

Timing of Easter complicates spending trends

- The extra day in February and early timing of Easter appear to have influenced the Commonwealth Bank Business Sales Indicator (BSI) in March – a measure of economy-wide spending. So the results should be interpreted with care. More considered analysis will be possible with publication of the April results.
- The Business Sales Indicator is reported to have contracted by 0.7 per cent in March after declines of 0.5 per cent in February and 0.2 per cent in January. Annual growth slowed from 5.6 per cent to 4.0 per cent. The seasonally adjusted BSI fell by 1.8 per cent in March after falling 1.7 per cent in February.
- At a sectoral level, 13 of the 19 industry sectors contracted in trend terms in March, up from 12 sectors in February. And sales fell in six of the eight states and territories in March.
- 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 March 2016

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – fell in March after declines in January and February. While sales growth had been softening in recent months, weakness in March most likely reflects the early timing of Easter. Easter Sunday occurred on March 27 – the earliest occurrence in eight years.
- The BSI fell by 0.7 per cent in trend terms in March after falling by 0.5 per cent in February and losing 0.2 per cent in January. Previously from February to September 2015, the BSI had recorded solid trend growth rates of between 0.6-0.8 per cent per month.
- The annual growth of spending eased from 5.6 per cent to 4.0 per cent in March. The annual growth rate had held at healthy levels of between 7.2-7.6 per cent between April and November 2015.
- The seasonally-adjusted measure of sales fell by 1.8 per cent in March after falling by 1.7 per cent in February and rising by 0.1 per cent in January.
- 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, only six of the 19 industry sectors rose in trend terms in March: Government Services, Hotels & Motels, Miscellaneous Stores, Professional Services & Membership Organisations, Wholesale Distributors & Manufacturers and Service Providers.

Figure 1: Australian sales, monthly %

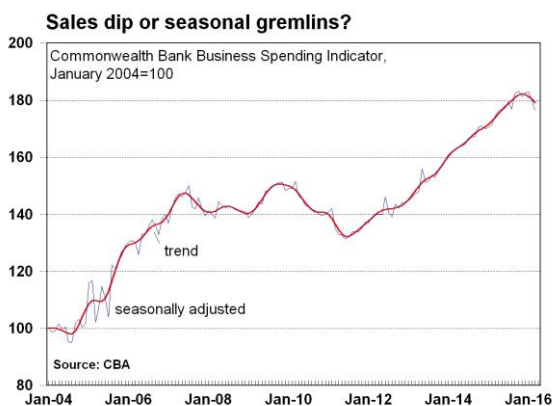
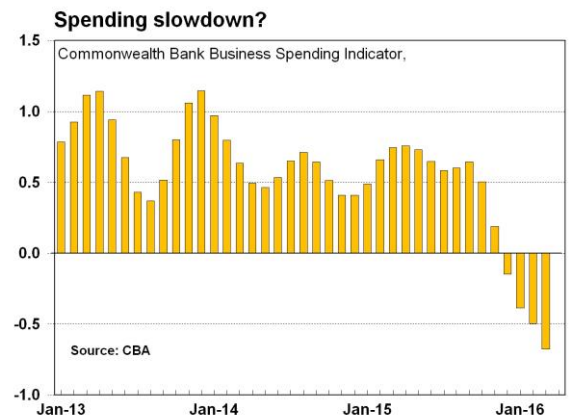


Figure 2: Australian sales, monthly trend %



- While spending growth slowed across most of the sectors, spending lifted 0.3 per cent at Hotels & Motels in March – the 39th consecutive month of gains.
- And while spending at Miscellaneous Stores rose by less than 0.1 per cent in March, it was still the 56th month that spending lifted in the sector.
- In annual terms in March, just five of the 19 industry sectors contracted including Mail Order/Telephone Order Providers, Airlines and Amusement & Entertainment.
- At the other end of the scale, sectors with strongest annual growth in March included: Hotels & Motels (up 16.4 per cent); Government Services (up 13.3 per cent); and Miscellaneous Stores (up 11.4 per cent).
- Sales rose in just two of the eight states and territories in March: NSW (up 0.2 per cent) and South Australia (up 0.1 per cent). Sales fell in Victoria (down 2.3 per cent), ACT (down 0.6 per cent), Northern Territory, Queensland, Tasmania and Western Australia (all down 0.4 per cent).
- In annual terms only Victoria had sales below a year ago (down 3.0 per cent). Strongest growth was in Tasmania (up 9.3 per cent), from ACT (up 6.6 per cent), Western Australia (up 6.5 per cent), NSW (up 6.4 per cent), Northern Territory (up 4.7 per cent), South Australia (up 4.5 per cent) and Queensland (up 3.7 per cent).

Figure 3: Hotels & motels, monthly trend (%)

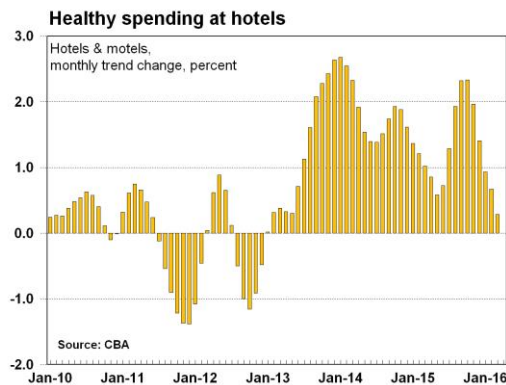
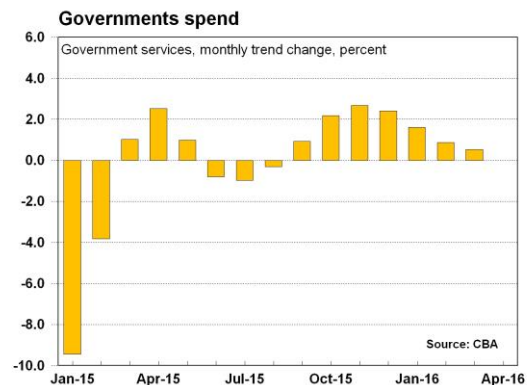


Figure 4: Government services, monthly trend (%)



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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