

Solid sales recovery continues in 2014

- Economy-wide spending continued to expand at a solid pace at the start of 2014 according to a new survey. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 1.0 per cent in trend terms in January, consistent with the 1.0-1.2 per cent gains recorded over the previous three months. This was the 17th consecutive month of spending growth.
- The more volatile seasonally adjusted estimate of spending rose by 2.2 per cent in January, the fourth straight month gain and follows a 0.5 per cent lift in sales in December. Annual growth lifted from 10.7 per cent to 12.0 per cent in January.
- 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, 18 of the 19 industry sectors expanded in trend terms in January, up from 17 sectors in December. And seven of the eight states and territories recorded firmer sales in trend terms for the fifth straight month in January.
- 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 January 2014

- The recovery in economy-wide spending has continued into 2014. The Commonwealth Bank Business Sales Indicator (BSI) rose by 1.0 per cent in January, after recording monthly gains of 1.0-1.2 per cent between October and December 2013. The monthly pace of growth started lifting in August 2013 – from 0.3 per cent to 0.4 per cent – before expanding 0.7 per cent in September. Sales have now expanded for 17 straight months.
- In annual terms, the BSI was up by 10.8 per cent in January, the strongest pace in over six years.
- The seasonally-adjusted measure of sales rose for the fifth straight month, up 2.2 per cent in January to stand 12.0 per cent higher than a year ago.
- 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, 18 of the 19 industry sectors expanded in trend terms in January. Amongst the strongest sectors in January were Transportation (up 4.0 per cent), Hotels & Motels (up 2.6 per cent) and Utilities (up 2.2 per cent).
- Spending fell only at Professional Services & Membership Organisations in January (down 1.0 per cent). It was the fifth straight drop in sales and follows sales declines of 1.0 per cent in both November and December. Spending at Mail Order/Telephone Order Providers had contracted in trend terms from July to December 2013 but rose by 0.7 per cent in January.

Figure 1: BSI Monthly Trend %

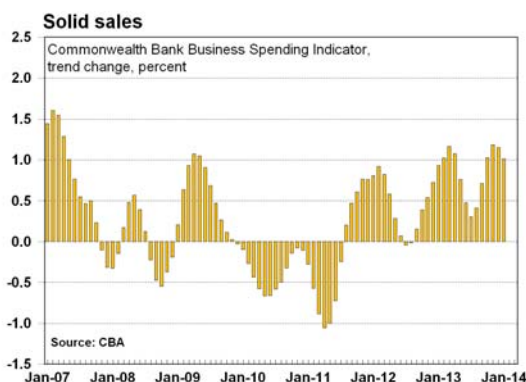
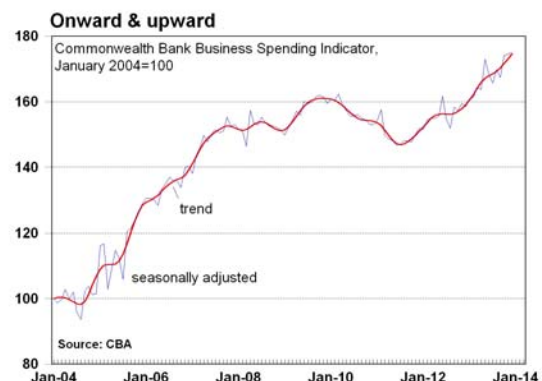


Figure 2: BSI: Seasonally adjusted & trend



- In annual terms in January, only two of the 19 industry sectors contracted: Mail Order/Telephone Order Providers (down 13.5 per cent) and Business Services (down 4.4 per cent). In December the same two sectors declined in annual terms but the extent of the annual decline has moderated for both sectors in the past four months.
- At the other end of the scale, sectors with strongest annual growth in January included Amusement & Entertainment, Wholesale Distributors & Manufacturers, Transportation, Government Services and Hotels & Motels.
- Across the states and territories, sales rose in January in trend terms in all but the ACT (down by 4.3 per cent). Sales have now fallen for five straight months in the ACT. Of the other states & territories, leading the gains was Western Australia (up by 1.7 per cent) followed by South Australia (up 1.5 per cent), Northern Territory, Queensland and Tasmania (each up 1.2 per cent), Victoria (up 1.0 per cent) and NSW (up 0.8 per cent).
- The trend BSI has now risen for 32 months in the Northern Territory, for 30 straight months in South Australia, for 22 straight months in Tasmania, for 19 straight months in Victoria and for 5 straight months in NSW and Queensland.
- In annual terms, only the ACT had sales below a year ago (down 4.8 per cent). At the other end of the scale, growth was strongest in South Australia, Northern Territory and NSW.

Figure 3: Hotels & Motels, monthly trend (%)

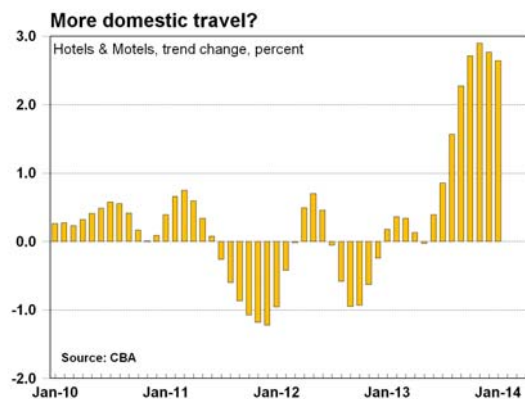
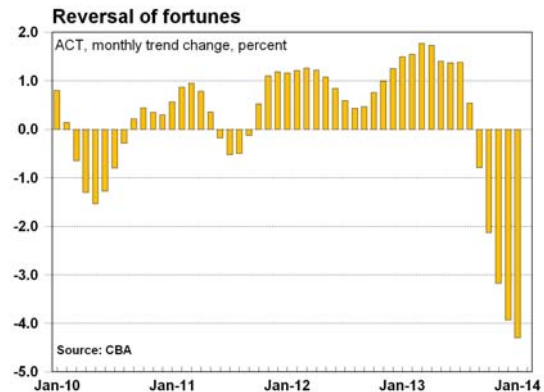


Figure 4: ACT, monthly trend (%)



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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