

Pace of economy-wide sales slows further

- Economy-wide spending slowed again in June and growth is now the weakest in almost two years. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.3 per cent in trend terms in June – the slowest growth in 21 months.
- The more volatile seasonally adjusted estimate of spending fell by 0.4 per cent in June but after an upwardly-revised 0.2 per cent gain in May (previously reported as a 1.3 per cent decline). It was only the first fall in sales in four months. However, annual growth lifted from 6.1 per cent to 8.1 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, nine of the 19 industry sectors contracted in trend terms in June, up from eight sectors in both April and May. But sales only fell in two of the State & territories.
- 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 June 2014

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, grew for the 23rd straight month in June. However the trend growth of 0.3 per cent was the weakest since September 2012.
- In annual terms, the BSI continued to slow, up by 8.9 per cent in June after recording annual growth rates of 9.1 per cent in May and 9.5 per cent in April. It was slowest annual growth rate in nine months.
- The seasonally-adjusted measure of sales fell by 0.4 per cent in June after rising by 0.2 per cent in May (previously reported as a 1.3 per cent decline). This was only the first decline in sales in four months and second decline in nine months. But annual growth lifted from 6.1 per cent to 8.1 per cent in the month.
- 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 across around half of the sectors in June. Sales fell across nine of the 19 industry sectors in trend terms in the month, up modestly from eight declines in both April and May. Amongst the strongest sectors in June were, Mail Order/Telephone Order Providers (up 2.9 per cent) Amusement & Entertainment (up 1.7 per cent), Hotels & Motels (up 1.2 per cent) and Wholesale Distributors & Manufacturers (up 1.1 per cent).
- Amongst the sectors recording weaker sales in June were Clothing Stores (down 2.1 per cent), Business Services (down 1.1 per cent) Transportation (down 0.8 per cent) and Utilities (down 0.7 per cent). The relatively warm Autumn weather can largely be blamed for weaker sales at Utilities and Clothing Stores.

Figure 1: BSI: Seasonally adjusted & trend

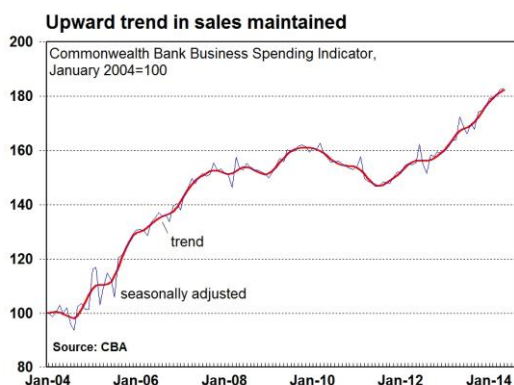
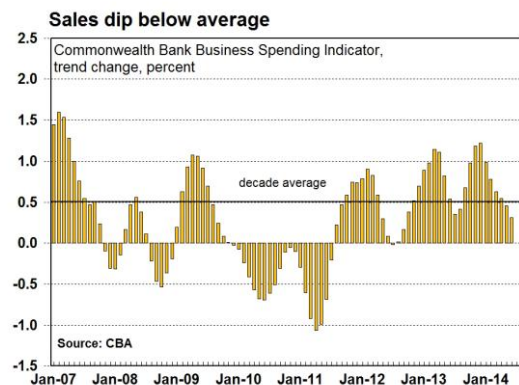


Figure 2: BSI, monthly trend %



- In annual terms in June, only four of the 19 industry sectors contracted: Airlines, Business Services, Automobile/Vehicle Rentals, and Clothing Stores.
- At the other end of the scale, sectors with strongest annual growth in June included Amusement & Entertainment, Wholesale Distributors & Manufacturers, Transportation, and Miscellaneous Stores.
- Across the states and territories, sales rose in June in trend terms in all but the ACT (down by 0.8 per cent) and Victoria (down by less than 0.1 per cent – a fall of 0.02 per cent). It was the first fall in Victorian sales in three years. Sales have now fallen for 10 straight months in the ACT.
- Of the other states & territories, leading the gains was NSW (up 0.6 per cent), followed by South Australia (up 0.5 per cent), Queensland and Tasmania (both up by 0.3 per cent) and Northern Territory and Western Australia (both largely flat).
- The trend BSI has now risen for 37 straight months in the Northern Territory, for 36 months in Queensland, for 28 months in Tasmania, for 22 months in NSW, for 21 months in South Australia.
- 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, Western Australia, Tasmania and NSW.

Figure 3: Queensland, annual trend (%)

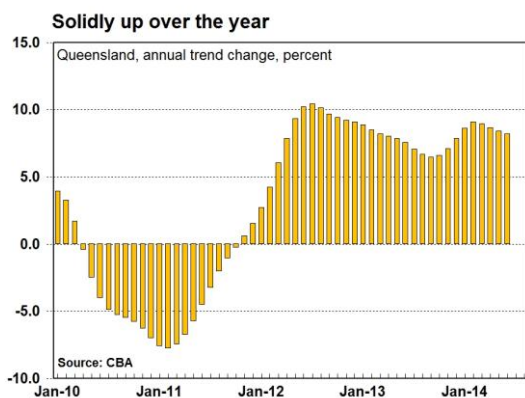
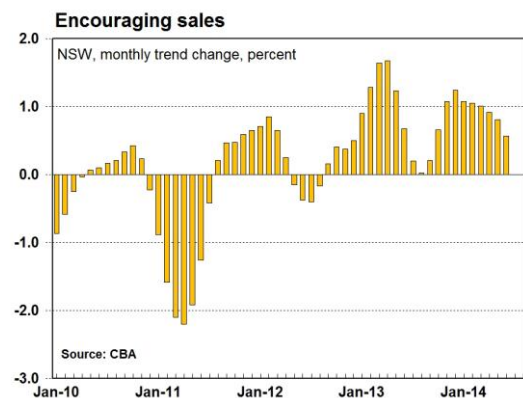


Figure 4: NSW, monthly trend (%)



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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