

# Spending momentum maintained in March

- Economy-wide spending continued to post firm gains in March. The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 0.7 per cent in trend terms in March. The BSI has now risen by 0.7 or 0.8 per cent a month for the last five months.
- The annual trend growth in sales lifted from 6.7 per cent to 7.2 per cent – the fastest growth for almost 3½ years and above the decade-average pace of 3.2 per cent.
- The more volatile seasonally adjusted measure of the BSI fell by 0.1 per cent in March after lifting 1.6 per cent in February and rising 1.2 per cent in January.
- At a sectoral level, 15 of the 19 industry sectors rose in trend terms in March, the same number as February. And sales rose in all but one 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 March 2018

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – lifted by 0.7 per cent in trend terms in March. The growth pace started lifting in September 2017 and for the past five months trend sales have lifted by 0.7 per cent or 0.8 per cent a month.
- Sales at pivotal retail and clothing stores (around a third of the BSI) lifted by 0.6 per cent in March. A year ago sales were falling at a 0.6 per cent monthly pace in the combined retail and clothing sectors.
- Annual trend growth of the BSI rose from 6.7 per cent to 7.2 per cent in March.
- The more volatile seasonally adjusted measure of the BSI fell by 0.1 per cent in March after lifting 1.6 per cent in February and rising 1.2 per cent in January.
- 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, 15 of the 19 industry sectors rose in trend terms in March. Sales were down at Business Services (down 0.9 per cent) followed by Transportation (down 0.4 per cent), Utilities (down 0.2 per cent) and Wholesale Distributors & Manufacturers (down by less than 0.1 per cent). The biggest lift in sales occurred at Miscellaneous Stores (up 1.2 per cent) from Hotels & Motels (up 0.9 per cent) and Retail Stores (up 0.7 per cent).

Figure 1: Australian sales, monthly trend %

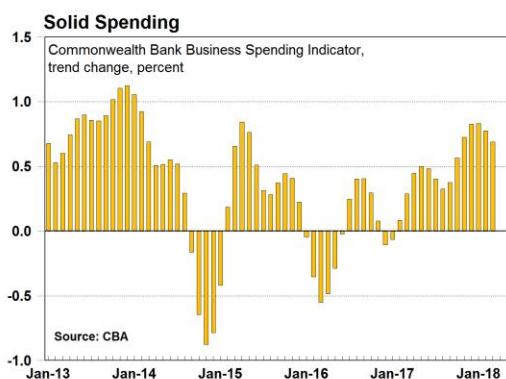
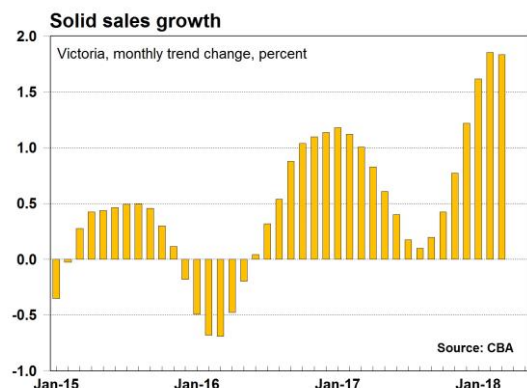


Figure 2: Victoria, monthly trend %



- The lift in spending by Miscellaneous Stores was the biggest in 2½ years. Meanwhile spending at Hotels & Motels have now risen 0.9 per cent a month for each of the past seven months. Monthly spending at Hotels and Motels hasn't fallen for the past five years, highlighting the strength of domestic and international travel.
- In annual terms in March all but one of the 19 industry sectors recorded gains. Spending fell by 0.1 per cent over the past year in the Contracted Services sector.
- At the other end of the scale, sectors with strongest annual growth in March included Airlines (up 12.0 per cent), Transportation (up 11.9 per cent), Retail Stores (up 11.3 per cent) and Utilities (up 10.6 per cent).
- Across all states and territories in March, sales were stronger in all but the Northern Territory (down less than 0.1 per cent). Strongest growth occurred in Victoria (up 1.8 per cent) from NSW (up 1.6 per cent); South Australia (up 1.0 per cent); Tasmania (up 0.9 per cent); Queensland (up 0.7 per cent); Western Australia (up 0.6 per cent); and the ACT (up 0.5 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was Victoria (up 10.5 per cent); from Queensland (up 10.1 per cent); from Western Australia (up 9.3 per cent); South Australia (up 9.2 per cent); Northern Territory (up 8.2 per cent); Tasmania (up 8.0 per cent); NSW (up 7.8 per cent); and the ACT (up 5.4 per cent).

Figure 3: Business Services, monthly trend (%)

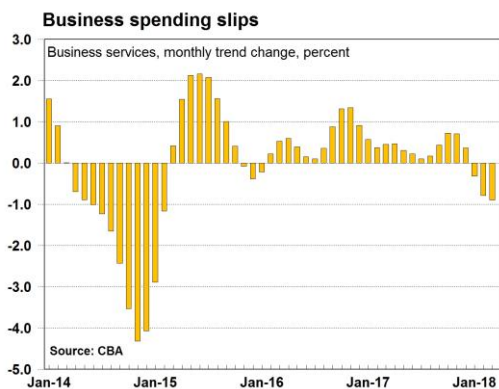


Figure 4: Hotels &amp; Motels, monthly trend (%)



## 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 |  |

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