

Still spending, but modestly

- Economy-wide spending continued to grow at a modest pace in August. In trend terms the Commonwealth Bank Business Sales Indicator (BSI), lifted by 0.3 per cent in August, the slowest pace in 11 months.
- The more volatile seasonally adjusted estimate of spending rose by 3.0 per cent in August after falling by 1.9 per cent in July and falling by 2.4 per cent in June. Annual growth remains firm however at 12.2 per cent, reflecting the weak base of a year ago.
- 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, five of the 19 industry sectors contracted in trend terms in August, down from six sectors in July but up from four sectors in May. But only of the eight states and territories recorded weaker sales in trend terms in August – a similar result to the May, June and July results.
- 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 August 2013

- Economy-wide spending expanded for the 12th straight month in August according to the latest Commonwealth Bank Business Sales Indicator (BSI). However the growth rate of spending has continued to slow, lifting just 0.3 per cent in August after growth of 0.4 per cent in July and 0.6 per cent in June.
- The seasonally-adjusted measure of sales rebounded in August, lifting by 3.0 per cent in August after dropping by 1.9 per cent in July and easing by 2.4 per cent in June. However annual growth in spending lifted from 7.1 per cent to 12.2 per cent in August reflecting the low base of sales a year earlier. (In July 2012 sales fell 4.6 per cent in the month and then fell a further 1.7 per cent in August 2012).
- 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, five of the 19 industry sectors fell in trend terms in August. Spending fell most in Utilities, down by 1.4 per cent, followed by Business Services and Transportation (down 0.8 per cent), Retail Stores (down 0.3 per cent); and Automobile & Vehicle Rentals (down 0.2 per cent).
- Amongst the strongest sectors in August were Amusement & Entertainment (up 6.5 per cent), Wholesale Distributors & Manufacturers (up by 2.0 per cent) and Automobiles & Vehicles (up 1.3 per cent).

Figure 1: BSI Monthly Trend

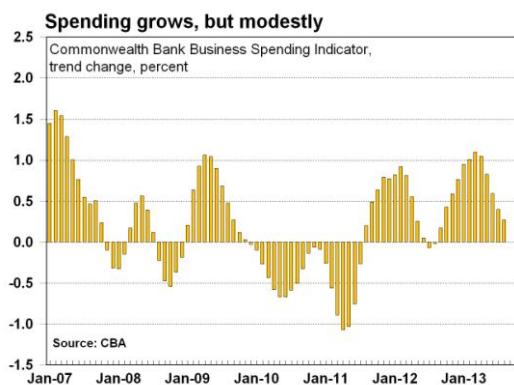
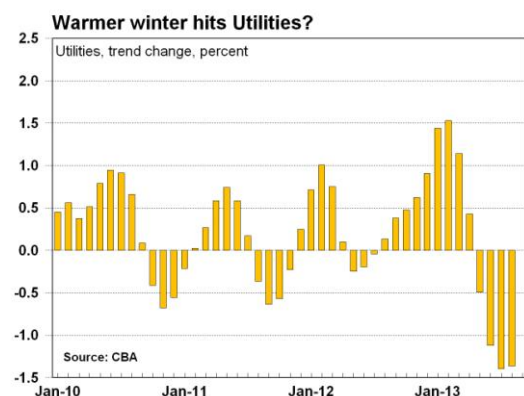


Figure 2: Utilities, monthly trend growth, per cent



- In annual terms in August, only three of the 19 industry sectors contracted: Business Services, Mail Order/Telephone Order Providers and Hotels & Motels. In July four of the sectors had weaker sales than a year ago.
- At the other end of the scale, sectors with strongest annual growth include Wholesale Distributors & Manufacturers, Government Services and Amusement & Entertainment.
- Only one of the states and territories recorded weaker sales in trend terms in August: Western Australia, down by 0.3 per cent and the biggest decline in 27 months. Spending in Western Australia has now fallen for four straight months.
- Sales rose most in South Australia (up 1.3 per cent), followed by Tasmania (up 1.1 per cent), ACT (up 0.9 per cent), Queensland and Northern Territory (both up 0.5 per cent), NSW (up 0.3 per cent) and Victoria (up 0.2 per cent).
- The trend BSI has now risen for 27 months in the Northern Territory, for 26 straight months in both Queensland and South Australia, for 23 straight months in ACT and for 17 straight months in Tasmania.
- In annual terms, no state or territory had sales below a year ago. Strongest growth was posted in ACT (up 16.4 per cent), followed by South Australia (up 14.6 per cent), NSW (up 10.3 per cent), and Tasmania (up 9.9 per cent).

Figure 3: ACT, monthly trend spending (%)

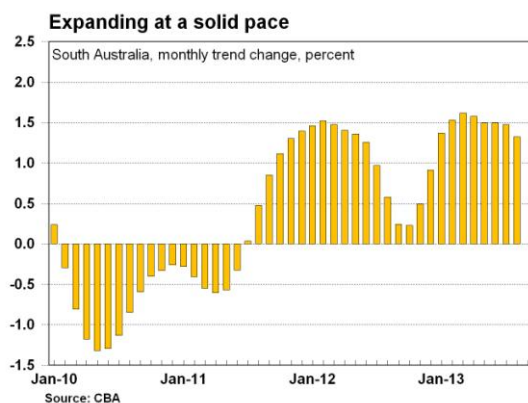
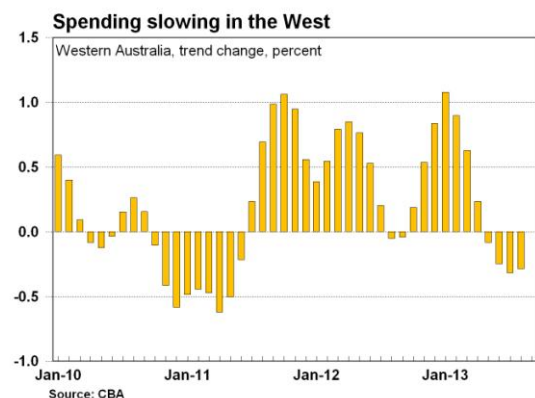


Figure 4: Western Australia, monthly trend spending (%)



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 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	

DISCLOSURE AND DISCLAIMER APPENDIX

Craig James – Chief Economist, CommSec (Author)

(02) 9118 1806 (work), 0419 695 082 (mobile) | craig.james@cba.com.au

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