

Spending growth extends into the fourth year

- Economy-wide spending grew at “normal” pace in August, moving the sales expansion into the fourth year. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.5 per cent in trend terms in August – in line with the long-term average growth pace. Sales have grown consistently over the past 37 months.
- The more volatile seasonally adjusted estimate of spending rose by 0.8 per cent in August, the fifth gain in six months and following on from a 1.6 per cent lift in July sales. Annual growth in sales eased from 11.9 per cent to 9.9 per cent – but above 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, only four of the 19 industry sectors contracted in trend terms in August, up from three sectors in both June and July. But sales only fell in one of the State & territories in August.
- 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 2014

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, grew for the 37th straight month in July. While trend growth of 0.5 per cent in the month was in line with the long-term average pace of growth, it was the weakest growth since July 2013.
- In annual terms, the BSI continued to grow above the long-term average or normal growth pace. In August the BSI was up by 9.8 per cent on a year earlier, up from 9.5 per cent in June and 9.7 per cent in July but above the 6.2 per cent long-term average growth pace.
- The seasonally-adjusted measure of sales rose by 0.8 per cent in August, down from a revised 1.6 per cent lift in July (originally reported as 1.7 per cent) and the seventh gain in nine months. Annual growth eased from a six-month high of 11.9 per cent to 9.9 per cent in August.
- 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, spending fell in just four of the 19 industry sectors in trend terms in August: Utilities (down 1.7 per cent); Clothing Stores (down 1.4 per cent); Amusement & Entertainment (down 0.2 per cent); and Automobile/Vehicle Rentals (down 0.1 per cent).
- Amongst the strongest sectors in August were, Service Providers (up 4.0 per cent); Mail Order/Telephone Order Providers (up 2.3 per cent); Airlines (up 1.9 per cent); and Miscellaneous Stores (up 1.4 per cent).

Figure 1: BSI: Seasonally adjusted & trend

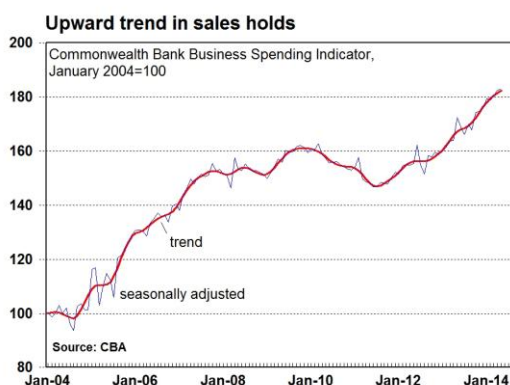
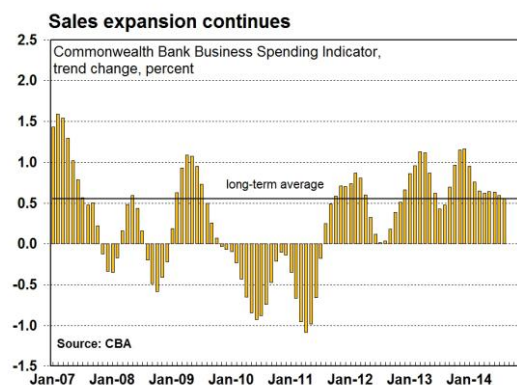


Figure 2: BSI, monthly trend %



- In annual terms in August, only three of the 19 industry sectors contracted: Utilities, Automobile/Vehicle Rentals, and Clothing Stores.
- At the other end of the scale, sectors with strongest annual growth in August included Amusement & Entertainment; Hotels & Motels; Mail Order/Telephone Order Providers; and Transportation.
- Across the states and territories, sales rose in August in trend terms in all but the ACT (down 0.1 per cent).
- Of the other states & territories, leading the gains was South Australia (up 1.4 per cent), followed by Queensland (up 1.1 per cent) Tasmania (up 1.0 per cent); NSW (up 0.5 per cent), Victoria (up 0.4 per cent), Northern Territory (up by 0.2 per cent) and Western Australia (up by 0.1 per cent).
- The trend BSI has now risen for 38 straight months in Queensland, for 30 months in Tasmania, for 24 months in NSW and for 23 months in South Australia. Sales in Victoria have been either flat or higher for 38 consecutive months
- 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, Tasmania and NSW.

Figure 3: South Australia, monthly trend (%)

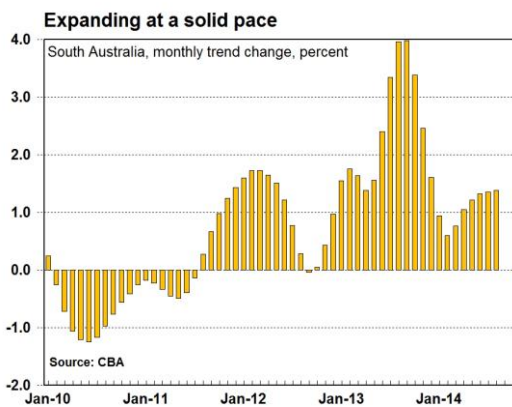
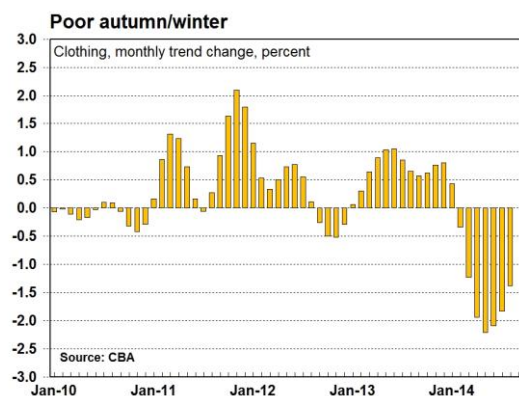


Figure 4: Clothing, monthly trend (%)



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	

DISCLOSURE AND DISCLAIMER APPENDIX

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