Sales slow to 'normal' pace

- **Economy-wide spending continued to slow to a more sustainable pace in April. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.5 per cent in trend terms in April – in line with the average monthly growth rate over the past decade. Spending had grown by 0.8 per cent in both February and March.**
- **The more volatile seasonally adjusted estimate of spending grew by a far-stronger 1.6 per cent in April, the sixth gain in seven months. Annual growth lifted from 9.8 per cent to 11.7 per cent in the month.**
- **The seasonally adjusted and trend estimates of the BSI results are derived via the SEASABS statistical program from the Australian Bureau of Statistics.**
- **At a sectoral level, 11 of the 19 industry sectors expanded in trend terms in April, down from 15 industry sectors in March, 16 industry sectors in February and 17 industry sectors in January. But for the eighth straight month, seven of the eight states and territories recorded firmer sales in trend terms in April.**
- **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 2014

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, continued to slow in April, up by 0.5 per cent, and the slowest growth in eight months. Despite the slowdown, sales have now expanded for 21 straight months.
- In annual terms, the BSI was up by 9.5 per cent in April, the slowest pace in six months and down from 10.2 per cent in March, 10.6 per cent in February and the six-year high of 10.8 per cent in January.
- The seasonally-adjusted measure of sales lifted by 1.6 per cent in April after rising by 0.7 per cent in March and falling by 0.3 per cent in February. Annual growth also lifted from 9.8 per cent in March to 11.7 per cent in April.
- The Commonwealth BSI is obtained by tracking the value of credit and debit card transactions processed through Commonwealth Bank merchant facilities. 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. The seasonally adjusted and trend BSI results are derived from the same SEASABS statistical software. This allows analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, spending increased over a smaller sample of sectors in April. Sales grew across 11 of the 19 industry sectors in trend terms in the month, down from 15 sectors in March. Amongst the strongest sectors in April were Amusement & Entertainment (up 3.2 per cent), Hotels & Motels and Mail Order/Telephone Order Providers (both up 1.6 per cent).
- Amongst the sectors recording weaker sales in April were Transportation, Automobile/Vehicle Rentals, Automobiles & Vehicles, Clothing Stores and Airlines. Slower spending growth was identified across all industry sectors in April except Airlines where sales fell at a slower rate.

Figure 1: BSI Monthly Trend %

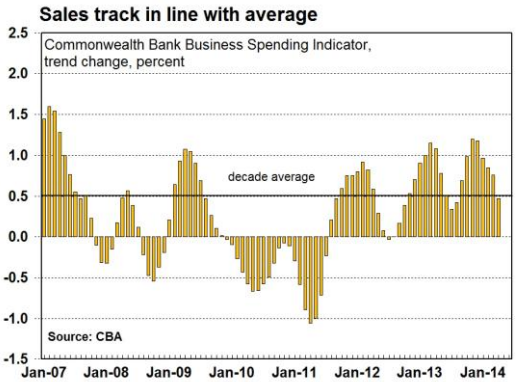
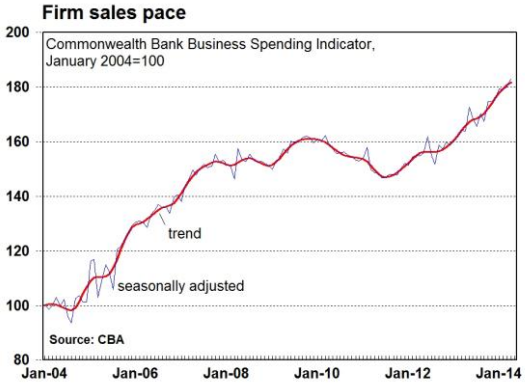


Figure 2: BSI: Seasonally adjusted & trend



- In annual terms in April, only four of the 19 industry sectors contracted: Airlines, Automobile/Vehicle Rentals, Repair Services, and Mail Order/Telephone Order Providers.
- At the other end of the scale, sectors with strongest annual growth in April included Amusement & Entertainment, Wholesale Distributors & Manufacturers, Transportation, Hotels & Motels, Miscellaneous Stores and Government Services.
- Across the states and territories, sales rose in April in trend terms in all but the ACT (down by 3.6 per cent after falling 4.4 per cent in March and by 5.5 per cent in February). Sales have now fallen for eight straight months in the ACT.
- Of the other states and territories, leading the gains was NSW (up 0.7 per cent), followed by Queensland and South Australia (both up 0.6 per cent), Tasmania (up 0.5 per cent), Victoria (up 0.3 per cent), Northern Territory (up 0.2 per cent) and Western Australia (up 0.1 per cent).
- The trend BSI has now risen for 35 months in the Northern Territory, for 34 straight months in Victoria, for 33 straight months in South Australia, for 26 straight months in Tasmania, and for 8 straight months in NSW and Queensland.
- In annual terms, only the ACT had sales below a year ago. At the other end of the scale, growth was strongest in South Australia, Tasmania and Northern Territory.

Figure 3: NSW, annual trend (%)

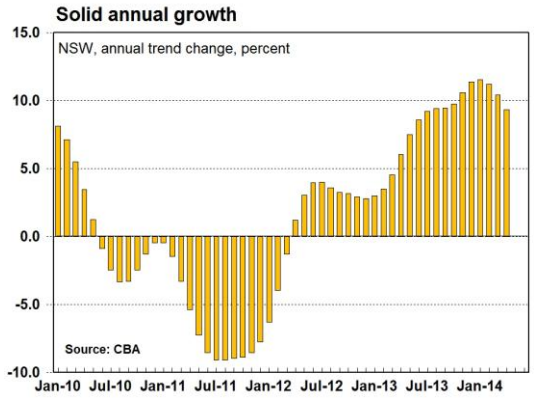
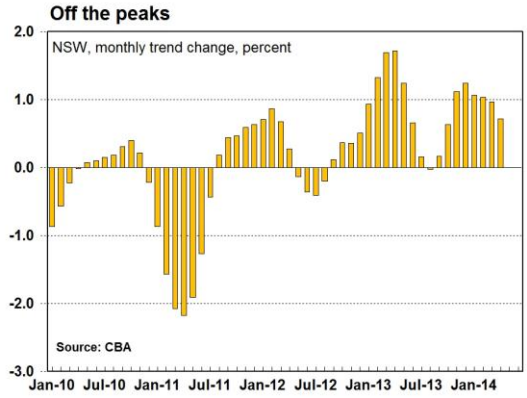


Figure 4: NSW, monthly trend (%)



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

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

DISCLOSURE AND DISCLAIMER APPENDIX

Craig James – Chief Economist, CommSec (Author)
(02) 9118 1806 (work), 0419 695 082 (mobile) | craig.james@cba.com.au

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