

Firm growth in economy-wide spending

- Economy-wide spending posted firm growth in June according to the Commonwealth Bank Business Sales Indicator (BSI). In trend terms the BSI lifted by 0.7 per cent in June after a similar gain in May.
- The annual trend growth in sales lifted from 8.5 per cent in May to 9.0 per cent in June.
- The more volatile seasonally adjusted measure of the BSI rose by 0.8 per cent in June after a solid 2.3 per cent increase in June.
- At a sectoral level, 18 of the 19 industry sectors were higher in trend terms in June, a similar result to May. And sales rose in all of the eight states and territories in the month.
- 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 June 2017

- Economy-wide spending continued to post firm growth in June with all states and territories recording gains as well as all but one industry sector. The Commonwealth Bank Business Sales Indicator (BSI) rose by 0.7 per cent in trend terms in June after a similar gain in May.
- And looking back over the past year spending growth has lifted on average by 0.7 per cent a month.
- The annual trend growth in sales increased from 8.5 per cent in May to 9.0 per cent in June.
- The more volatile seasonally adjusted measure of the BSI rose by 0.8 per cent in June after posting solid growth of 2.3 per cent in May.
- The Commonwealth Bank BSI is obtained by tracking the value of credit and debit card transactions processed through the Commonwealth Bank merchant facilities. And in line with the practice of the Bureau of Statistics with 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, 18 of the 19 industry sectors rose in trend terms in June. The biggest lift in sales occurred at Amusement & Entertainment (up 2.4 per cent) followed by Mail Order/Telephone Order Providers (up 1.9 per cent); Transportation (up 1.6 per cent); and Airlines (up 1.2 per cent).
- There were more modest gains in sales of 0.4 per cent in a variety of sectors: Contracted Services; Hotels & Motels; Professional Services & Membership Organisations; Repair Services; and Retail Stores.
- On the other side of the equation, sales fell by 0.3 per cent across the Automobiles & Vehicles sector after a similar decline in May.

Figure 1: Australian sales, trend index

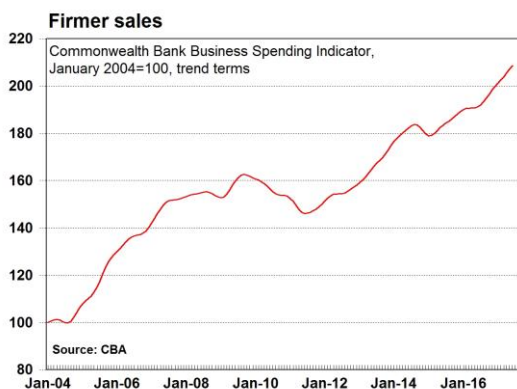
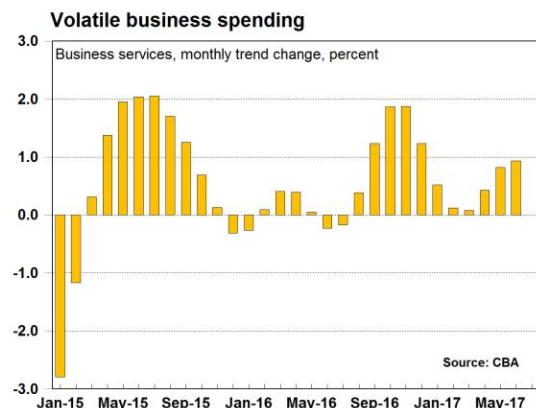


Figure 2: Business services, monthly trend



- Encouragingly sales lifted 0.9 per cent in Business Services – the strongest gain in six months. And sales at Clothing Stores rose by 1.0 per cent in trend terms in June – the strongest gain in just over two years (25 months).
- In annual terms in June, only one of the 19 industry sectors contracted: Mail Order/Telephone Order Providers (down 2.1 per cent).
- At the other end of the scale, sectors with strongest annual growth in June included: Amusement & Entertainment (up 26.0 per cent); Government Services (up 19.9 per cent); and Airlines (up 18.8 per cent).
- Across all states and territories in June sales were stronger. Strongest were Queensland (up 1.2 per cent); Northern Territory (up 0.9 per cent); NSW (up 0.7 per cent); South Australia (up 0.6 per cent); Tasmania and Western Australia (both up 0.5 per cent); Victoria (up 0.4 per cent); and ACT (up 0.3 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was Queensland (up 11.3 per cent) from Victoria (up 10.8 per cent); South Australia (up 10.2 per cent); Tasmania (up 9.0 per cent); Northern Territory (up 8.4 per cent); NSW (up 8.3 per cent); Western Australia (up 8.1 per cent); ACT (up 7.9 per cent).

Figure 3: Queensland, monthly trend (%)

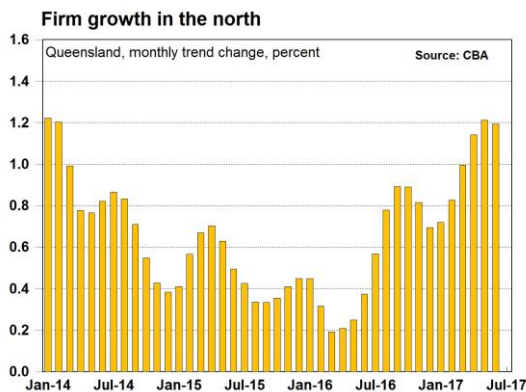
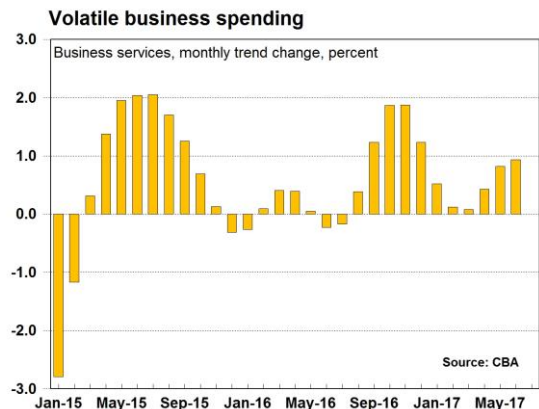


Figure 4: Business Services, month trend (%)



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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