

# Healthy, but slower sales growth to end 2015

- According to the Commonwealth Bank Business Sales Indicator (BSI), growth in economy-wide spending moderated in trend terms in December.
- The overall BSI rose by 0.3 per cent in trend terms in December, after lifting by 0.4 per cent in November and 0.5 per cent in October. Despite the slowdown in monthly growth, annual trend growth held at 7.2 per cent for the fourth straight month, well above the decade-average of 5.1 per cent.
- The more volatile seasonally adjusted estimate of spending rose by 0.7 per cent in December after falling by 0.9 per cent in November. Annual growth lifted from 6.1 per cent to 7.3 per cent – well above the long-term average.
- At a sectoral level, eight of the 19 industry sectors contracted in trend terms in December, up from seven sectors in November and six sectors in October. But sales rose in seven of the eight states and territories 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.
- 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 December 2015

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, recorded modest growth in December. The BSI lifted by just 0.3 per cent in December – the slowest monthly growth for over three years. But spending growth had been well above average over most of 2015, especially in the March-June period.
- Still annual growth of spending remains healthy. In trend terms, spending rose at a 7.2 per cent annual pace in December, matching similar annual rates in the previous three months and above the 5.1 per cent decade average.
- The seasonally-adjusted measure of sales rose by 0.7 per cent in December after falling 0.9 per cent in November. Annual growth lifted from 6.1 per cent to 7.3 per cent.
- 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 are derived from the same SEASABS statistical software allowing analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, eight of the 19 industry sectors fell in trend terms in December including Airlines, Professional Services Membership Organisations and Amusement & Entertainment.

Figure 1: Australian sales, monthly %

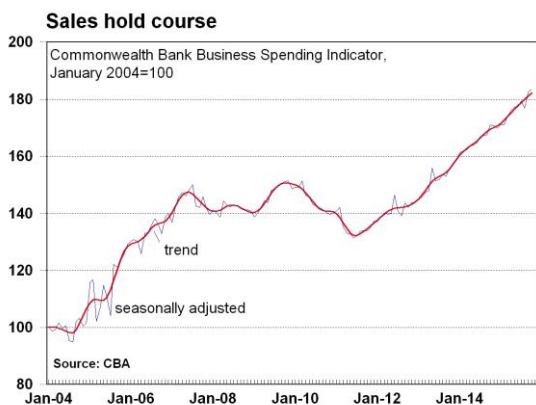
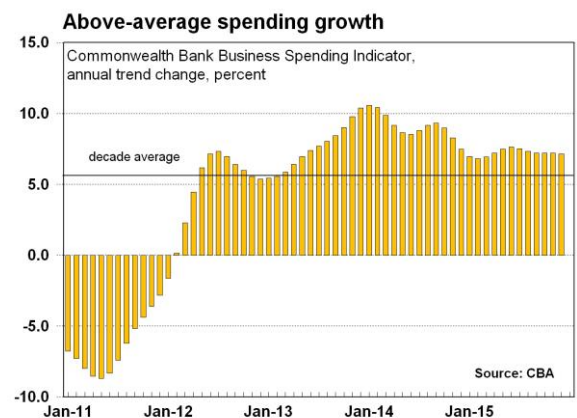


Figure 2: Australian sales, annual trend %



- The large Retail Stores sector grew by 0.4 per cent in December, further stepping down from growth rates of 0.7-0.8 per cent per month recorded from May to September.
- Of the sectors recording gains, notable was Business Services (up 3.5 per cent and the 10<sup>th</sup> consecutive lift in sales). Sales at Hotels/Motels and Government Services both rose by 1.8 per cent in December.
- In annual terms in December, five of the 19 industry sectors contracted including: Mail Order/Telephone Order Providers and Professional Services & Membership Organisations.
- At the other end of the scale, sectors with strongest annual growth in December included: Hotels & Motels; Miscellaneous Stores; Business Services and Wholesale Distributors & Manufacturers.
- Sales rose in seven of the eight states and territories in December: Northern Territory (up 1.4 per cent), ACT and Victoria (both up 1.1 per cent), Tasmania and Western Australia (both up 0.8 per cent), NSW (up 0.7 per cent) and Queensland (up by 0.3 per cent). Sales fell in South Australia (down 0.5 per cent).
- In annual terms no state or territory had sales below a year ago. Strongest growth was in Tasmania (up 11.8 per cent) from the ACT (up 10.3 per cent), Western Australia (up 9.2 per cent), Queensland (up 6.8 per cent), South Australia (up 6.5 per cent), Victoria (up 6.0 per cent), NSW (up 3.5 per cent) and Northern Territory (up 0.9 per cent).

Figure 3: Business services, monthly trend (%)

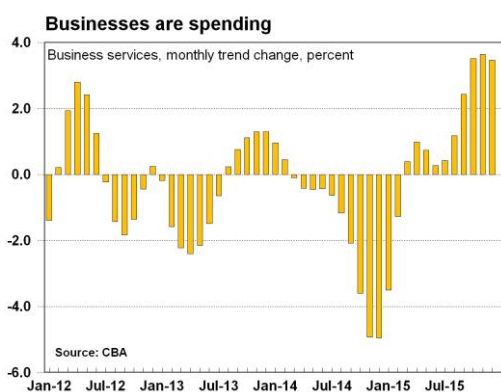
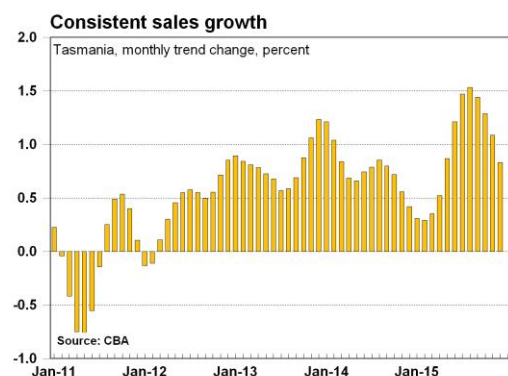


Figure 4: Tasmania, monthly trend (%)



## 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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