

Broad-based spending gains across industries

- According to the Commonwealth Bank Business Sales Indicator (BSI), growth in economy-wide spending grew by 0.3 per cent in trend terms in January – in line with the decade average.
- The modest lift in the BSI in January compares with trend growth of 0.4 per cent in December and growth of 0.5 per cent in November. The annual trend growth moderated from 7.3 per cent to 7.1 per cent in January although this remains well above the decade-average of 4.8 per cent.
- The more volatile seasonally adjusted estimate of spending rose by 0.6 per cent in January after rising by 0.9 per cent in December. Annual growth lifted from 7.4 per cent to 7.6 per cent – well above the long-term average.
- At a sectoral level, six of the 19 industry sectors contracted in trend terms in January, a similar number to December and down from seven sectors in November. But sales rose in seven of the eight states and territories in January.
- 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 January 2016

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending continued to recorded moderate growth in January. The BSI lifted by just 0.3 per cent in the month, in line with the decade average but still the slowest monthly growth for over three years. Monthly spending growth had been well above average over most of 2015, especially in the March-June period.
- The annual growth of spending also eased from 7.3 per cent to 7.1 per cent in January. But it's important to note that the annual growth rate has held at healthy levels of between 7.1-7.6 per cent over the past 10 months.
- The seasonally-adjusted measure of sales rose by 0.6 per cent in January after a 0.9 per cent gain in December. Annual growth lifted from 7.4 per cent to 7.6 per cent.
- 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 allowing analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, six of the 19 industry sectors fell in trend terms in January: Airlines, Professional Services Membership Organisations, Clothing, Transportation, Contracted Services and Amusement & Entertainment.

Figure 1: Australian sales, monthly %

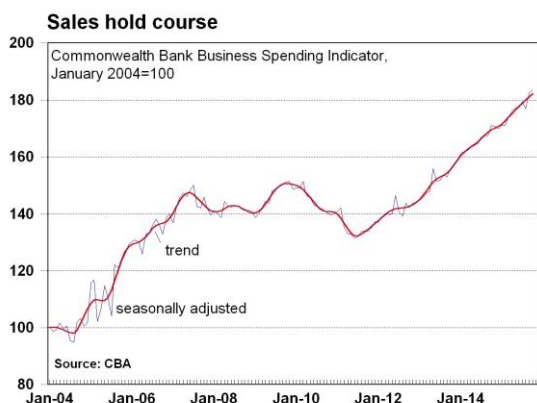
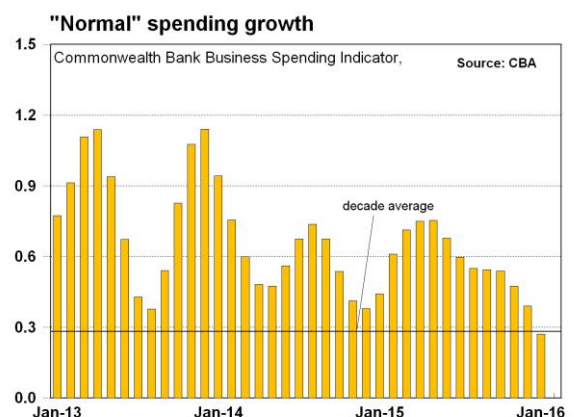


Figure 2: Australian sales, monthly trend %



- The large Retail Stores sector grew by just 0.1 per cent in January – the slowest growth in 28 months. The 0.2 per cent fall in sales at Clothing Stores was the biggest in 17 months.
- Of the sectors recording gains, notable was Government Services (up 3.1 per cent and the 5th consecutive lift in sales). Sales at Business Services rose by 1.5 per cent in January, the 11th straight gain.
- In annual terms in January, just three of the 19 industry sectors contracted: Mail Order/Telephone Order Providers, Airlines and Professional Services & Membership Organisations.
- At the other end of the scale, sectors with strongest annual growth in January included: Hotels & Motels; Miscellaneous Stores; Business Services and Government Services.
- Sales rose in seven of the eight states and territories in January: Northern Territory (up 1.5 per cent), NSW (up 1.1 per cent), ACT (up 1.0 per cent), Victoria (up 0.9 per cent), Tasmania (up 0.7 per cent), Western Australia (up 0.6 per cent), Queensland (up by 0.5 per cent). Sales fell in South Australia (down 0.05 per cent).
- In annual terms no state or territory had sales below a year ago. Strongest growth was in Tasmania (up 12.7 per cent) from the ACT (up 11.1 per cent), Western Australia (up 10.3 per cent), Victoria (up 7.8 per cent), Queensland (up 7.6 per cent), NSW and South Australia (both up 6.7 per cent) and Northern Territory (up 4.9 per cent).

Figure 3: Business services, monthly trend (%)

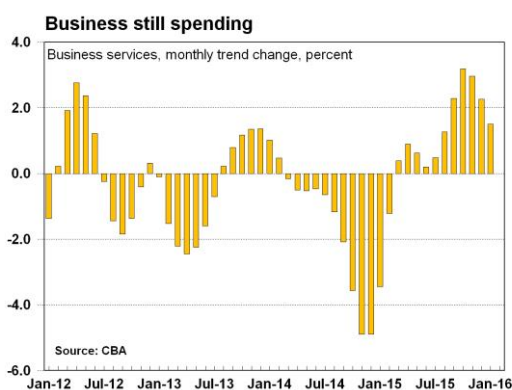
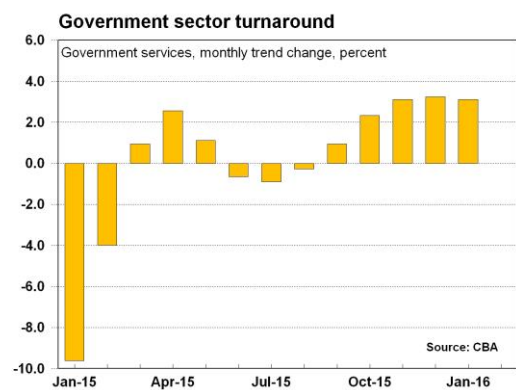


Figure 4: Government services, monthly trend (%)



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

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| 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 | |

DISCLOSURE AND DISCLAIMER APPENDIX

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