

# Disappointing Christmas spending

- Economy-wide spending softened in December, extending the zig-zag run witnessed over the past seven months. According to the Commonwealth Bank Business Sales Indicator (BSI), spending fell by 1.9 per cent in seasonally adjusted terms in December after rising by 2.4 per cent in November.
- But the less volatile trend estimate of spending shows that underlying spending is indeed lifting, rising by 0.3 per cent in December, the third straight gain of that magnitude and the fifth straight monthly increase in economy-wide spending.
- 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, 12 of the 20 industry sectors contracted in trend terms in December, down from 13 sectors in November. But only two of the eight states and territories recorded weaker sales in trend terms in December, a similar result to 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 December 2012

- Economy-wide spending is trending higher although the result in being masked by volatility in the monthly data. The latest Commonwealth Bank Business Sales Indicator (BSI) shows that spending fell by 1.9 per cent in seasonally adjusted terms in December after lifting by 2.4 per cent in November. The seasonally-adjusted figures have tended to move in a zig-zag fashion over the past seven months.
- But the less volatile trend measure of economy-wide spending is useful in gauging the underlying direction of spending. And the trend BSI rose by 0.3 per cent in December, the third straight month that spending has lifted by that magnitude and the fifth straight monthly increase in spending. In trend terms spending has only eased in two of the past 17 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, 12 of the industry sectors fell in December, down from 13 sectors in November. The strongest monthly trend increase in sales occurred in Transportation (up 1.8 per cent), followed by Government services (up 1.4 per cent) and Automobiles & Vehicles (up 1.1 per cent).
- Amongst the weakest sectors in December were Service Providers (down 3.6 per cent), Hotels & Motels (down 1.0 per cent) and Automobile/vehicle rentals (down 0.9 per cent).

Figure 1: BSI Monthly Trend

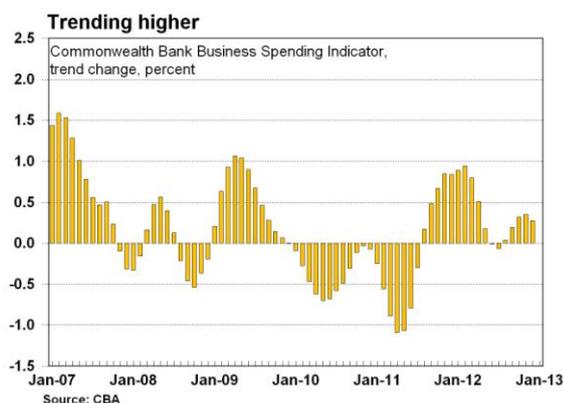
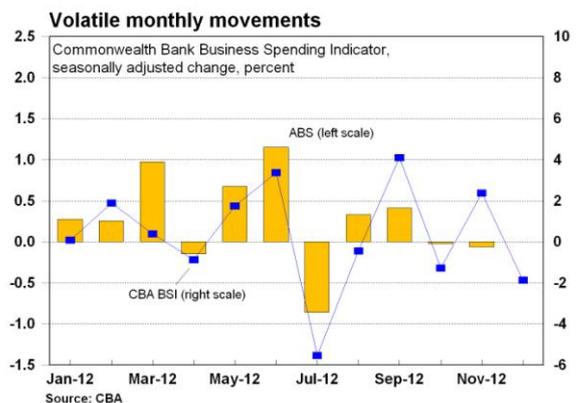


Figure 2: BSI Monthly seasonally adjusted versus Australian Bureau of Statistics retail trade



- In annual terms, just four of the 20 industry sectors contracted in December, a similar result to November. Spending fell in Airlines (nfp), Service Providers (down 5.6 per cent), Hotels & Motels (down 4.3 per cent) and Automobile/Vehicle Rentals (down 1.5 per cent).
- At the other end of the scale, spending was notably higher at Amusement & Entertainment (nfp) together with Wholesale Distributors and Manufacturers (up by 18.2 per cent), Retail Stores (up 7.4 per cent), Contracted Services (up by 4.9 per cent) and Automobiles & Vehicles (up 6.2 per cent).
- Only two of the states and territories recorded weaker sales in trend terms in December: Northern Territory & South Australia (both down 0.3 per cent). Sales were flat in Western Australia. And sales rose most in Victoria and ACT (both up 0.5 per cent) followed by NSW (up 0.4 per cent), Queensland (up 0.3 per cent), and Tasmania (up 0.1 per cent).
- The trend BSI has now risen for 18 straight months in Queensland, for 14 straight months in ACT and for nine 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 10.6 per cent), followed by ACT (up 10.5 per cent), Queensland (up 8.1 per cent), Victoria (up 5.0 per cent) and Western Australia (up 4.1 per cent).

Figure 3: Queensland, monthly trend spending (%)

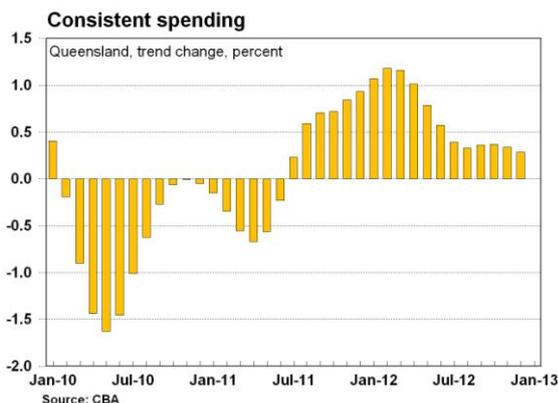
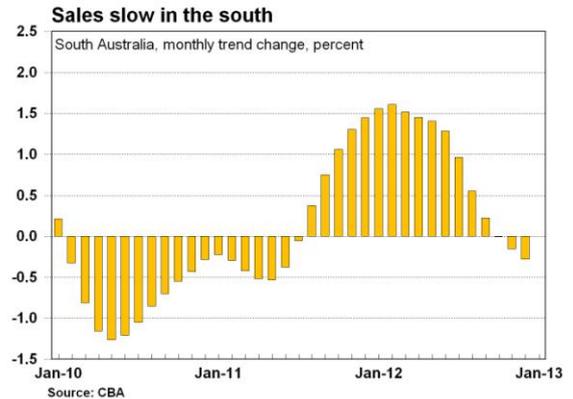


Figure 4: South Australia, annual trend spending (%)



## 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

DISCLOSURE AND DISCLAIMER APPENDIX**Craig James – Chief Economist, CommSec (Author)****(02) 9118 1806 (work), 0419 695 082 (mobile) | [craig.james@cba.com.au](mailto:craig.james@cba.com.au)**

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