

Healthy growth in economy-wide spending

- **Economy-wide spending posted healthy growth in July according to the Commonwealth Bank Business Sales Indicator (BSI). In trend terms the BSI lifted by 0.3 per cent in July after a 0.4 per cent rise in June.**
- **The annual trend growth in sales eased from 8.3 per cent in June to 8.1 per cent in July.**
- **The more volatile seasonally adjusted measure of the BSI fell by 1.3 per cent in July after a solid 0.7 per cent increase in June.**
- **At a sectoral level, 16 of the 19 industry sectors rose in trend terms in July. And sales rose in all of the eight 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 July 2017

- Economy-wide spending continued to posted healthy growth in July with all states and territories recording gains as well as all but three industry sectors. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.3 per cent in trend terms in July after a 0.4 per cent gain in June.
- And looking back over the past year spending growth has lifted on average by 0.7 per cent a month.
- The annual trend growth in sales eased from 8.3 per cent in June to 8.1 per cent in July.
- The more volatile seasonally adjusted measure of the BSI fell by 1.3 per cent in July after posting solid 0.7 per cent in June.
- 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 July. The biggest lift in sales occurred at Airlines (up 1 per cent), followed by Service Providers (up 0.9 per cent), Clothing Stores, Hotels & Motels, and Transportation (all up 0.8 per cent).
- On the other side of the equation, sales fell by 0.4 per cent across both the Automobiles & Vehicles and Retail sectors in July.

Figure 1: Australian sales, trend index

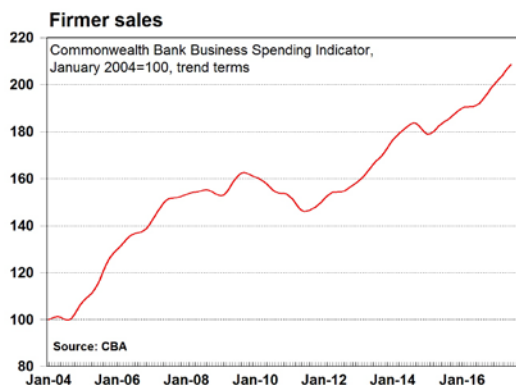
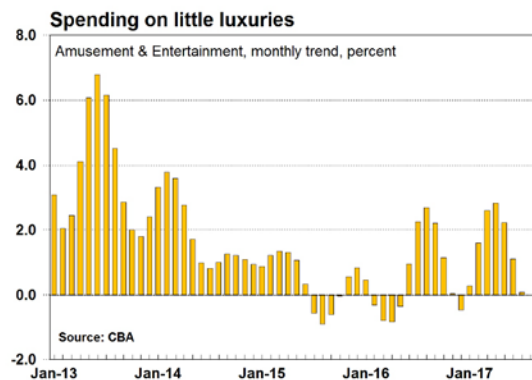


Figure 2: Amusement & entertainment, monthly trend



- In annual terms in July, only one of the 19 industry sectors contracted: Mail Order/Telephone Order Providers (down 7.4 per cent).
- At the other end of the scale, sectors with strongest annual growth in July included: Service Providers (up 20.4 per cent), Airlines (up 20.3 per cent), Amusement & Entertainment (up 17.5 per cent); and Government Services (up 15.3 per cent).
- Across all states and territories in July sales were stronger. Strongest were Northern Territory (up 1.2 per cent); ACT (up 1 per cent); Queensland (up 0.7 per cent); Tasmania, Western Australia, Victoria and South Australia and NSW (all up 0.2 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was ACT (up 10.8 per cent); Northern Territory (up 10.7 per cent); Queensland (up 10.4 per cent) from Victoria (up 10.3 per cent); South Australia (up 8.6 per cent); Tasmania (up 8.3 per cent); NSW (up 7.0 per cent); Western Australia (up 6.6 per cent).

Figure 3: Queensland, monthly trend (%)

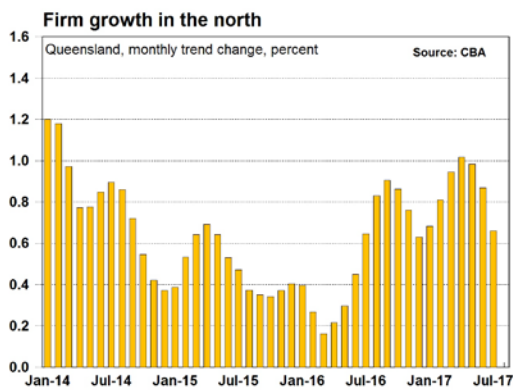
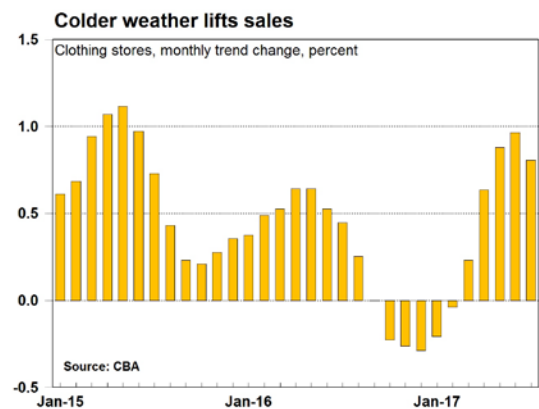


Figure 4: Clothing stores, month trend (%)



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

- | | |
|------------------------------------------|------------------------------------------------------|
| 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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