

# Sales growth slows to more sustainable pace

- Economy-wide spending expanded at a slower, more sustainable pace in February according to a new survey. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.7 per cent in trend terms in February, down from 1.0 per cent in January, 1.1 per cent in December and 1.2 per cent in November. It was the 18<sup>th</sup> consecutive month of spending growth.
- The more volatile seasonally adjusted estimate of spending eased by 0.3 per cent in February after lifting by 2.2 per cent in January. Annual growth eased from 11.9 per cent to 10.7 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, 17 of the 19 industry sectors expanded in trend terms in January, a similar result to December and January. And for the sixth straight month, seven of the eight states and territories recorded firmer sales in trend terms in February.
- 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 February 2014

- Economy-wide spending is consolidating. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.7 per cent in February, the slowest pace in five months, and down from gains of 1.0-1.2 per cent between October and January. Despite the slowdown, sales have now expanded for 18 straight months.
- In annual terms, the BSI was up by 10.4 per cent in February, down from 10.8 per cent in January which had been the strongest annual pace in over six years.
- The seasonally-adjusted measure of sales eased by 0.3 per cent in February, the first fall in sales in five months. Annual growth also eased from 11.9 per cent higher to 10.7 per cent 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. 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, 17 of the 19 industry sectors expanded in trend terms in January. Amongst the strongest sectors in February were Transportation (up 2.0 per cent), Amusement & Entertainment (up 1.9 per cent) and Hotels & Motels (up 1.7 per cent).
- Spending fell only at Professional Services & Membership Organisations and Airlines in February. It was the sixth straight drop in sales for the Professional Services & Membership Organisations sector. Slower spending growth was identified across most industry sectors in February.

Figure 1: BSI Monthly Trend %

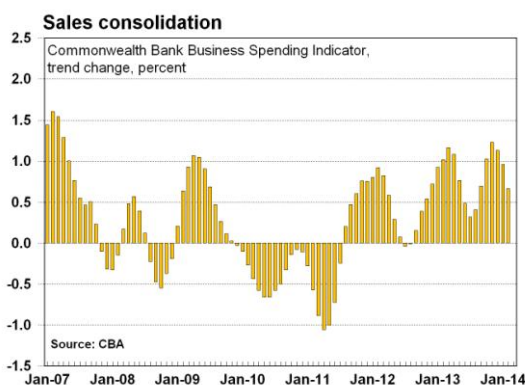
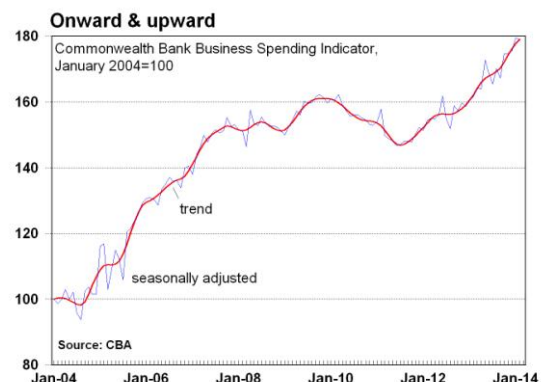


Figure 2: BSI: Seasonally adjusted & trend



- In annual terms in February, only two of the 19 industry sectors contracted: Mail Order/Telephone Order Providers (down 10.6 per cent) and Business Services (down 3.5 per cent). These two industry sectors have been consistently declining for the past year but the extent of the declines has moderated for the past five months.
- At the other end of the scale, sectors with strongest annual growth in February included Amusement & Entertainment, Wholesale Distributors & Manufacturers, Transportation, Hotels & Motels and Government Services.
- Across the states and territories, sales rose in February in trend terms in all but the ACT (down by a record 6.2 per cent). Sales have now fallen for six straight months in the ACT. Of the other states & territories, leading the gains was Queensland (up 1.1 per cent), followed by Western Australia (up 0.9 per cent), Tasmania (up 0.8 per cent), NSW (up 0.7 per cent), South Australia (up 0.6 per cent), Victoria (up 0.5 per cent) and Northern Territory (up 0.4 per cent).
- The trend BSI has now risen for 33 months in the Northern Territory, for 31 straight months in South Australia, for 24 straight months in Tasmania, for 20 straight months in Victoria and for 6 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, Northern Territory NSW and Tasmania.

Figure 3: Tasmania, annual trend (%)

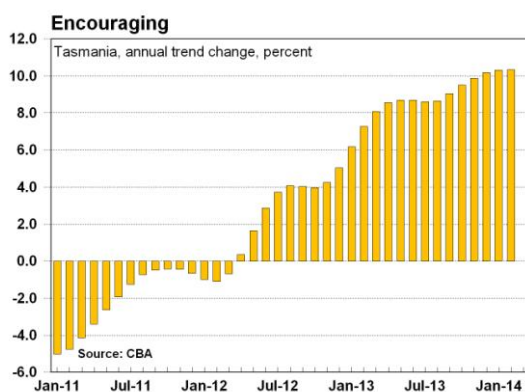
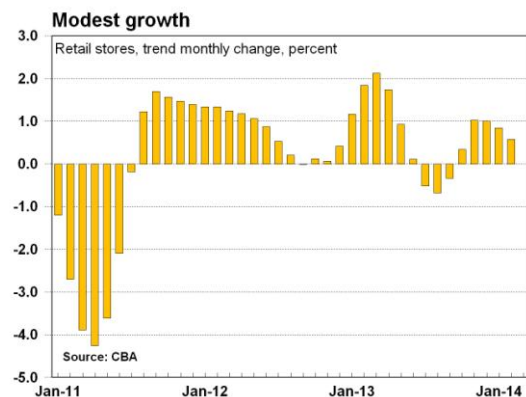


Figure 4: Retail stores, monthly trend (%)



## 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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