

Spending at a 3½-year low

- Economy-wide spending grew eased in November. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – fell by 0.3 per cent in trend terms in November – the second consecutive monthly fall.
- The more volatile seasonally adjusted estimate of spending fell by 4.2 1.4 per cent in November, down from a revised 1.8 per cent rise in October. Annual growth in sales eased from 7.9 per cent to 3.1 per cent – below the 6.4 per cent long-term average.
- 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, seven of the 19 industry sectors contracted in trend terms in November, similar to the seven sectors in October. But sales rose in all the states and territories except NSW in November.
- 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 November 2014

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, fell for the second straight month in November. In trend terms the BSI fell by 0.3 per cent - the weakest in almost 3½-years (June 2011).
- In annual terms, the BSI fell below the long-term average or normal growth pace. In November the BSI was up by 5.6 per cent on a year earlier, down from 7.1 per cent in October and below the 6.3 per cent long-term average growth pace.
- The seasonally-adjusted measure of sales fell by a sizeable 4.2 per cent in November, down from a revised 1.8 per cent rise in October (originally reported as a 1.4 per cent rise). Annual growth eased from 7.9 to 3.1 per cent in October.
- 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 seven of the 19 industry sectors in trend terms in November: Government services (down 8.7 per cent); Mail Order/Telephone Order Providers (down 3.0 per cent); Business services (down 1.6 per cent); Utilities (down 1.1 per cent); Professional Services & Membership Organisation (down 1.0 per cent); Automobile/Vehicle rentals (down 0.8 percent)and Automobile/Vehicle sales (down 0.2 per cent).
- Among the strongest sectors in November were, Service Providers (up 3.7 per cent); Transportation (up 2.1 per cent); Amusement & Entertainment (up 2 per cent); Airlines and Hotels & motels (both up 1.8 per cent); and Wholesale distributors & manufacturers (up 1.0 per cent).

Figure 1: QLD, monthly trend (%)

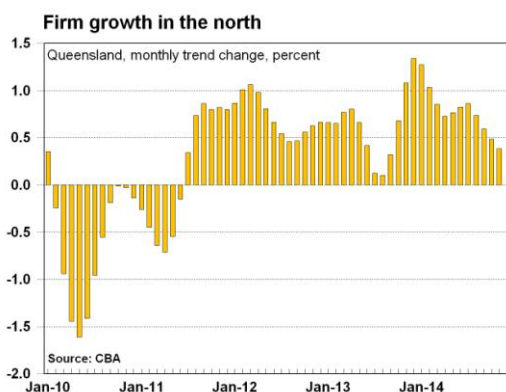
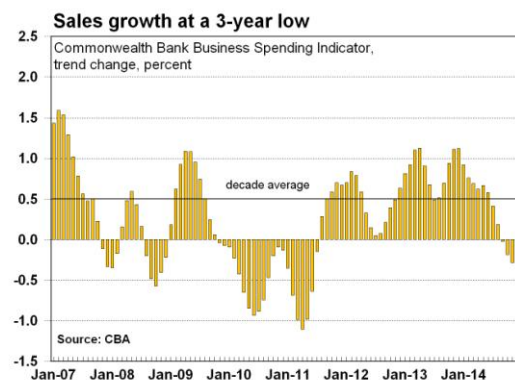


Figure 2: BSI, monthly trend %



- In annual terms in November, only four of the 19 industry sectors contracted: Government Services, Utilities, Automobile/Vehicle Rentals, and Clothing Stores.
- At the other end of the scale, sectors with strongest annual growth in November included Amusement & Entertainment; Hotels & Motels; Mail Order/Telephone Order Providers; and Transportation.
- Across the states and territories, sales rose in November in trend terms in all but NSW (down 1.1 per cent).
- Of the other states and territories, leading the gains was the ACT (up 2.0 per cent) followed by South Australia (up 0.2 per cent), Western Australia, Northern Territory and Tasmania (all up 0.6 per cent), followed by Queensland (up 0.4 per cent), and Victoria (up 0.3 per cent).
- The trend BSI has now risen for 41 straight months in Queensland, for 33 months in Tasmania, and for 26 months in South Australia. Sales in Victoria have been higher for 41 consecutive months. The fourth consecutive weak result in NSW comes after strength 23 months of growth.
- In annual terms, only the ACT had sales below a year ago. At the other end of the scale, growth was strongest in South Australia, Queensland, and Tasmania.

Figure 3: Amusement & Entertainment monthly trend (%)

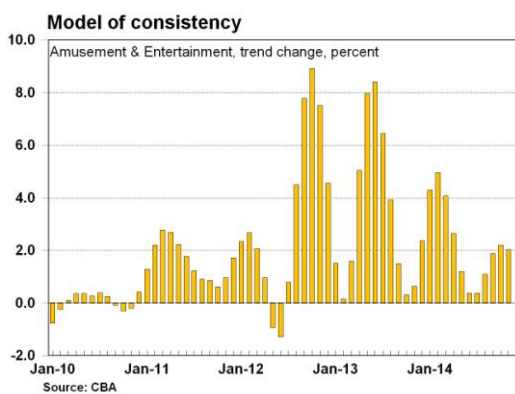
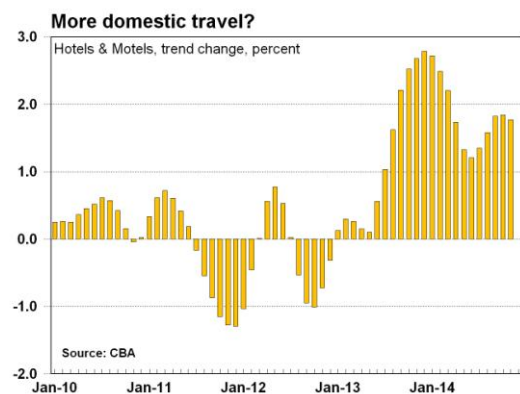


Figure 4: Hotels & Motels, monthly trend (%)



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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