

# Healthy spending across the country

- Economy-wide spending continued to record healthy growth in April. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.4 per cent in trend terms in March after gains of 0.5 per cent in February and March. And annual growth remained well above the long-term trend – up by 6.4 per cent in the year to April – above the longer-term trend of 5.5 per cent.
- The more volatile seasonally adjusted estimate of spending rose by 1.4 per cent in April after a 1.6 per cent lift in March – the strongest back-to-back gain in almost two years. Annual growth remained solid at 7.4 per cent, the best growth since November last year.
- At a sectoral level, just four of the 19 industry sectors contracted in trend terms in April, down from five sectors in both February and March. And sales rose in all but one of the states and territories in April.
- The seasonally adjusted and trend estimates of the BSI results are derived via the SEASABS statistical program from the Australian Bureau of Statistics.
- 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 April 2015

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, grew at a healthy pace of 0.4 per cent in April. Over the past seven months, spending has grown between 0.3-0.5 per cent. It was the 45<sup>th</sup> straight month of trend spending growth.
- In annual terms, the BSI grew by 6.4 per cent in April, down just slightly on the 6.5 per cent growth in the year to March. It was the seventh straight month that trend annual growth of spending has moderated. Still, the current annual growth rate of spending is faster than the decade-average pace of 5.3 per cent.
- The seasonally-adjusted measure of sales rose by 1.4 per cent in April after 1.6 per cent in March (strongest growth in five months). It was the strongest back-to-back gain in 23 months. Annual growth stood at 7.4 per cent in April, matching the gain recorded in the year to March.
- The Commonwealth Bank 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, spending fell in just four of the 19 industry sectors in trend terms in April: Business Services (down by 0.4 per cent); Automobile & Vehicle Sales (down by 1.1 per cent); Airlines (down 1.0 per cent); and Mail Order/Telephone Order Providers (down by 2.7 per cent).
- Among the strongest sectors in April were Amusement & Entertainment (up 2.4 per cent); Professional Services & Membership Organisations (up by 1.3 per cent); and Miscellaneous Stores (up 1.1 per cent).

Figure 1: ABS & CBA, trend per cent changes

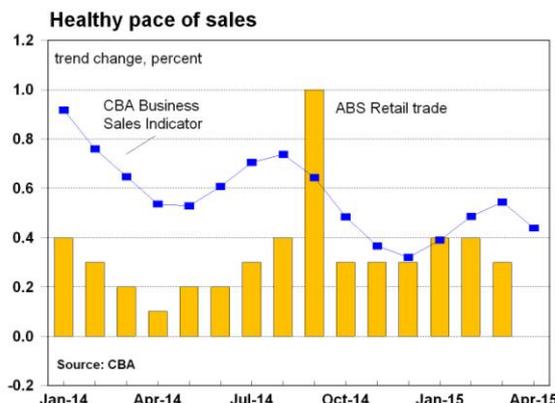
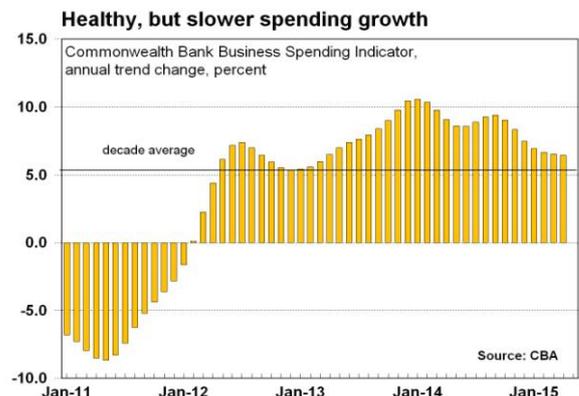


Figure 2: BSI, annual trend %



- The large Retail Stores sector grew by 0.3 per cent in April – the slowest growth in 18 months.
- In annual terms in April, seven of the 19 industry sectors contracted including: Utilities, Automobile and Vehicle Sales, Business Services, Automobile/Vehicle Rentals and Clothing Stores.
- At the other end of the scale, sectors with strongest annual growth in April included: Hotels & Motels; Miscellaneous Stores; Service Providers; Transportation; and Wholesale Distributors & Manufacturers.
- Across the states and territories, sales fell in just the Northern Territory in April (sales down 0.8 per cent). Sales rose most in South Australia and the ACT (both up by 0.9 per cent), followed by Western Australia. Victoria and Queensland (all up 0.5 per cent), NSW (up 0.3 per cent) and Tasmania (up 0.1 per cent).
- The trend BSI has risen for 46 straight months in Queensland, for 38 straight months in Tasmania, and for 11 months in ACT and Western Australia.
- In annual terms, only the NSW and Northern Territory had sales below a year ago in April (down 7.3 per cent and 7.1 per cent respectively) At the other end of the scale, growth was strongest in ACT (up 13.6 per cent), South Australia (up 7.1 per cent), Tasmania (up 6.8 per cent), Queensland (up 6.2 per cent), Western Australia (up 5.6 per cent) and Victoria (up 0.4 per cent).

Figure 3: NSW, monthly trend (%)

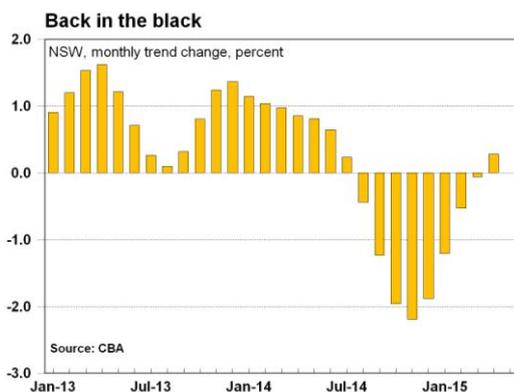
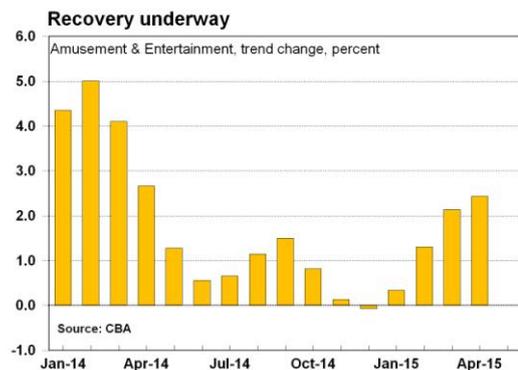


Figure 4: Amusement &amp; entertainment, monthly trend (%)



## 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	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	

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