

Spending growth supported by Government sector

- Economy-wide spending continues to grow modestly. In September the Commonwealth Bank Business Sales Indicator (BSI) lifted by 0.4 per cent in trend terms after a 0.3 per cent increase in August. But growth in economy-wide spending has slowed since the 0.7 per cent monthly gains recorded in March and April earlier in the year.
- Over the past decade, the BSI has recorded average monthly growth of 0.3 per cent. Average monthly growth over the past five years has been 0.5 per cent.
- The annual trend growth in sales eased from 7.8 per cent in August to 7.3 per cent in September.
- The more volatile seasonally adjusted measure of the BSI rose by 0.1 per cent in September after lifting 0.8 per cent in August.
- At a sectoral level, 15 of the 19 industry sectors rose in trend terms in September, a similar result to August. And sales rose in seven 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 September 2017

- Economy-wide spending continued to post modest growth broadly in line with longer-term averages in September. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.4 per cent in trend terms in September, up from 0.3 per cent growth in August and in line with growth recorded in July.
- The BSI has lifted 0.3 per cent a month on average over the past decade. But average growth of sales over the past year has been higher, lifting by 0.6 per cent on average per month.
- The annual trend growth in sales eased from 7.8 per cent in August to 7.3 per cent in September.
- The more volatile seasonally adjusted measure of the BSI rose by just 0.1 per cent in September after lifting 0.8 per cent in August.
- 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 September. The biggest lift in sales occurred at Government Services (up 1.3 per cent), followed by Automobiles & Vehicles (up 1.1 per cent), and Utilities (up 1.0 per cent).
- On the other side of the equation, sales fell by 1.6 per cent in Business Services followed by Retail Stores (-0.8 per cent), Amusement & Entertainment (-0.4 per cent) and Airlines (-0.3 per cent).

Figure 1: Australian sales, trend index

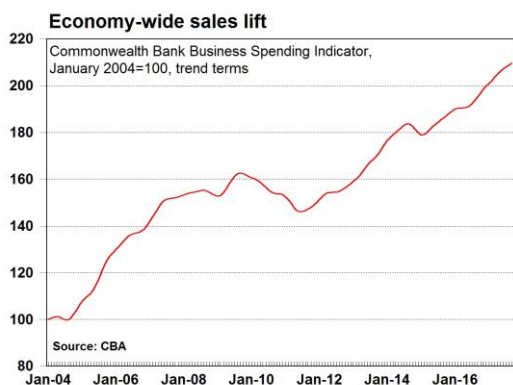
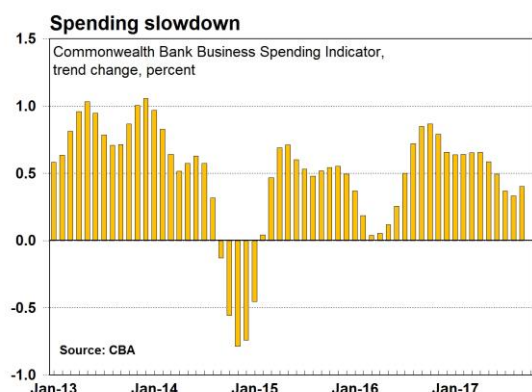


Figure 2: Australian sales, monthly trend, %



- In annual terms in September, only one of the 19 industry sectors contracted: Mail Order/Telephone Order Providers (down 3.2 per cent).
- At the other end of the scale, sectors with strongest annual growth in September included: Service Providers (up 19.9 per cent), Airlines (up 15.9 per cent); and Utilities (up 12.8 per cent).
- Across all states and territories in September sales were stronger except Tasmania (down 0.3 per cent). Strongest growth occurred in South Australia and Queensland (both up 0.6 per cent), NSW and Western Australia (both up 0.5 per cent), ACT (up 0.4 per cent), Northern Territory (up 0.3 per cent) and Victoria (up 0.1 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was Queensland (up 9.8 per cent) from ACT and Northern Territory (both up 9.4 per cent), South Australia (up 8.9 per cent), Victoria (up 7.3 per cent), Western Australia (up 6.7 per cent), NSW and Tasmania (both up 5.9 per cent).

Figure 3: Government Services, monthly trend (%)

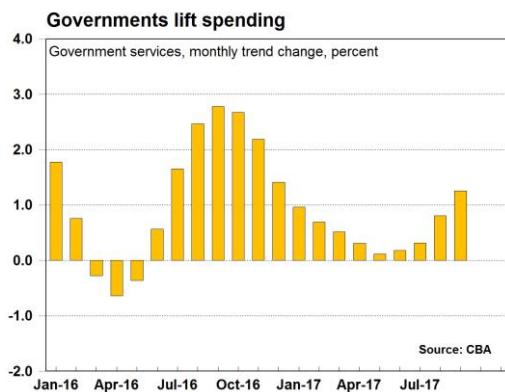
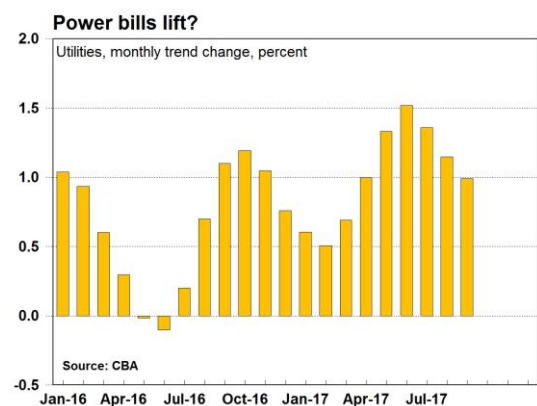


Figure 4: Utilities, monthly trend (%)



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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