

Firm spending in the lead-up to Christmas

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 0.8 per cent in trend terms in November – the 21st month of sales growth. Spending continues to grow at a faster rate than the 0.4 per cent average long-term monthly pace.
- The annual trend sales growth eased from 10.4 per cent to 10.2 per cent in November, although it remains above the long-term average pace of 5.7 per cent.
- The more volatile seasonally-adjusted measure of the BSI rose by 0.7 per cent in November – the 10th gain in 11 months.
- At a sectoral level, 16 of 19 industry sectors rose in trend terms in November, up from 15 sectors in October. And sales rose in seven 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 November 2018

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.8 per cent in trend terms in November after a 0.7 per cent increase in October and 0.6 per cent gain in September. Economy-wide sales have now lifted for 21 consecutive months.
- The growth pace started lifting in March 2017 and over the period from November 2017 to July 2018 the BSI consistently recorded monthly gains of between 0.9-1.3 per cent a month. Growth in sales has held between 0.6-0.8 per cent a month for the past four months, still above the long-term average pace of 0.4 per cent.
- The annual trend growth in sales eased from 10.4 per cent to 10.2 per cent in November although it remains above the long-term average pace of 5.7 per cent.
- The more volatile seasonally adjusted measure of the BSI rose by 0.7 per cent in November – the 10th gain in the past 11 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 November. The biggest lift in sales occurred for Transportation (up 3.6 per cent) followed by Mail Order/Telephone Order Providers; Business Services; and Amusement & Entertainment (all up by 0.9 per cent)
- Sales fell in Government Services (down 1.2 per cent); Miscellaneous Stores; and Automobiles & Vehicles (both down by 0.1 per cent). The fall in Government services was the biggest in 44 months.

Figure 1: Australian sales, trend index

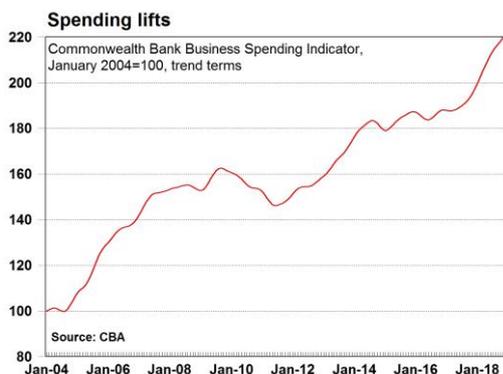
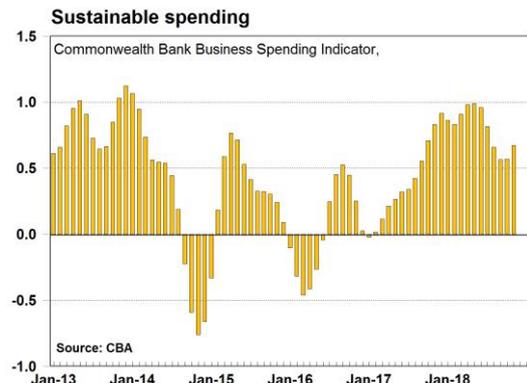


Figure 2: Australia, monthly trend % change



- Encouragingly, the 0.9 per cent lift in Business Services sales was biggest increase for two years. And the 0.6 per cent lift in sales at Hotels & Motels extends the period of consecutive monthly growth to more than 5½ years.
- In annual terms in November, all but one of the 19 industry sectors recorded gains. Spending fell by 2.1 per cent over the past year in the Clothing sector.
- At the other end of the scale, sectors with strongest annual growth in November included Transportation (up 15.8 per cent); Airlines (up 13.6 per cent); and Retail Stores (up 12.7 per cent).
- Sales were stronger across all states and territories in November except Northern Territory (down 1.3 per cent). The strongest growth occurred in NSW (up 1.0 per cent); Queensland (up 0.9 per cent); Victoria (up 0.8 per cent); South Australia (up 0.6 per cent); the ACT and Tasmania (both up 0.5 per cent); and Western Australia (up 0.4 per cent).
- In annual terms all states and territories except Northern Territory (down 4.5 per cent) had sales above a year ago. The strongest growth was Queensland (up 14.1 per cent) from Victoria (up 11.6 per cent); Western Australia (up 10.2 per cent); ACT (up 9.1 per cent); South Australia (up 9.0 per cent); NSW (up 7.9 per cent); and Tasmania (up 6.7 per cent).

Figure 3: Business Services, monthly trend (%)

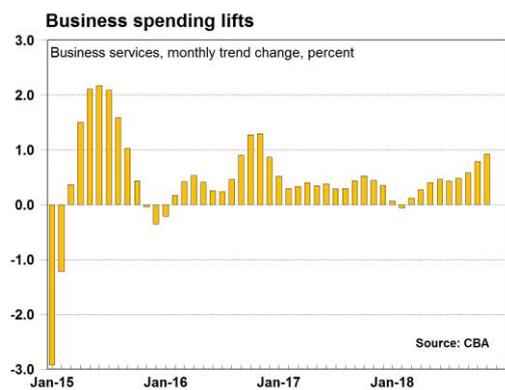
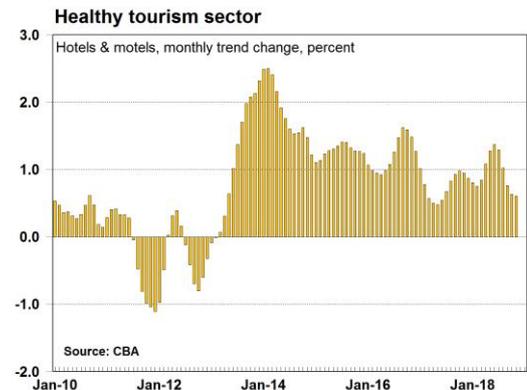


Figure 4: Hotels & motels, monthly trend (%)



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 | |

DISCLOSURE AND DISCLAIMER APPENDIX

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