

Spending lifts in the lead-up to Christmas

- Economy-wide spending rebounded in November, extending the volatility seen over the past six months. According to the Commonwealth Bank Business Sales Indicator (BSI), spending lifted by 2.2 per cent in seasonally adjusted terms in November after falling by 1.0 per cent in October.
- The less volatile trend estimate of spending rose by 0.3 per cent in November – the fourth straight gain – but after a 0.4 per cent in October.
- 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, 11 of the 20 industry sectors contracted in trend terms in November, up from nine sectors in October. But only two of the eight states and territories recorded weaker sales in trend terms in November, after no region recorded a decline in October.
- 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 2012

- Economy-wide spending is showing signs of recovery according to latest Commonwealth Bank Business Sales Indicator (BSI). In seasonally adjusted terms the BSI rose by 2.2 per cent in November after falling by 1.0 per cent in October. The BSI has been volatile in the past six months, with growth averaging 0.4 per cent a month over that period. Spending is up by 6.6 per cent on a year ago.
- The less volatile trend measure of economy-wide spending rose by 0.3 per cent in November, the fourth straight gain, but down from a 0.4 per cent gain in October. Sales rose from August 2011 to May 2012 before easing over June and July and then since grafting higher.
- 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, 11 of the industry sectors fell in November, up from nine sectors in October. The strongest monthly trend increase in sales occurred in Amusement & Entertainment (up 8.0 per cent), followed by Government services (up 1.6 per cent), Automobiles & Vehicles (up 1.1 per cent) and Transportation (up 0.9 per cent).
- Amongst the weakest sectors in November were Service Providers (down 4.9 per cent), Mail Order & Telephone Order Providers (down 3.5 per cent), and Hotels & Motels (down 1.5 per cent).

Figure 1: BSI Monthly Trend

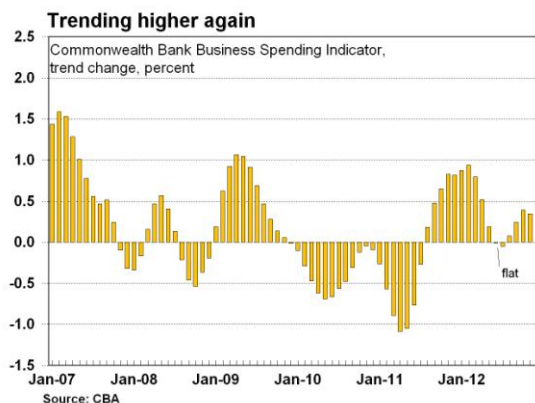
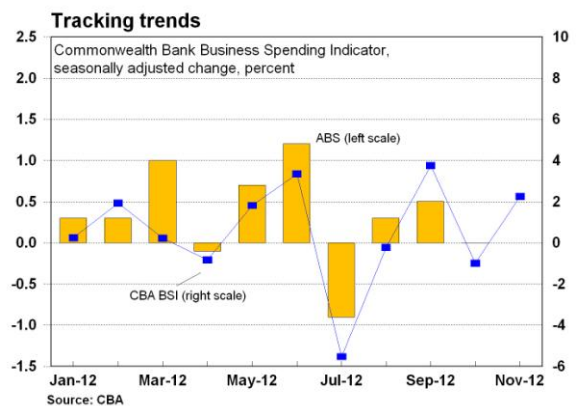


Figure 2: BSI Monthly seasonally adjusted versus Australian Bureau of Statistics retail trade



- In annual terms, just four of the 20 industry sectors contracted in November, a similar result to October. Spending fell in Airlines (nfp), Service Providers (down 5.2 per cent), Hotels & Motels (down 4.8 per cent) and Mail Order and Telephone Order Providers (down 4.7 per cent).
- At the other end of the scale, spending was strongest at Amusement & Entertainment (up 38.9 per cent) followed by Wholesale Distributors and Manufacturers (up by 22.1 per cent), Retail Stores (up 9.1 per cent), Contracted Services (up by 5.9 per cent) and Miscellaneous Stores (up 5.5 per cent).
- Only one of the states and territories recorded weaker sales in trend terms in November: ACT (down 0.1 per cent). Sales were flat in Tasmania, Northern Territory and Western Australia. And sales rose most in Victoria (up 0.7 per cent) followed by Queensland and NSW (up 0.3 per cent), and South Australia (up 0.1 per cent).
- The trend BSI has now risen for 17 straight months in Queensland and for 16 straight months in South Australia. Sales haven't fallen for 18 months in Northern Territory and for 17 months in Western Australia.
- In annual terms, no state or territory had sales below a year ago. Strongest growth was posted in South Australia (up 13.4 per cent), followed by ACT (up 9.9 per cent), Queensland (up 8.8 per cent), Northern Territory (up 5.8 per cent) and Victoria (up 5.7 per cent).

Figure 3: Queensland, monthly trend spending (%)

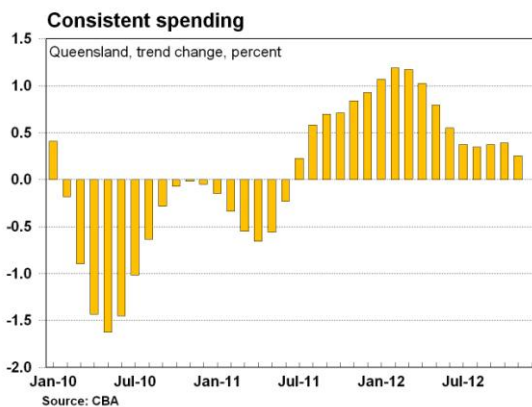
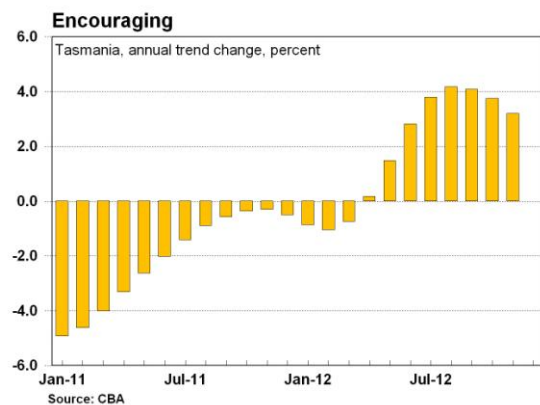


Figure 4: Tasmania, annual trend spending (%)



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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