

# Recovery in economy-wide spending consolidates

- New figures point to a consolidation of the recovery in economy-wide spending. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.8 per cent in trend terms in March following a 0.9 per cent gain in February and growth of 1.0 per cent in the previous two 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 March, a similar result to February but up from two sectors in January. And for the fifth straight month none of the eight states and territories recorded weaker sales in trend terms in March.
- 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 March 2012

- According to the latest Commonwealth Bank Business Sales Indicator (BSI), economy-wide spending grew for the eighth straight month in March. The BSI rose by 0.8 per cent in trend terms in March after rising by 0.9 per cent in February and lifting by 1.0 per cent in both December 2011 and January 2012. Before the latest recovery, the BSI contracted for seven straight months from January to July 2011.
- In seasonally adjusted terms the BSI rose by 0.9 per cent in March after a 2.2 per cent rise in February. In seasonally adjusted terms the BSI is now 4.1 per cent above the March 2011 result – the strongest annual growth in two years.
- 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 March, the same result as February but up from the January result where two sectors contracted.
- The strongest monthly trend increase in sales occurred in the Wholesale Distributors & Manufacturers sector (up 1.8 per cent), followed by Amusement & Entertainment sector (up 1.4 per cent), Utilities and Contracted Services (both up 1.3 per cent) and Professional Services & Membership Organisations (up by 1.1 per cent).
- The weakest sector in March was Hotels & Motels, down by 0.3 per cent, and the ninth straight decline, although the rate of decline has slowed. The Hotels & Motels sector was followed by Mail Order & Telephone Order Providers, down 0.2 per cent, and the second straight declines. And sales in Business Services fell for the fourth straight month by 0.1 per cent.
- The large Retail Stores sector expanded by 1.0 per cent in March and it was eighth straight month of gains in sales above 1.0 per cent. The 1.3 per cent lift in Utilities is also notable as it was the strongest increase in 40 months.

Figure 1: BSI Monthly Trend

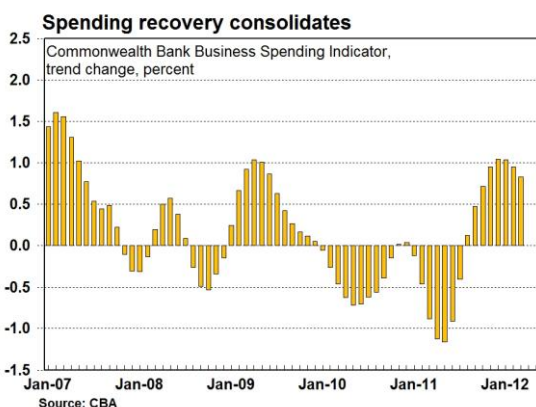
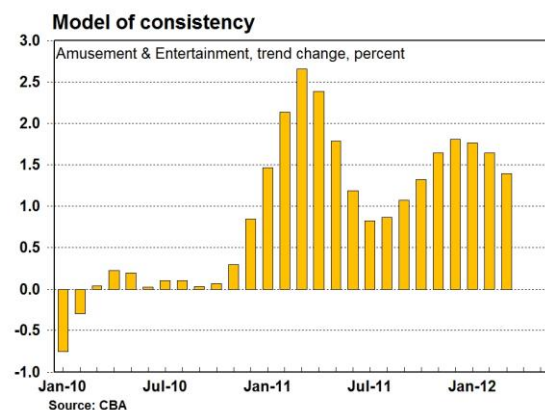


Figure 2: Business Services



- In annual terms, only two of the 20 industry sectors contracted in March while one sector was flat. In both January and February, four sectors declined. The weakest sector was Hotels & Motels (down 5.8 per cent) followed by Automobiles and Vehicles (down 2.5 per cent) while Service Providers was largely unchanged.
- At the other end of the scale, spending was strongest at Amusement & Entertainment (up 19.2 per cent), followed by Mail Order/Telephone Order Providers (up 14.6 per cent), Clothing Stores (up 13.8 per cent) and Transportation (up 8.1 per cent).
- For the sixth straight month, none of the states and territories recorded weaker sales in trend terms in March. The strongest result was in South Australia (up 1.5 per cent) followed by ACT (up 1.3 per cent), Queensland (up 1.1 per cent), Victoria (up 0.8 per cent), NSW and Western Australia (up 0.6 per cent), Northern Territory (up 0.2 per cent) and Tasmania (up 0.1 per cent).
- The trend BSI for Northern Territory has now risen for nine straight months but the growth pace is now the weakest over that period. All other states and territories have recorded stronger trend spending growth for eight straight months except Victoria (seven monthly gains) and ACT (up for six months).
- In annual terms, strongest growth was in South Australia (up 8.4 per cent), followed by the ACT (up 6.4 per cent), and Queensland (up 6.2 per cent). In contrast, spending in NSW was 1.3 per cent lower than a year ago in trend terms.

Figure 3: South Australia, monthly trend spending (%)

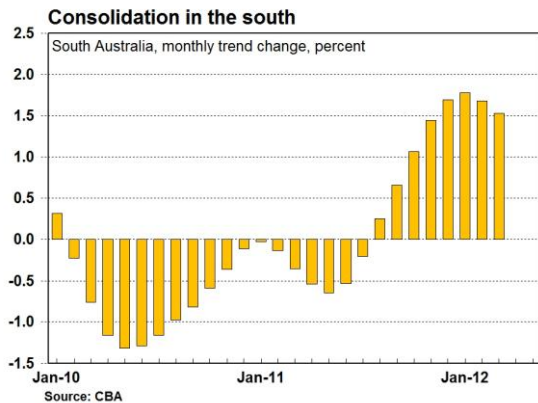
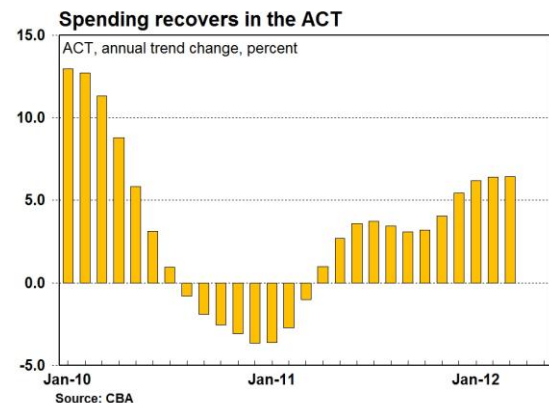


Figure 4: ACT, annual trend spending (%)



## 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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