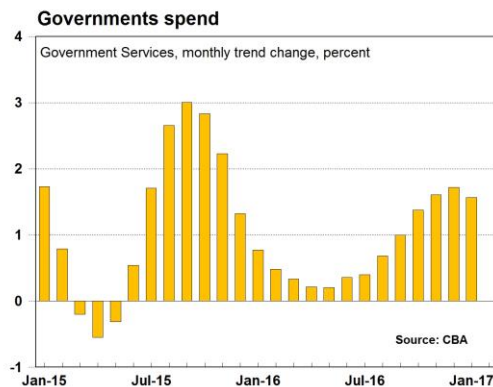
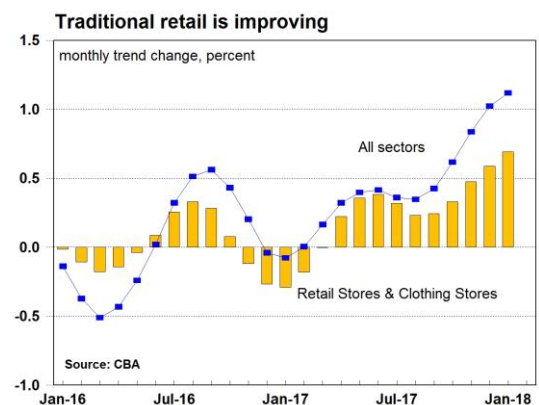


Figure 4: Retail &amp; Clothing, monthly trend (%)



## 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

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