

Economy-wide spending posts solid gains

- Economy-wide spending continued to recover in November after a mid-year slowdown. The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 0.6 per cent in trend terms in November after a 0.5 per cent increase in October and 0.4 per cent growth in September.
- Spending growth is now solidly above the longer-term (13-year) trend pace of 0.5 per cent. The annual trend growth in sales eased from 7.1 per cent to 6.8 per cent but this is still above the long-term trend pace of 6.1 per cent.
- The more volatile seasonally adjusted measure of the BSI rose for the fourth straight month in November, lifting by 0.9 per cent after a 0.3 per cent gain in October.
- At a sectoral level, 17 of the 19 industry sectors rose in trend terms in November, a similar result to October. And sales rose in all 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 November 2017

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.6 per cent in trend terms in November, after a 0.5 per cent increase in October and 0.4 per cent growth in September.
- But as highlighted last month, sales at combined retail and clothing stores remain soft, and were broadly unchanged in November – the weakest result in nine months.
- Annual trend growth of the BSI eased from 7.1 per cent in November to 6.8 per cent in October.
- The more volatile seasonally-adjusted measure of the BSI rose by 0.9 per cent in November – the fourth straight increase in monthly sales.
- 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, 17 of the 19 industry sectors rose in trend terms in November. The biggest lift in sales occurred at Automobiles & Vehicles (up 1.9 per cent) from Business Services and Utilities (up 1.3 per cent), Amusement & Entertainment (up 1.1 per cent) and Government Services and Repair Services (up 1.0 per cent).
- On the other side of the equation, sales fell in Mail Order/Telephone Order Providers (down 0.4 per cent) and Transportation (down 0.3 per cent). Sales at Retail Stores were broadly unchanged.

Figure 1: Australian sales, trend index

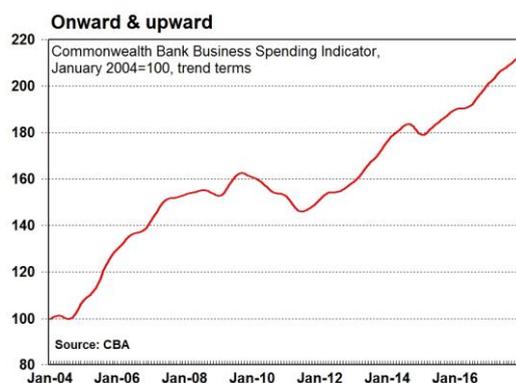
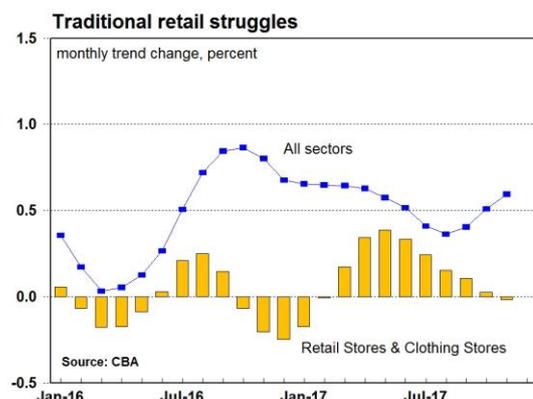


Figure 2: BSI & retailing, monthly trend, %



- The lift in spending by Business Services was the strongest gain in a year and reflects survey results showing business conditions to be the best in 9 years with investment and profitability both firm.
- In annual terms in November all of the 19 industry sectors recorded gains, although spending at Mail Order/Telephone Order Providers was only up 0.1 per cent.
- At the other end of the scale, sectors with strongest annual growth in November included: Service Providers and Amusement & Entertainment (both up 15.1 per cent) and Airlines (up 14.9 per cent).
- Across all states and territories in November, sales were stronger. Strongest growth occurred in Northern Territory (up by 2.5 per cent) followed by South Australia (up 0.9 per cent); Queensland (up 0.8 per cent); Western Australia (up 0.7 per cent); Tasmania and NSW (both up 0.6 per cent); and ACT and Victoria (both up 0.4 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was Northern Territory (up 17.9 per cent); Queensland (up 9.6 per cent); South Australia (up 9.2 per cent), Victoria (up 7.6 per cent); ACT (up 7.4 per cent); Tasmania and Western Australia (both up 6.3 per cent); and NSW (up 5.0 per cent).

Figure 3: Business Services, monthly trend (%)

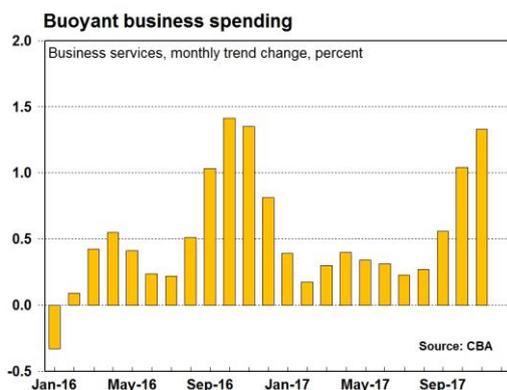
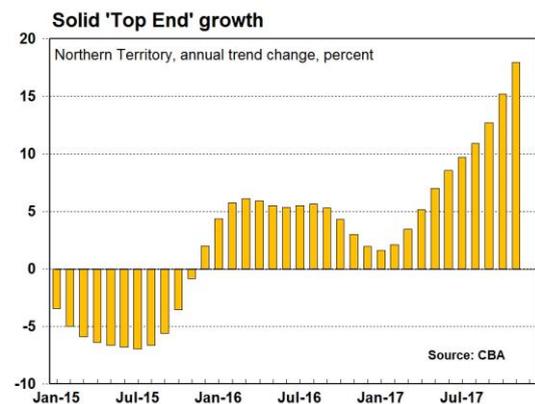


Figure 4: Northern Territory, annual trend (%)



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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