

Spending growth consolidates

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.5 per cent in trend terms in January, down from monthly growth rates near 0.7-0.8 per cent but still ahead of the long-term average monthly growth pace of 0.4 per cent.
- In both October and November, sales rose at a 0.8 per cent trend pace. However growth has tapered lower from the highs over the past two months.
- Annual trend growth in sales remains strong at 5.8 per cent – the fastest growth in almost a year.
- The more volatile seasonally adjusted BSI fell by 0.2 per cent in January after easing 1.5 per cent in December and gaining 3.8 per cent in November.
- At a sectoral level, 16 of the 19 industry sectors expanded in trend terms in January, a similar outcome to December but down from 17 sectors in November. And sales rose in all the eight states and territories in January.
- 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 January 2017

- Economy-wide spending continued to expand in January, but at a slower pace than late last year.
- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.5 per cent in trend terms in January following monthly growth of 0.7-0.8 per cent in the previous four months.
- Over 2016, sales grew at an average monthly trend pace of 0.5 per cent and similar growth was recorded in the first month of 2017.
- Annual trend growth in sales lifted from 5.6 per cent to 5.8 per cent in January – the strongest annual growth in 11 months.
- The more volatile seasonally adjusted BSI fell by 0.2 per cent in January after falling by 1.5 per cent in December and rising by 3.8 per cent in November.
- 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 permit analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, 16 of the 19 industry sectors rose in trend terms in January. Sales in Retail Stores fell by 0.7 per cent in January while spending at Amusement & Entertainment businesses fell 0.2 per cent and Mail Order/Telephone Order Providers fell by 2.3 per cent.

Figure 1: Australian sales, trend index

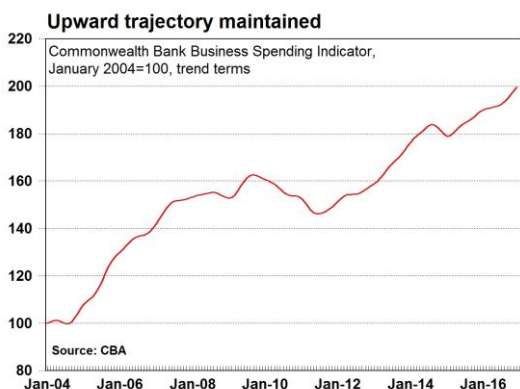
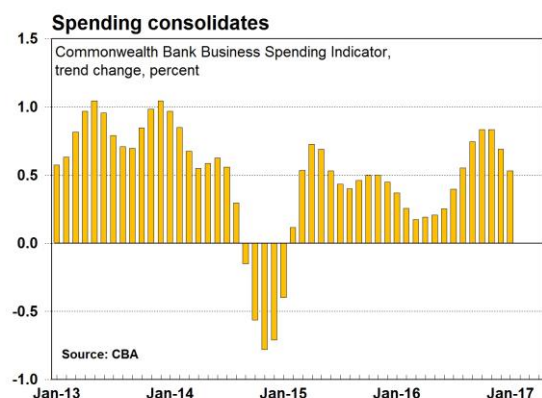


Figure 2: Australian sales, trend monthly %



- On the other side of the equation, one of the strongest gains in sales occurred in Automobiles & Vehicles (up 2.1 per cent). In the Service Providers sector, spending rose by 1.9 per cent in January after a 2.3 per cent gain in December.
- Other notable trend increases in sales occurred in Hotels & Motels (up 1.4 per cent), Government Services (up 1.3 per cent) and Business Services (up 1.1 per cent).
- In annual terms in January, only two of the 19 industry sectors contracted: Mail Order/Telephone Order Providers and Retail Stores.
- At the other end of the scale, sectors with strongest annual growth in January included: Government Services (up 16.4 per cent), Hotels & Motels (up 16.2 per cent) and Automobiles & Vehicles and Wholesale Distributors & Manufacturers (both up 12.1 per cent).
- Across states and territories in January, sales were stronger in all states and territories. Strongest were the ACT and Tasmania (both up 1.1 per cent), followed by Queensland (up 0.8 per cent), Western Australia (up 0.7 per cent), South Australia and NSW (both up 0.6 per cent), Northern Territory (up 0.2 per cent) and Victoria (up by less than 0.1 per cent).
- Spending has consistently increased in Queensland for 69 months, for 68 months in Western Australia and for 66 months in South Australia.
- In annual terms all states and territories had sales above a year ago. Strongest growth was ACT (up 10.7 per cent) from South Australia (up 9.9 per cent), Western Australia (up 8.3 per cent), Queensland (up 7.6 per cent) Tasmania (up 7.0 per cent), NSW (up 6.7 per cent), Northern Territory (up 1.3 per cent) and Victoria (up 0.7 per cent).

Figure 3: ACT, monthly trend (%)

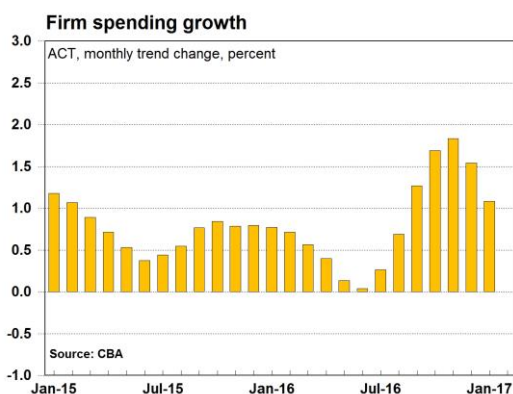
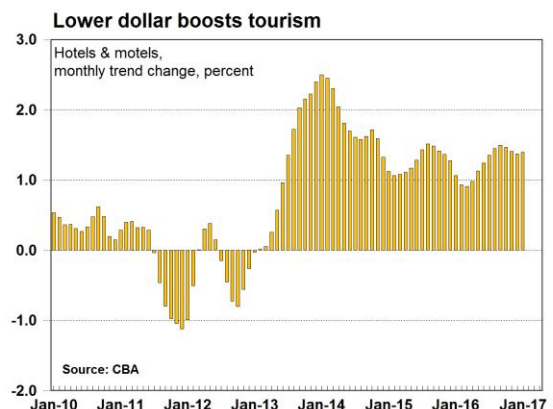


Figure 4: Hotels & Motels, month trend (%)



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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Craig James – Chief Economist, CommSec (Author)
(02) 9118 1806 (work), 0419 695 082 (mobile)

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