

Biggest lift in spending for 4½ years

- There was a healthy rebound in economy-wide spending in September after two months of declines. After sliding 5.5 per cent in seasonally adjusted terms in July and a further 0.2 per cent in August, the Commonwealth Bank Business Sales Indicator (BSI) rose by 3.9 per cent in September – marking the biggest monthly gain in 4½ years. The BSI had previously lifted 3.4 per cent in June and 1.9 per cent in May following the rate cuts and fiscal stimulus.
- The less volatile trend estimate of spending was largely flat in September for the third month.
- 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 September, up from nine sectors in both August. And just one of the eight states and territories recorded weaker sales in trend terms in September.
- 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 September 2012

- Economy-wide spending rebounded in September according to latest Commonwealth Bank Business Sales Indicator (BSI). In seasonally adjusted terms the BSI rose by 3.9 per cent in September after easing by 0.2 per cent in August and falling by 5.5 per cent in July. The BSI had previously lifted 3.4 per cent in June and 1.9 per cent in May following the rate cuts and fiscal stimulus.
- Spending is up 6.9 per cent on a year ago after being up 3.4 per cent in the year to August.
- The less volatile trend measure of economy-wide spending was unchanged in September, after a revised modest 0.1 per cent fall in August. In fact in trend terms the BSI has largely been flat for three consecutive months.
- 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 September, up from nine sectors in August. The strongest monthly trend increase in sales occurred in Hotels & Motels and Miscellaneous Stores (both up 1.0 per cent) followed by Repair Services (up 0.6 per cent) and Clothing Stores and Professional Services & Membership Organisations (both up 0.8 per cent).
- Amongst the weakest sectors in September were Service Providers (down 3.2 per cent), Mail Order & Telephone Order Providers (down 2.7 per cent), and Airlines (nfp).

Figure 1: BSI Monthly Trend

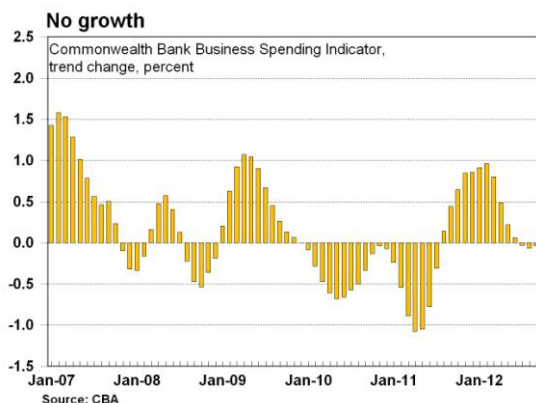
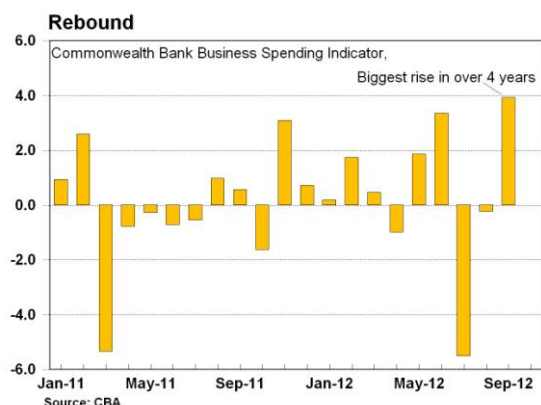


Figure 2: BSI Monthly seasonally adjusted



- In annual terms, three of the 20 industry sectors contracted in September, similar to August. Amongst the sectors recording declines were Airlines, Government Services and Hotels & Motels.
- At the other end of the scale, spending was strongest at Wholesale Distributors and Manufacturers (up by 27.8 per cent), Retail Stores (up 14.3 per cent), Clothing Stores (up 12.6 per cent), Mail Order & Telephone Order Providers (up 9.7 per cent), Service Providers (up by 9.2 per cent).
- Just one of the states and territories recorded weaker sales in trend terms in September. Sales in NSW fell by 0.3 per cent. The strongest results were in South Australia and Tasmania (both up 0.8 per cent) followed by Northern Territory (up 0.6 per cent), Queensland and the ACT (both up 0.2 per cent), and Victoria (up 0.1 per cent). Sales were flat in Western Australia.
- The trend BSI has now risen for 16 straight months in Northern Territory, for 15 straight months in Queensland, for 14 straight months in South Australia and 12 straight months in the ACT.
- In annual terms, no state or territory had sales below a year ago. Strongest growth was posted in South Australia (up 16.9 per cent), followed by ACT (up 12.4 per cent), Queensland (up 9.9 per cent), Northern Territory (up 7.9 per cent) and Western Australia (up 7.4 per cent).

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

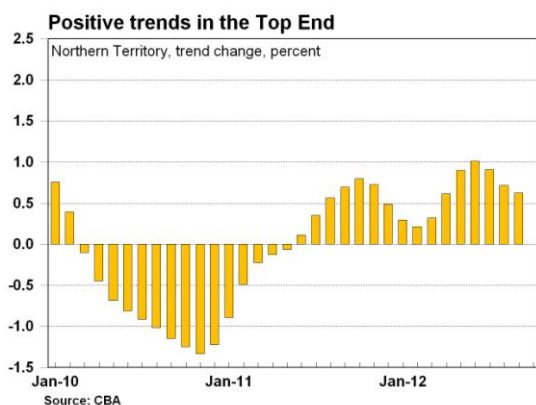
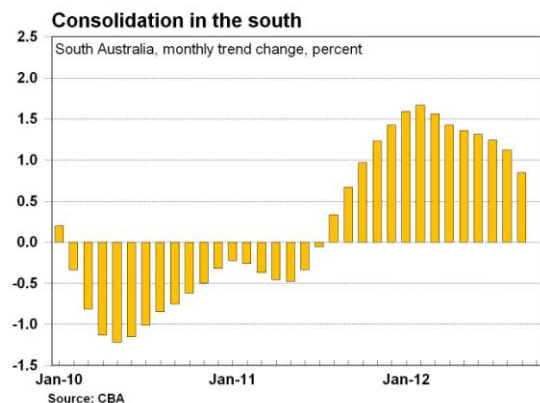


Figure 4: Northern Territory, monthly trend spending (%)



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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