

Spending lifts post-election

- With the uncertainty of the ‘Brexit’ vote and Federal Election resolved, spending has rebounded. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – lifted by 0.6 per cent in trend terms in August.
- The 0.6 per cent increase in the trend BSI measure was the strongest gain in nine months. Over 2015, economy wide spending lifted by an average of 0.5 per cent a month in trend terms. Spending growth slowed from December 2015, culminating in modest 0.1 per cent trend increases in sales in March and April. Annual growth lifted from 4.4 per cent to 4.6 per cent in August.
- The more volatile seasonally adjusted BSI has moved in a zig-zag fashion over the past nine months and rose by 1.1 per cent in August after falling by 0.7 per cent in July.
- At a sectoral level, 13 of the 19 industry sectors expanded in trend terms in August, a similar result to July. And sales rose in six of the eight states and territories in August.
- 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 August 2016

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.6 per cent in August, the strongest gain in nine months. Spending growth had slowed earlier in the year ahead of the UK vote on European Union membership (‘Brexit’) and the Australian Federal Election. But latest data shows that spending has strengthened with the uncertainty resolved.
- Over the first five months of 2016, economy-wide spending grew on average by 0.2 per cent a month in trend terms, down from 0.5 per cent average monthly gains over 2015. But spending lifted by 0.3 per cent in June, 0.5 per cent in July and 0.6 per cent in August.
- Annual growth of spending lifted from a 4-year low of 4.3 per cent in June to 4.4 per cent in July and to 4.6 per cent in August.
- The seasonally-adjusted measure of sales rose by 1.1 per cent in August after falling 0.7 per cent in July and rising by 1.8 per cent in June.
- 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, 13 of the 19 industry sectors rose in trend terms in August. But in seven of the 19 sectors, spending rose or fell by 0.2 per cent or less. Spending by Government Services rebounded in August, up by 2.1 per cent, after falling from March through to June.

Figure 1: Australian sales, trend month

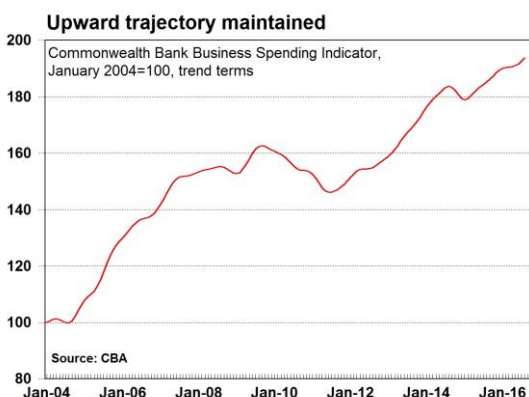
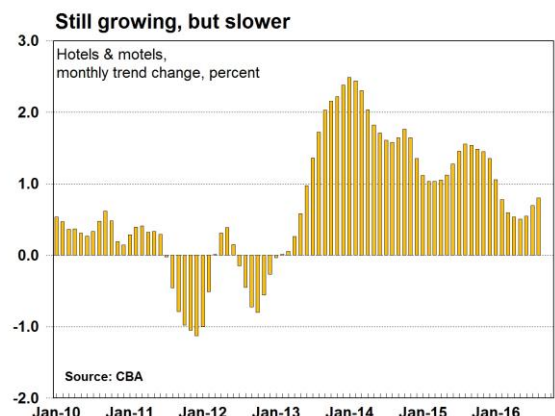


Figure 2: Hotels & Motels, monthly trend %



- One of the strongest gains occurred in Amusement & Entertainment with spending up 1.5 per cent in trend terms in August – the strongest gain in 16 months – after lifting by 1.4 per cent in July. Spending at Hotels & Motels and Wholesale Distributors & Manufacturers both rose by 0.8 per cent.
- Spending fell most at Business Services (down 1.0 per cent).
- In annual terms in August, only three of the 19 industry sectors contracted: Airlines, Transportation and Automobiles & Vehicles.
- At the other end of the scale, sectors with strongest annual growth in August included: Wholesale Distributors & Manufacturers (up 14.0 per cent), Hotels & Motels (up 12.0 per cent) and Mail Order/Telephone Order Providers (up 11.4 per cent).
- Across states and territories in August sales fell just in ACT (down 0.8 per cent) and Northern Territory (down less than 0.1 per cent). Of the other states and territories, strongest were Queensland and Victoria (both up 0.9 per cent), followed by South Australia (up 0.8 per cent), NSW (up 0.5 per cent). Western Australia (up 0.3 per cent) and Tasmania (up 0.2 per cent).
- In annual terms all states and territories has sales above a year ago. Strongest growth was in South Australia (up 7.8 per cent), from Tasmania (up 6.5 per cent), NSW (up 6.3 per cent), Queensland (up 5.5 per cent), Northern Territory (up 5.4 per cent), Western Australia (up 5.5 per cent), ACT (up 4.7 per cent) and Victoria (up 0.4 per cent).

Figure 3: Government, monthly trend (%)

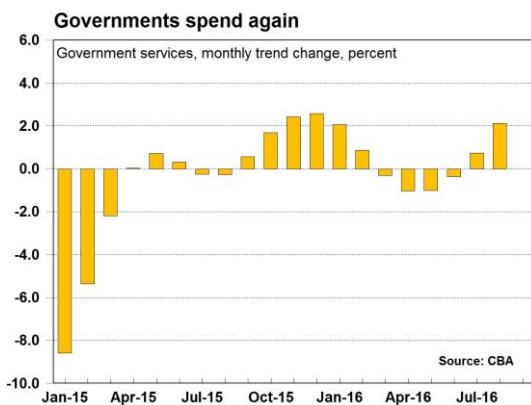
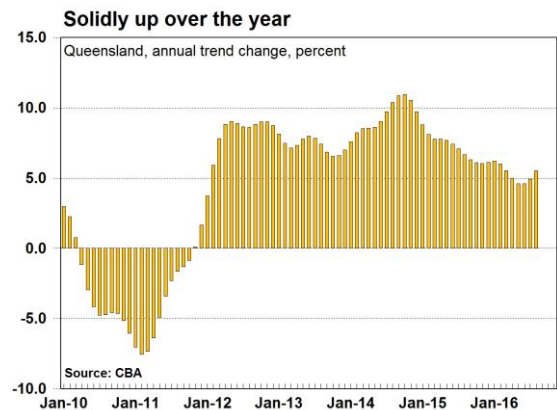


Figure 4: Queensland, annual trend (%)



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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