

Sales continue to lift across the nation

- Economy-wide spending grew at modest pace in July, extending the period of rising sales across the nation. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.4 per cent in trend terms in July. Taking into account recent data revisions, this means that sales have grown consistently over the past three years.
- The more volatile seasonally adjusted estimate of spending rose by 1.7 per cent in July, the strongest lift in six months and following on from a 0.4 per cent fall in June sales. Annual growth in sales lifted from 8.1 per cent to 11.8 per cent.
- 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, only four of the 19 industry sectors contracted in trend terms in July, a similar result to June and down from five sectors in May. But sales only fell in two of the State & territories in July.
- 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 July 2014

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, grew for the 36th straight month in July. However the trend growth of 0.4 per cent was the weakest since July 2013.
- In annual terms, the BSI continued to slow to a more sustainable pace of growth. In July the BSI was up by 9.3 per cent on a year earlier, equal to the June result and the slowest growth in 10 months. However it is worth noting that the annual growth rate of sales has averaged 6.2 per cent over the past decade.
- The seasonally-adjusted measure of sales rose by 1.7 per cent in July the fourth gain in five months. Annual growth lifted from 8.1 per cent to 11.8 per cent in the month, well above the long-term average pace of 6.2 per cent.
- 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, spending fell in just four of the 19 industry sectors in trend terms in July: Utilities (down 1.9 per cent); Clothing Stores (down 1.9 per cent); Business Services (down 0.2 per cent); and Automobile/Vehicle Rentals (down 0.4 per cent).
- Amongst the strongest sectors in July were, Mail Order/Telephone Order Providers (up 4.6 per cent); Miscellaneous Stores (up 1.0 per cent); Hotels & Motels (up 0.8 per cent); and Retail Stores (up 0.8 per cent).

Figure 1: BSI: Seasonally adjusted & trend

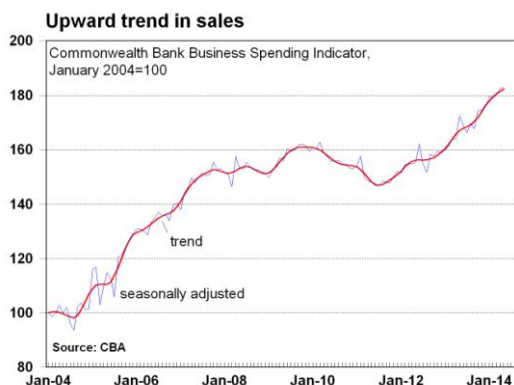
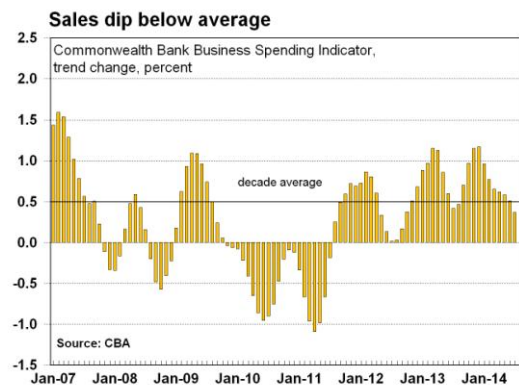


Figure 2: BSI, monthly trend %



- In annual terms in July, only three of the 19 industry sectors contracted: Airlines, Automobile/Vehicle Rentals, and Clothing Stores.
- At the other end of the scale, sectors with strongest annual growth in July included Amusement & Entertainment; Hotels & Motels; Mail Order/Telephone Order Providers; and Wholesale Distributors & Manufacturers.
- Across the states and territories, sales rose in July in trend terms in all but the Northern Territory (down by 0.3 per cent) and Western Australia (down by 0.4 per cent). It was the third fall in Northern Territorian sales in 21 months. And sales have now fallen for four straight months in Western Australia.
- Of the other states & territories, leading the gains was Queensland (up 0.7 per cent) followed by NSW (up 0.6 per cent), Tasmania (up 0.5 per cent), South Australia (up 0.4 per cent) and the ACT (up 0.1 per cent). Sales in Victoria were largely unchanged in July.
- The trend BSI has now risen for 37 straight months in Queensland, for 29 months in Tasmania, for 23 months in NSW and for 22 months in South Australia. Sales in Victoria have been either flat or higher for 37 consecutive months
- 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, Tasmania, Queensland and NSW.

Figure 3: Tasmania, monthly trend (%)

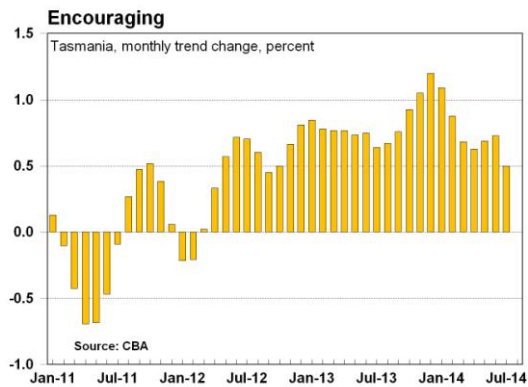
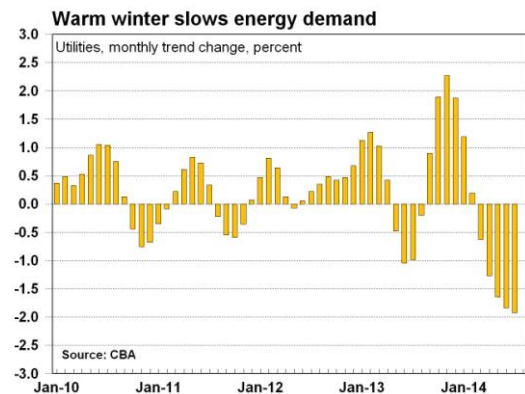


Figure 4: Utilities, monthly trend (%)



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	

DISCLOSURE AND DISCLAIMER APPENDIX

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