

# Has late timing of Easter masked sales recovery?

- A key measure of economy-wide spending fell for the 17<sup>th</sup> straight month in April, but the late timing of Easter may have affected calculation of the results. The Commonwealth Bank Business Sales Indicator (BSI) eased by 0.2 per cent in trend terms in April, following similar declines over the previous three months. However excluding the retail stores industry sector, sales were actually up 0.3 per cent in April after a similar rise in March.
- Of further encouragement, only four of the 20 industry sectors contracted in trend terms in April – a similar result to March.
- The Commonwealth 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 April 2011

- The Commonwealth Bank Business Sales Indicator (BSI) fell by 0.2 per cent in trend terms in April after similar falls in the first three months of 2011. At face value this suggests that there has been no improvement in economy-wide spending in recent months. But just as the Queensland floods distorted results earlier in the year, the late timing of Easter also may not have been fully picked up by the statistical program that derives the seasonally adjusted and trend results.
- The timing of Easter Sunday this year was the latest since 1943. And the timing of Easter Monday coincided with ANZAC Day, resulting in a five-day holiday. If the Retail Stores industry sector is excluded (likely to be most influenced by Easter timing) the BSI was up 0.3 per cent in April, a similar rise to March and the strongest gain since November 2009.
- The Commonwealth BSI is obtained by tracking the value of credit and debit card transactions processed through Commonwealth Bank merchant facilities. And in line with the practice of the Bureau of Statistics with its retail trade data, seasonally adjusted and trend estimates of the BSI are obtained by applying statistical software. This allows analysis of the broader underlying trends that may be hidden in the raw data.
- Of further encouragement, the majority of industry sectors are still recording spending growth in trend terms. Only four of the 20 sectors reported weaker spending in trend terms in April, a similar result to both February and March.
- The biggest fall in sales in trend terms was recorded by Retail Stores (down by 1.4 per cent), followed by Mail Order & Telephone Order Providers (down 1.3 per cent), Automobiles & Vehicle sales (includes services stations as well as car and boat dealers, tyre and auto parts stores) with sales down 0.4 per cent, and Automobiles & Vehicle rentals (down 0.2 per cent).
- The strongest lift in spending in trend terms was by Amusement & Entertainment (includes motion picture theatres, bowling alleys, golf courses and video stores), up 1.2 per cent, followed by both Clothing Stores and Utilities (both up 0.9 per cent) and both Repair Services and Personal Service Providers (up 0.8 per cent).

Figure 1: BSI Monthly Trend

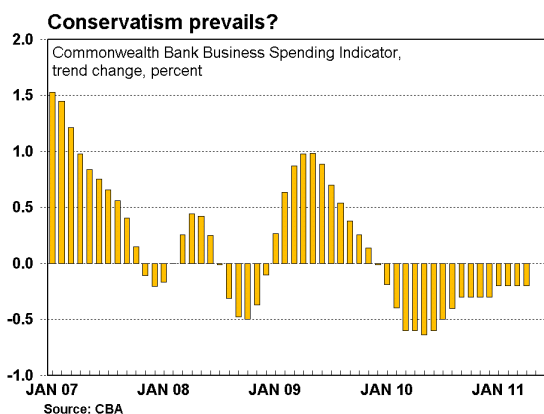
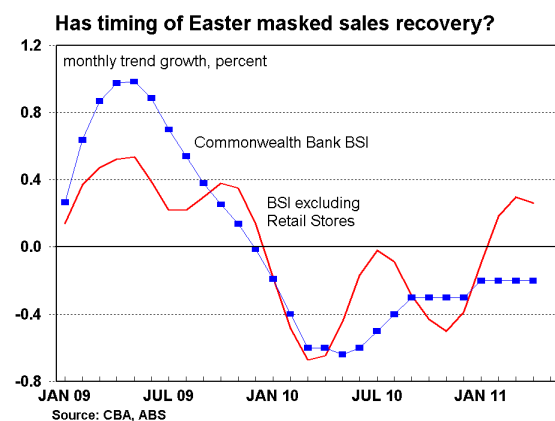


Figure 2: BSI, Excluding Retail Stores



- In annual terms, only four of the 20 industry sectors contracted in April, down from five sectors in March. The weakest sector was Mail Order and Telephone Order Providers (down 14.4 per cent on a year earlier), followed by Retail Stores (down by 8.4 per cent) and Automobile & Vehicles (down by 6.9 per cent).
- At the other end of the scale, spending at Contracted Services (includes building trades such as electricians as well as veterinary services) was strongest, up 13.2 per cent, followed by Amusement & Entertainment (up 9.2 per cent) and Professional Services & Membership Organisations, up by 8.9 per cent.
- Five of the states and territories recorded weaker sales in trend terms in April, a similar result to March. The weakest result was in NSW (down 2.1 per cent), followed by Queensland (down 1.1 per cent), South Australia (down 0.8 per cent), Victoria (down 0.5 per cent) and Western Australia (down 0.3 per cent). Of the other states and territories, strongest was ACT (up 0.5 per cent), followed by Northern Territory (up 0.2 per cent), and Tasmania (up 0.1 per cent).
- The latest results show a significant deterioration in spending in NSW in the past four months, while at the other end of the scale sales in both the ACT and Northern Territory have risen for the past six months.
- In annual terms, no state or territory recorded growth in April. The best performance was in the ACT (down 0.7 per cent), followed by Western Australia (down 2.1 per cent) and NSW (down 3.3 per cent).

Figure 3: ACT, trend spending (%)

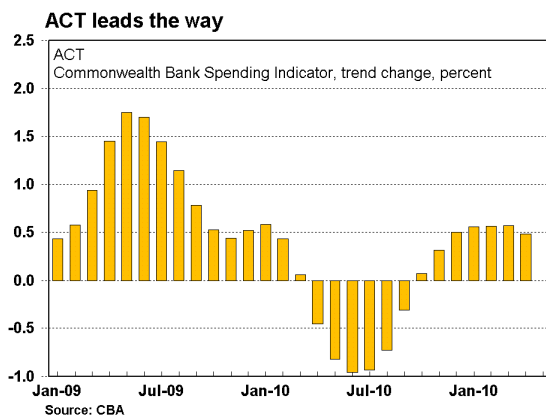
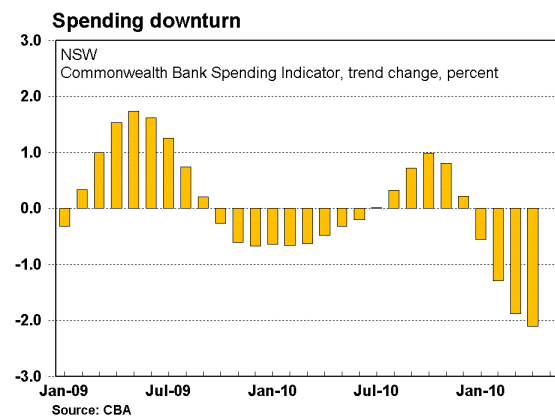


Figure 4: NSW, trend spending (%)



## 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 20 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                                      |
| 2. Amusement and Entertainment           | 12. Miscellaneous Stores                               |
| 3. Automobile/Vehicle Rentals            | 13. Personal Service Providers                         |
| 4. Automobiles and Vehicles              | 14. Professional Services and Membership Organisations |
| 5. Business Services                     | 15. Repair Services                                    |
| 6. Clothing Stores                       | 16. Retail Stores                                      |
| 7. Contracted Services                   | 17. Service Providers                                  |
| 8. Government Services                   | 18. Transportation                                     |
| 9. Hotels and Motels                     | 19. Utilities  |
| 10. Mail Order/Telephone Order Providers | 20. Wholesale Distributors and Manufacturers           |

DISCLOSURE AND DISCLAIMER APPENDIX**Craig James – Chief Economist, CommSec (Author)****(02) 9118 1806 (work), 0419 695 082 (mobile) | [craig.james@cba.com.au](mailto:craig.james@cba.com.au)**

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