

Christmas spurs a lift in spending

- Economy-wide spending has continued to grow at a healthy, sustainable pace according to a new survey. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.9 per cent in trend terms in December. This was the 16th consecutive month of spending growth.
- The more volatile seasonally adjusted estimate of spending rose by 0.4 per cent in December after a 0.2 per cent increase in November and a 4.0 per cent rise in October. Annual growth rose from 9.4 per cent to 10.6 per cent in December.
- 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, 16 of the 19 industry sectors expanded in trend terms in December, up from 15 sectors in November. And seven of the eight states and territories recorded firmer sales in trend terms in December, a similar result to both November and October.
- 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 December 2013

- Economy-wide spending lifted for the 16th straight month in December according to the latest Commonwealth Bank Business Sales Indicator (BSI). In trend terms, spending rose by 0.9 per cent in December, up from 0.8 per cent growth in both November and October.
- In annual terms, the BSI was up by 9.8 per cent in December, a lift from October and the fastest pace in over six years.
- The seasonally-adjusted measure of sales rose by 0.4 per cent in December after a 0.2 per cent rise in November, and 4.0 per cent rise in October – the first three month gains in spending in nine months. The annual growth rate rose from 9.4 per cent to 10.6 per cent.
- 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, 16 of the 19 industry sectors expanded in trend terms in December. Amongst the strongest sectors in December were Transportation (up 3.4 per cent), Hotels & Motels (up 1.8 per cent) and Utilities (up 1.6 per cent).
- Spending fell most at Mail Order/Telephone Order Providers (down 2.1 per cent) followed by Professional Services & Membership Organisations (down 1.0 per cent) and Repair Services (down 0.1 per cent).

Figure 1: BSI Monthly Trend %

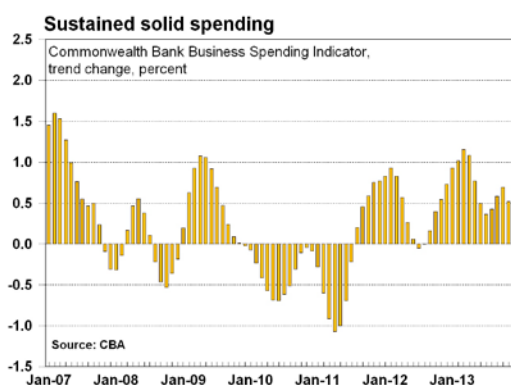
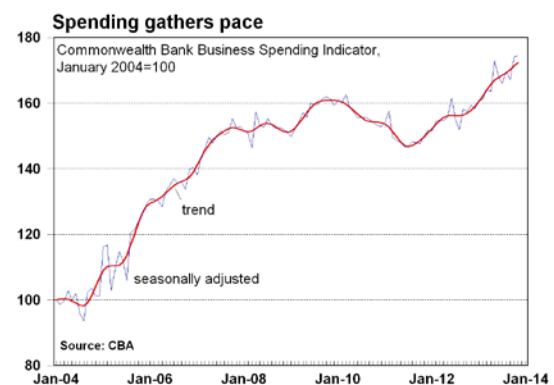


Figure 2: BSI: Seasonally adjusted & trend



- In annual terms in December, only two of the 19 industry sectors contracted: Mail Order/Telephone Order Providers and Business Services. In November, similarly only two of the sectors posted weaker sales than a year ago.
- At the other end of the scale, sectors with strongest annual growth in December included Amusement & Entertainment, Wholesale Distributors & Manufacturers, Transportation, Service Providers, and Government Services.
- Sales were firmer across the country with seven of the states and territories recording stronger sales in trend terms in December. Spending fell 1.3 per cent in ACT – the fourth month of slightly weaker sales. But leading the gains was South Australia (up 1.7 per cent), followed by Western Australia (up by 1.2 per cent), NSW (up 1.0 per cent), Victoria (up 0.9 per cent), Northern Territory (up 0.8 per cent), Queensland and Tasmania (both up 0.3 per cent).
- The trend BSI has now risen for 31 months in the Northern Territory, for 29 straight months in South Australia, for 21 straight months in Tasmania and for 18 straight months in Victoria.
- In annual terms, no state or territory had sales below a year ago with South Australia, Northern Territory, NSW, Tasmania leading the way from Western Australia, Victoria and Queensland.

Figure 3: Queensland, monthly trend (%)

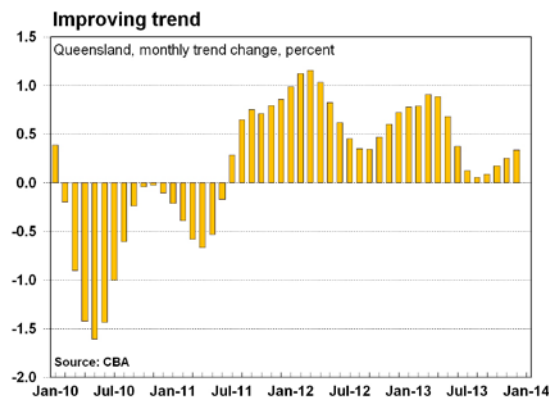
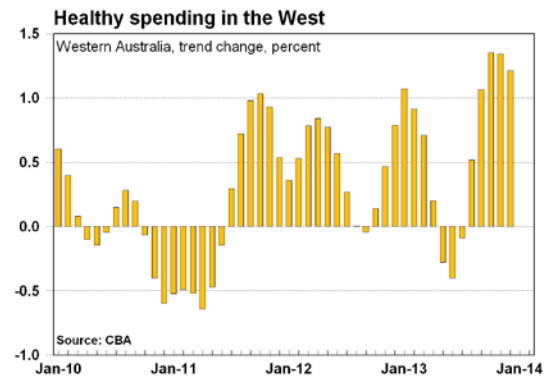


Figure 4: Western Australia, monthly trend (%)



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

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| 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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