

Aussie spending: Is the recovery faltering?

- Economy-wide spending rose in April but at the slowest pace in seven months, raising questions about the path of recovery. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.5 per cent in trend terms in April following a 0.6 per cent gain in March and growth of 0.8 per cent in February. Trend growth of spending has eased for the past four months.
- In seasonally adjusted terms, spending fell by 1.3 per cent in April after gains of 0.7 per cent in March and 2.0 per cent in February. 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, six of the 20 industry sectors contracted in trend terms in April, up from five in March and up from four in February. And two of the eight states and territories recorded weaker sales in trend terms in April, a similar result to both February and 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 2012

- According to the latest Commonwealth Bank Business Sales Indicator (BSI), economy-wide spending grew for the ninth straight month in April but the pace of growth has slowed. The BSI rose by 0.5 per cent in trend terms in April after rising by 0.6 per cent in March and lifting by 0.8 per cent in February 2012. Growth has slowed for the past four months and is currently the weakest in seven months. Before the latest recovery, the BSI contracted for seven straight months from January to July 2011.
- In seasonally adjusted terms the BSI fell by 1.3 per cent in April after rising by 0.7 per cent in March and lifting by 2.0 per cent rise in February. In seasonally adjusted terms the BSI is 3.1 per cent above a year earlier, down from the 4.1 per cent annual growth rate in March which was the strongest annual growth in two years.
- 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. 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, six of the industry sectors fell in April, up from five in March and up from four in February. The strongest monthly trend increase in sales occurred in the Amusement & Entertainment sector (up 2.3 per cent), followed by Wholesale Distributors & Manufacturers sector (up 2.2 per cent), Contracted Services (up 1.2 per cent), Mail Order & Telephone Order Providers (up 1.0 per cent) and Utilities (up by 0.8 per cent).
- Amongst the weakest sectors in April was Hotels & Motels, down by 0.3 per cent, and the 10th straight decline. And sales in Business Services fell for the fifth straight month, down by 0.1 per cent.

Figure 1: BSI Monthly Trend

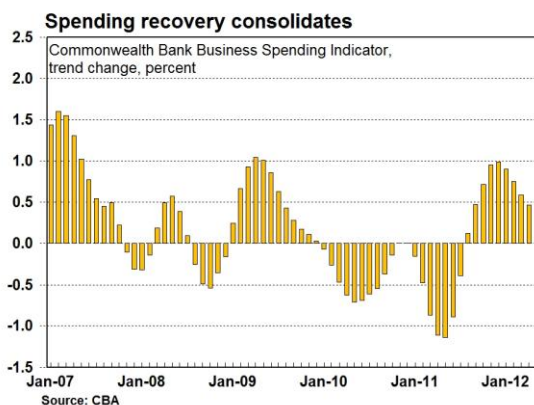
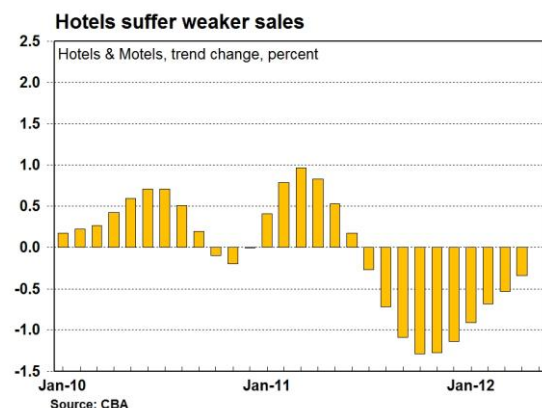


Figure 2: Hotels & motels



- In annual terms, five of the 20 industry sectors contracted in April, a similar result to both February and March. The weakest sector was Hotels & Motels (down 7.3 per cent) followed by Service Providers (down 1.8 per cent) and Automobiles and Vehicles (down 1.2 per cent).
- At the other end of the scale, spending was strongest at Amusement & Entertainment (up 22.6 per cent), followed by Mail Order/Telephone Order Providers (up 17.2 per cent), Clothing Stores (up 10.2 per cent) and Transportation (up 7.2 per cent) and Contracted Services (up 6.6 per cent).
- Two of the states and territories recorded weaker sales in trend terms in April. Sales in Tasmania fell by 0.6 per cent while sales fell 0.4 per cent in trend terms in the Northern Territory. The strongest result was in South Australia (up 1.0 per cent) followed by Queensland (up 0.8 per cent), ACT and NSW (both up 0.4 per cent), Victoria (up 0.3 per cent), Western Australia (up 0.2 per cent).
- The trend BSI has now risen for 10 straight months in Queensland and for nine straight months in South Australia, NSW, Western Australia and Victoria. After seven straight months of gains, sales in the Northern Territory have fallen for the past three months.
- In annual terms, only Tasmania had sales below a year ago (down 0.6 per cent). Of the other regions, strongest growth was in South Australia (up 9.7 per cent), followed by Queensland (up 7.3 per cent) and the ACT (up 4.7 per cent). After 22 months of declines, sales in NSW were 0.9 per cent higher than a year ago in April.

Figure 3: Northern Territory, monthly trend spending (%)

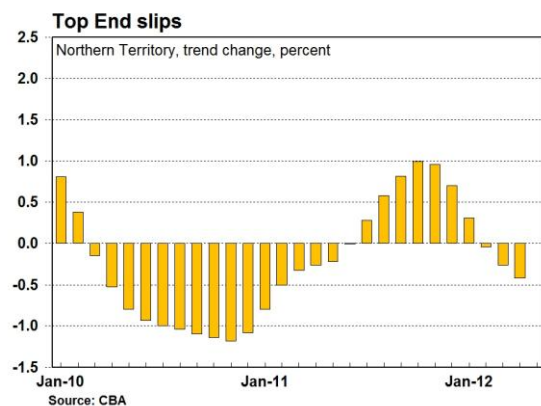
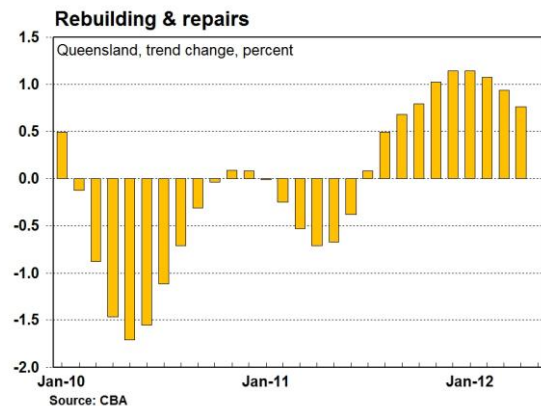


Figure 4: Queensland, monthly trend spending (%)



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

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

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