

Weakest lift in spending in 16 months

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 0.2 per cent in trend terms in September – the weakest growth since May 2017. While spending growth slowed in September, it hasn't declined in 20 months.
- The annual trend growth in sales eased from 9.9 per cent to 9.4 per cent in September although it remains above the decade-average pace of 3.4 per cent.
- The more volatile seasonally adjusted measure of the BSI fell by 1.4 per cent in September – the first fall in nine months.
- At a sectoral level, 10 of 19 industry sectors rose in trend terms in September, up from nine sectors in August. And sales rose in six 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 September 2018

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by just 0.2 per cent in trend terms in September. While it was the 20th consecutive monthly lift in sales, it was the slowest sales growth recorded for 16 months.
- The growth pace started lifting in September 2017 and over the period from October 2017 to June 2018 the BSI consistently lifted by between 0.8-1.0 per cent a month. But growth in sales has slowed for the past five months.
- Annual trend growth in sales eased from 9.9 per cent to 9.4 per cent in September although it remains above the decade-average pace of 3.4 per cent.
- The more volatile seasonally adjusted measure of the BSI fell by 1.4 per cent in September – the first fall in nine 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, 10 of the 19 industry sectors rose in trend terms in September. The biggest lift in sales occurred for Amusement & Entertainment (up 1.1 per cent) followed by Retail Stores (up 1.0 per cent) and Hotels & Motels (up 0.8 per cent). Sales fell most at Business Services (down 0.9 per cent) followed by Automobiles & Vehicles and Mail Order/Telephone Order Providers (both down 0.8 per cent).
- The 0.9 per cent fall in sales at Business Services was the biggest drop in 43 months. And the 0.8 per cent fall in sales at Automobiles & Vehicles was the biggest drop in 31 months.

Figure 1: Australian sales, trend index

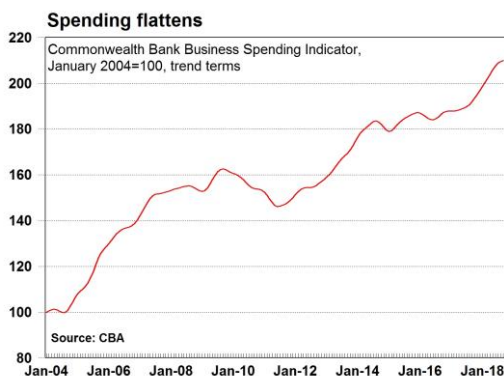
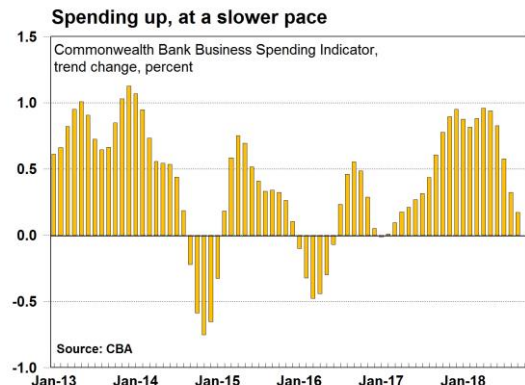


Figure 2: Australia, monthly trend %



- Encouragingly though the 1.0 per cent lift in sales at Retail Stores was the biggest increase for six months. And the 0.8 per cent lift in sales at Hotels & Motels extends the period of consecutive monthly growth to 5½ years.
- In annual terms in September, all but one of the 19 industry sectors recorded gains. Spending fell by 2.5 per cent over the past year in the Clothing sector.
- At the other end of the scale, sectors with strongest annual growth in September included Retail Stores (up 16 per cent), Hotels & Motels (up 13.0 per cent) and Amusement & Entertainment (up 10.9 per cent).
- Sales were stronger across all states and territories in September except Northern Territory (down 1.3 per cent) and Tasmania (down 0.1 per cent). The strongest growth occurred in the ACT (up 0.7 per cent), followed by South Australia (up 0.5 per cent); Western Australia (up 0.4 per cent); Victoria (up 0.2 per cent); Queensland (up 0.1 per cent); and NSW (up less than 0.1 per cent).
- In annual terms all states and territories had sales above a year ago. The strongest growth was in Western Australia (up 11.2 per cent) from Victoria and Queensland (both up 11.1 per cent); South Australia (up 9.9 per cent); ACT (up 8.5 per cent); NSW (up 7.0 per cent); Tasmania (up 6.0 per cent); and Northern Territory (up 0.8 per cent).

Figure 3: Business Services, monthly trend (%)

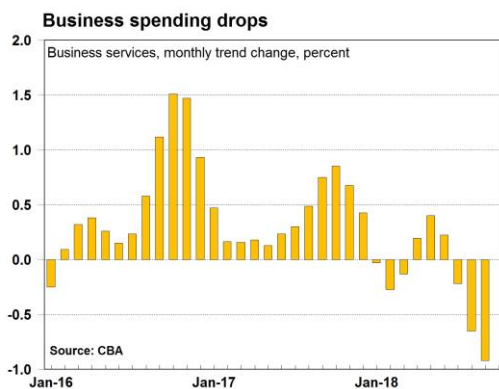
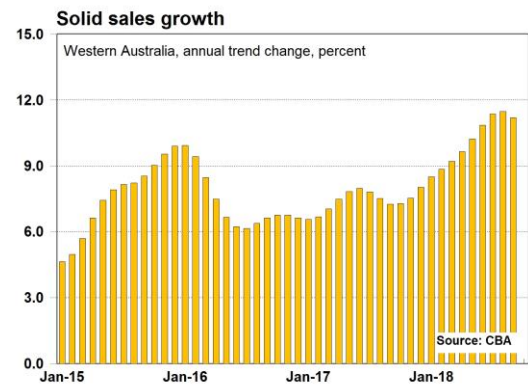


Figure 4: Western Australia, annual trend (%)



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

Craig James – Chief Economist, CommSec
(02) 9118 1806 (work), 0419 695 082 (mobile)

Ryan Felsman – Senior Economist, CommSec (Author)
(02) 9118 1805 (work), 0457 524 482 (mobile)

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