

Spending...but cautiously

- The cautious recovery in economy-wide spending continued into November. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.3 per cent in trend terms in November after similar gains in October and September.
- The stop-start nature of the spending recovery was highlighted with the seasonally adjusted measure of the BSI lifting by 0.6 per cent in November after a 0.2 per cent decline in October. The seasonally adjusted BSI has now risen in three of the last four months.
- There was continued encouragement at a sectoral level with just four of the 20 industry sectors contracting in trend terms in November, down from five sectors in October and seven sectors in September. All of the eight states recorded higher sales in trend terms in November.
- 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 November 2011

- Australian consumers are spending again, but cautiously, according to the latest Commonwealth Bank Business Sales Indicator (BSI). The BSI rose by 0.3 per cent in trend terms in November after similar gains in September and October. The BSI had contracted from May to July after flat growth from February to April.
- In seasonally adjusted terms the BSI rebounded in November, lifting by 0.6 per cent in November after a 0.2 per cent decline in October. The BSI has had a reasonable record in tracking the direction of movements in the Australian Bureau of Statistics retail trade series over the past year.
- 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. This allows analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, only four of the industry sectors fell in November, down from five sectors in October and seven sectors in September. Another two sectors were broadly flat in November.
- Clothing stores recorded the strongest gain in November (up 1.0 per cent) followed by Professional Services and Membership Organisations (up 0.8 per cent) and Retail Stores, Mail Order/Telephone Order Providers and Contracted Services (all up 0.7 per cent).
- Both Business Services and Government Services have recorded broadly flat growth for the past six months. Professional Services and Membership Organisations and Repair Services have now expanded for 21 months.
- The weakest sector in November was Hotels & Motels (down 0.7 per cent) followed by Utilities (down 0.6 per cent) and Miscellaneous Stores (down 0.2 per cent).

Figure 1: BSI Monthly Trend

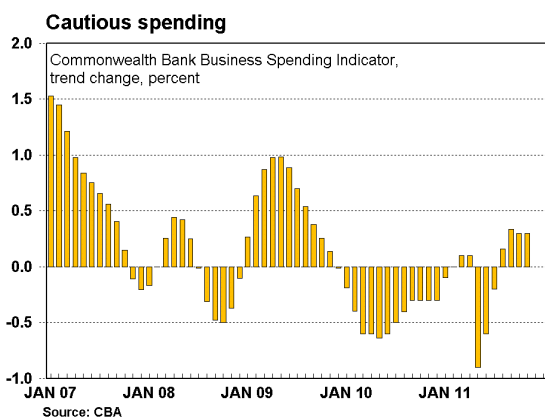
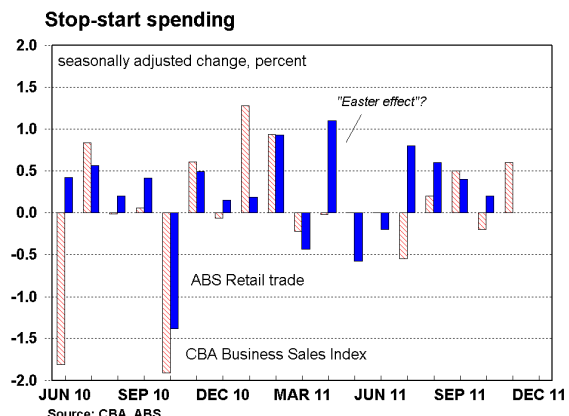


Figure 2: BSI & ABS retail trade



- In annual terms, six of the 20 industry sectors contracted in November, a similar result to October. The weakest sector was Miscellaneous Stores (down by 3.5 per cent on a year earlier), followed by both Automobiles and Vehicles (down 1.6 per cent) and Utilities (down 1.1 per cent)
- At the other end of the scale, spending was strongest at Amusement & Entertainment (up 14.0 per cent), followed by Mail Order/Telephone Order Providers (up 9.0 per cent) and Professional Services and Membership Organisations (up 5.8 per cent).
- None of the states and territories recorded weaker sales in trend terms in November as the ACT returned to positive territory in the month. Spending in the ACT fell by 0.2 per cent in October but rose 0.1 per cent in November.
- The strongest result was in Northern Territory (up 0.4 per cent) followed by NSW, Tasmania, Western Australia, Victoria and South Australia (all up 0.3 per cent). Spending in Queensland rose just 0.1 per cent.
- The trend BSI for Northern Territory has now risen for eight straight months. Queensland, South Australia and Western Australia have now recorded stronger trend spending growth for five straight months.
- In annual terms, strongest growth was in the Northern Territory (up 3.3 per cent), followed by ACT (up 2.5 per cent), and Victoria (up 1.6 per cent).

Figure 3: ACT, trend spending (%)

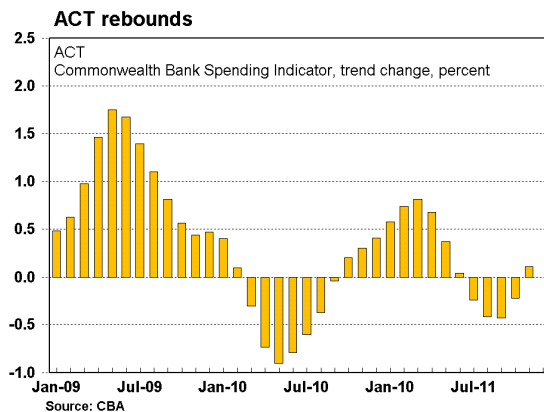
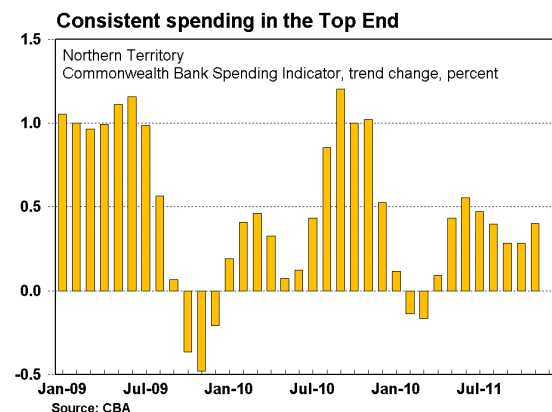


Figure 4: Northern Territory, trend spending (%)



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

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| 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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