

Below-average spending growth returns

- Growth of economy-wide spending eased below longer term averages in December. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.3 per cent in trend terms in December – the slowest growth in just over two years. And the more volatile seasonally adjusted estimate of spending fell by 0.6 per cent in December after a similar fall in November.
- At a sectoral level, six of the 19 industry sectors contracted in trend terms in December, a similar result to November. And sales fell in four of the states and territories in December.
- It should be noted that the BSI data has been revised in December to account for changes in the composition of the businesses covered.
- The seasonally adjusted and trend estimates of the BSI results are derived via the SEASABS statistical program from the Australian Bureau of Statistics.
- The Commonwealth Bank 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 2014

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 0.3 per cent in December, below the long-term average of 0.4 per cent, but after expanding 0.5 per cent in November and lifting 0.6 per cent in October.
- In annual terms, the BSI grew by 7.7 per cent in December, the slowest growth in 17 months.
- The seasonally-adjusted measure of sales fell by 0.6 per cent in December after a similar fall in November. Annual growth slowed from 8.9 per cent to 6.8 per cent.
- **It should be noted that The BSI data has been revised in December to account for changes in the composition of the businesses covered.**
- The Commonwealth Bank 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, spending fell in six of the 19 industry sectors in trend terms in December: Amongst the weakest sectors were Mail Order/Telephone Order Providers (down 4.4 per cent); Business Services (down 3.0 per cent); and Professional Services & Membership Organisations (down 1.0 per cent).
- Among the strongest sectors in December were, Service Providers (up 2.3 per cent); Amusement & Entertainment (up 1.8 per cent); Hotels & Motels (up 1.4 per cent); and Transportation (up 1.3 per cent).

Figure 1: Seasonally adjusted & trend indexes

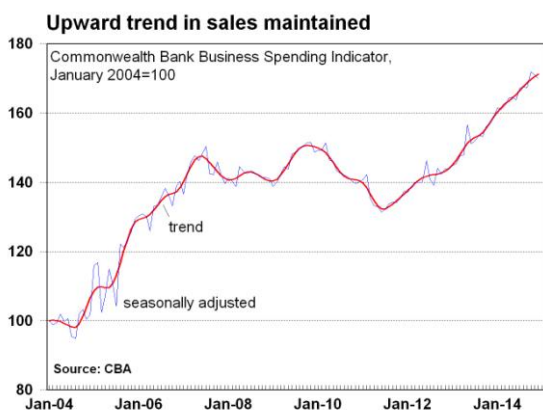
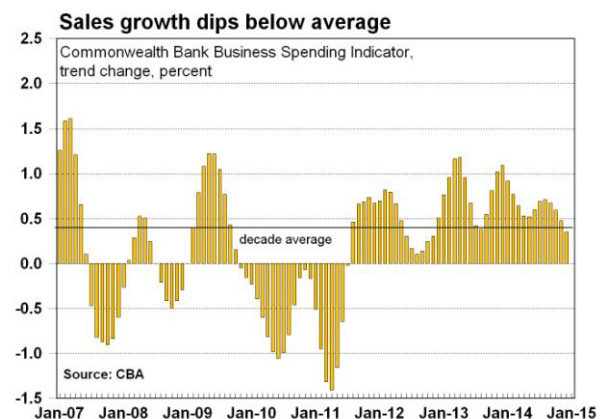


Figure 2: BSI, monthly trend %



- In annual terms in December, only five of the 19 industry sectors contracted including: Utilities, Contacted Services, Business Services, Automobile/Vehicle Rentals and Clothing Stores.
- At the other end of the scale, sectors with strongest annual growth in December included Amusement & Entertainment; Hotels & Motels; Miscellaneous Stores; and Transportation.
- Across the states and territories, sales fell in four of the economies in trend terms in December and were unchanged in another state (Queensland). Sales rose most in ACT (up 1.8 per cent) while spending fell most in NSW (down 1.8 per cent). Sales fell 0.6 per cent in South Australia, fell 0.5 per cent in Northern Territory, and fell 0.2 per cent in Victoria.
- The trend BSI had risen for 41 straight months in Queensland before the flat result in December. In Tasmania sales have risen for 33 months.
- In annual terms, only the ACT and NSW had sales below a year ago. At the other end of the scale, growth was strongest in Tasmania (up 9.2 per cent), Queensland (up 8.2 per cent), South Australia (up 6.3 per cent), Western Australia (up 5.8 per cent) and Victoria (up 3.1 per cent).

Figure 3: Tasmania, annual trend (%)

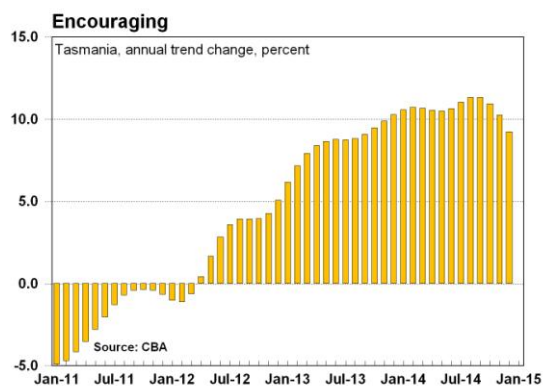
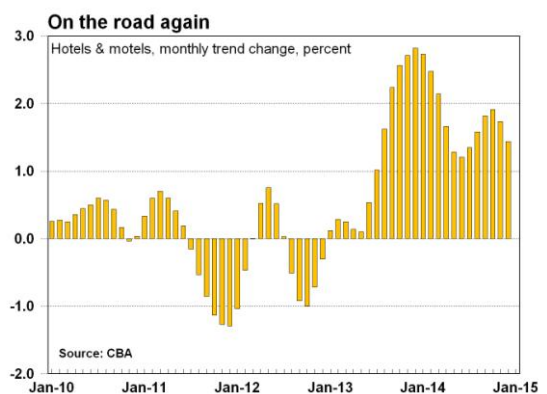


Figure 4: Hotels & Motels, monthly trend (%)



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 19 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 Stores
2. Amusement & Entertainment	12. Personal Service Providers
3. Automobile/Vehicle Rentals	13. Professional Services & Membership Organisations
4. Automobiles & Vehicles	14. Repair Services
5. Business Services	15. Retail Stores
6. Clothing Stores	16. Service Providers
7. Contracted Services	17. Transportation
8. Government Services	18. Utilities
9. Hotels & Motels	19. Wholesale Distributors & Manufacturers
10. Mail Order/Telephone Order Providers	

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