

New report unveils firm growth in spending

- **New figures suggest that a solid recovery in economy-wide spending is underway. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.7 per cent in trend terms in February after gains of 0.9 per cent in the previous three months.**
- **The seasonally adjusted and trend estimates of the BSI results are now derived via the SEASABS statistical program from the Australian Bureau of Statistics.**
- **At a sectoral level, just three of the 20 industry sectors contracted in trend terms in February, up from two sectors in January but in line with the December result. None of the eight states and territories recorded weaker sales in trend terms in February although sales were largely unchanged in Western Australia.**
- **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 February 2012

- According to the latest Commonwealth Bank Business Sales Indicator (BSI), economy-wide spending posted solid gains for a seventh straight month in February. The BSI rose by 0.7 per cent in trend terms in February after consecutive gains of 0.9 per cent over the November 2011-January 2012 period. Before the latest recovery, the BSI contracted for seven straight months from January to July 2011.
- In seasonally adjusted terms the BSI rose by 2.1 per cent in February after falling by 0.5 per cent in January and rising by 1.0 per cent in December. In seasonally adjusted terms the BSI is still 2.2 per cent below the February 2011 result.
- 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, only three of the industry sectors fell in February, slightly worse than the January result (two sectors contracted) but in line with the December result. Two other sectors – Automobile & Vehicles and Miscellaneous Services were broadly flat.
- Wholesale Distributors & Manufacturers recorded the strongest gain in February (up 1.7 per cent) followed by Clothing Stores, Retail Stores and Contracted Services (all up 1.3 per cent) and Amusement & Entertainment (up by 1.1 per cent).
- The weakest sector in February was Hotels & Motels (down 1.0 per cent) followed by Mail Order & Telephone Order Providers and Business Services (both down 0.3 per cent).
- It was the first decline in sales for Mail Order & Telephone Order Providers after 12 months of gains. Spending at Miscellaneous Services has been flat for two months after five months of gains.

Figure 1: BSI Monthly Trend

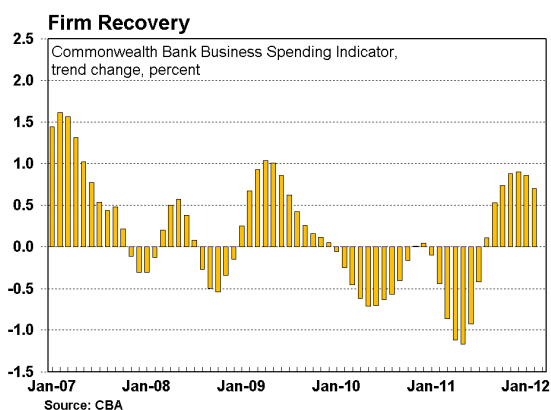
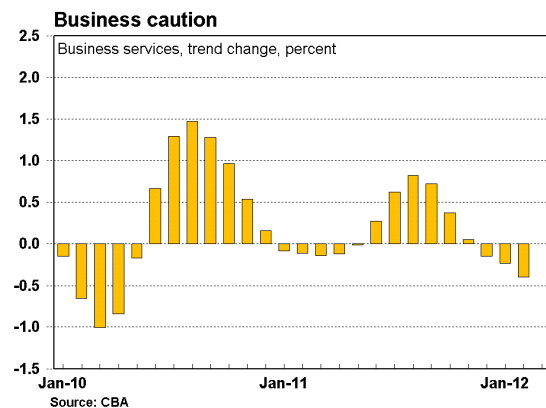


Figure 2: Business Services



- In annual terms, six of the 20 industry sectors contracted in February, up from five sectors in January but a similar result to December. The weakest sector was Hotels & Motels (down 5.5 per cent) followed by Automobiles and Vehicles (down 4.3 per cent) and Retail Stores (down 4.2 per cent).
- At the other end of the scale, spending was strongest at Amusement & Entertainment (up 18.8 per cent), followed by Mail Order/Telephone Order Providers (up 16.6 per cent), Clothing Stores (up 13.5 per cent) and Transportation (up 7.4 per cent).
- For the fifth straight month, none of the states and territories recorded weaker sales in trend terms in February although the BSI for Western Australia was largely flat. The strongest results were in the ACT and South Australia (both up 1.1 per cent) followed by Northern Territory (up 0.8 per cent), Queensland and Victoria (both up 0.7 per cent), NSW (up 0.4 per cent) and Tasmania (up 0.3 per cent).
- The trend BSI for Northern Territory has now risen for eight straight months but the growth pace has eased over the past two months. All other states and territories have recorded stronger trend spending growth for seven straight months except ACT (up for five months) and Western Australia (flat after six monthly gains).
- In annual terms, strongest growth was in the ACT (up 5.8 per cent), followed by Northern Territory (up 5.3 per cent). In contrast, spending in NSW was 4.3 per cent lower than a year ago in trend terms.

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

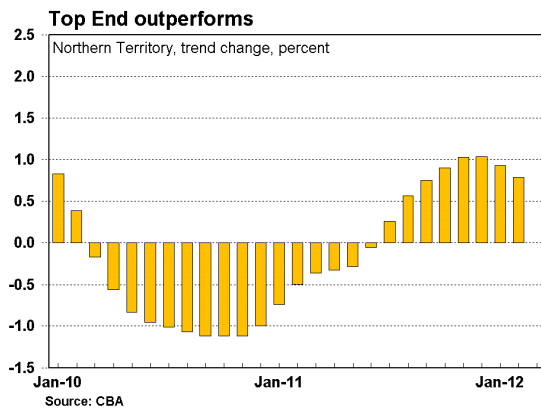
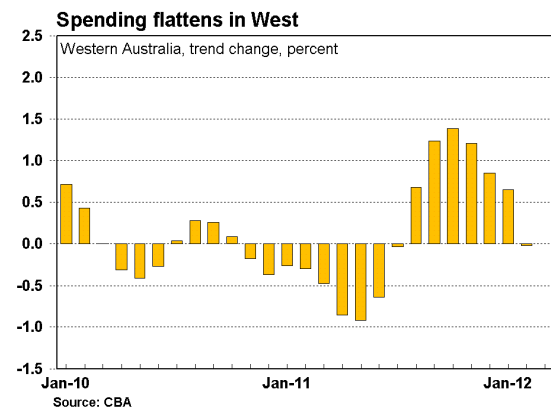


Figure 4: Western Australia, monthly trend spending (%)



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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