

# Soggy spending in October

- Economy-wide spending retracted in October following an outsized gain in September. According to the Commonwealth Bank Business Sales Indicator (BSI), spending eased by 1.2 per cent in seasonally adjusted terms in October after lifting by a revised 3.5 per cent in September – the biggest monthly gain in over 4 years.
- The less volatile trend estimate of spending was largely flat for the fifth straight month 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, 10 of the 20 industry sectors contracted in trend terms in October, a similar result to September. And three of the eight states and territories recorded weaker sales in trend terms in October, again similar to the September result.
- 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 October 2012

- Economy-wide spending eased in October according to latest Commonwealth Bank Business Sales Indicator (BSI). In seasonally adjusted terms the BSI fell by 1.2 per cent in October after lifting by a revised 3.5 per cent in September. The BSI has been volatile in the past five months, so much so that the monthly gains have exactly offset the losses over that period.
- Despite the decline in the latest month, spending is up by a solid 6.2 per cent on a year ago.
- The less volatile trend measure of economy-wide spending was unchanged in October, after three months where spending fell by a modest 0.1 per cent each month and a flat result in June.
- 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, 10 of the industry sectors fell in October, a similar result to September. The strongest monthly trend increase in sales occurred in Automobiles & Vehicles (up 0.7 per cent) followed by Amusement & Entertainment (up 0.5 per cent). Five sectors posted gains of 0.2-0.4 per cent.
- Amongst the weakest sectors in October were Service Providers (down 4.6 per cent), Mail Order & Telephone Order Providers (down 4.1 per cent), and Hotels & Motels (down 0.9 per cent).

Figure 1: BSI Monthly Trend

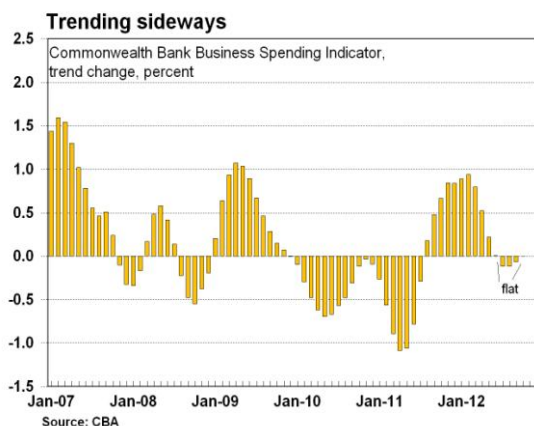
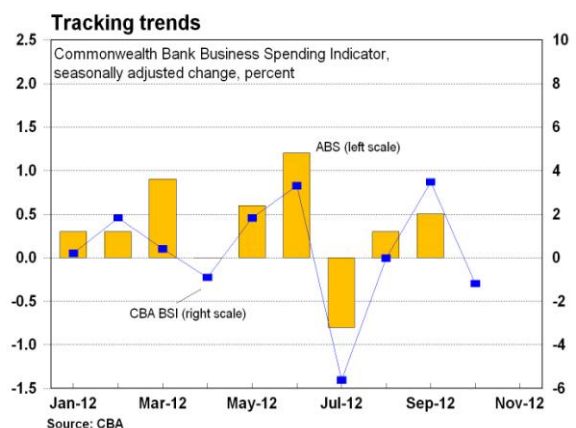


Figure 2: BSI Monthly seasonally adjusted versus Australian Bureau of Statistics retail trade



- In annual terms, just two of the 20 industry sectors contracted in October, similar to September. Spending fell in Airlines (nfp) and Hotels & Motels (down 3.6 per cent).
- At the other end of the scale, spending was strongest at Wholesale Distributors and Manufacturers (up by 24.5 per cent), Amusement & Entertainment (up 12.2 per cent), Retail Stores (up 11.1 per cent), Clothing Stores (up 8.6 per cent), and Contracted Services (up by 7.1 per cent).
- Three of the states and territories recorded weaker sales in trend terms in October. Sales fell 0.2 per cent in both the ACT and Western Australia while sales eased 0.1 per cent in NSW. Leading the gains in sales was South Australia (up 0.4 per cent) followed by Tasmania (up 0.3 per cent) Northern Territory and Queensland (both up 0.2 per cent) and Victoria (up 0.1 per cent).
- The trend BSI has now risen for 17 straight months in Northern Territory, for 16 straight months in Queensland, for 15 straight months in South Australia and 7 straight months in Tasmania.
- In annual terms, no state or territory had sales below a year ago. Strongest growth was posted in South Australia (up 15.1 per cent), followed by ACT (up 10.7 per cent), Queensland (up 9.0 per cent), Northern Territory (up 6.6 per cent) and Western Australia (up 5.2 per cent).

Figure 3: Northern Territory, monthly trend spending (%)

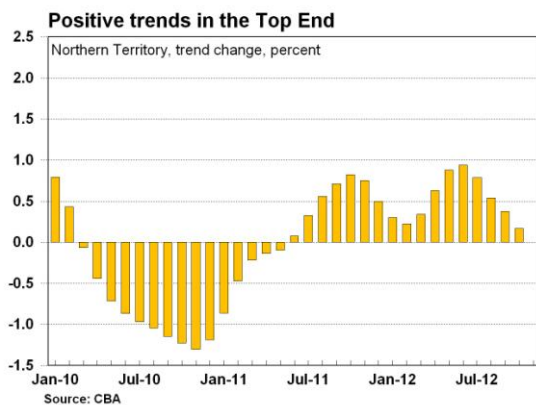
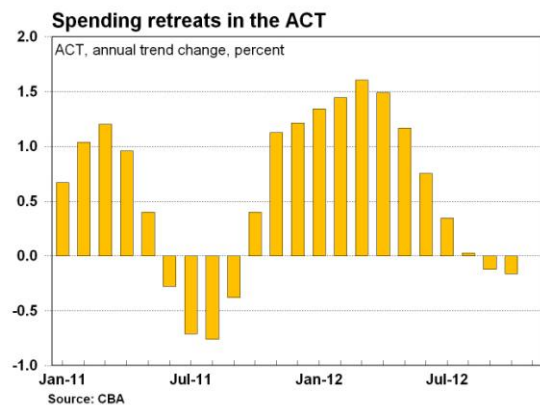


Figure 4: ACT, annual trend spending (%)



## 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. The Business Sales Indicator is tracked in seasonally adjusted and trend terms. The overall Index is measured in both seasonally adjusted and trend terms while state and industry data are measured using the less volatile "trend" approach.
- 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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