

# Business spending lifts again in June

- Business spending continued to benefit from Government stimulus measures in June. According to the Commonwealth Bank Business Sales Indicator (BSI), spending at Business Services enterprises rose by 2.0 per cent in June – the strongest increase in just over three years.
- The lift in business spending drove economy-wide spending higher in June. The overall BSI rose by 0.7 per cent in trend terms in June after lifting by 0.8 per cent between March and May. And annual growth remained well above the long-term trend – up by 7.6 per cent in the year to June – the fastest pace in seven months and above the decade-average trend of 5.3 per cent.
- The more volatile seasonally adjusted estimate of spending fell 0.1 per cent in June after three months of solid gains. Annual growth eased from 8.3 per cent to 7.9 per cent.
- At a sectoral level, just four of the 19 industry sectors contracted in trend terms in June, similar to April and May. And all but one states and territories recorded stronger trend sales in June.
- 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 June 2015

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, continued to grow at a solid pace in June. The BSI lifted by 0.7 per cent in June after rising 0.8 per cent in March, April and May. Annual growth of spending lifted for the fourth month to 7.6 per cent, above the decade-average of 5.3 per cent.
- The seasonally-adjusted measure of sales fell for the first time in four months, easing by 0.1 per cent in June. Annual growth eased from a six-month high of 8.3 per cent to 7.9 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. This allows analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, it is again notable that spending by Business Services rose strongly in June, up by 2.0 per cent in trend terms in June and the strongest monthly rise in just over three years. Overall, just four of the 19 industry sectors fell in trend terms in June: Airlines (down 0.7 per cent); and Mail Order/Telephone Order Providers (down by 4.6 per cent); Professional Services & Membership Organisations (down 1.4 per cent) and Transportation (down by 0.3 per cent).

Figure 1: Australian sales, annual trend %

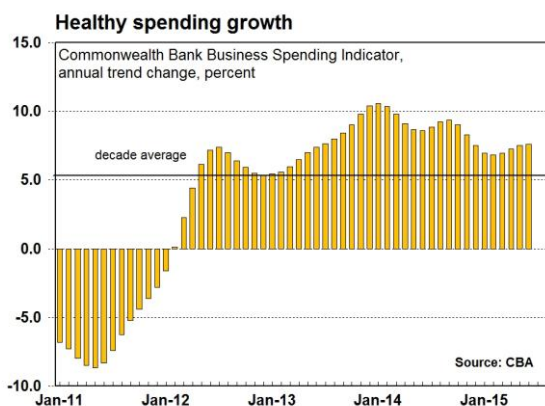
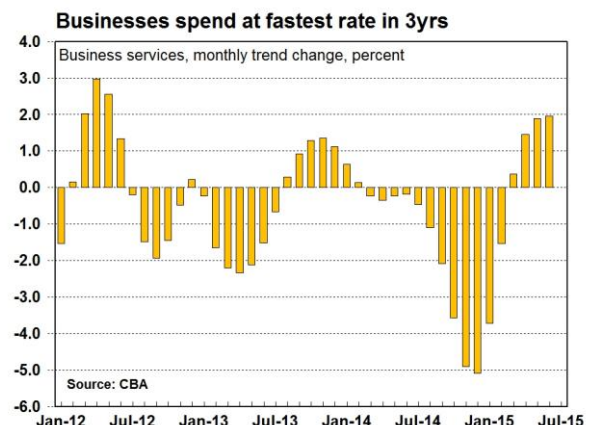


Figure 2: Business services, monthly trend %



- Among the strongest sectors in June were Amusement & Entertainment (up 2.6 per cent); Automobiles & Vehicles (up 1.3 per cent); and Wholesale Distributors & Manufacturers (up 1.2 per cent).
- The large Retail Stores sector grew by 0.5 per cent in June after rising 0.6 per cent in the previous eight months.
- In annual terms in June, seven of the 19 industry sectors contracted including: Utilities, Mail Order/Telephone Order Providers, Automobile and Vehicle Sales, Business Services, Automobile/Vehicle Rentals.
- At the other end of the scale, sectors with strongest annual growth in June included: Hotels & Motels; Miscellaneous Stores; Service Providers; Amusement & Entertainment; and Wholesale Distributors & Manufacturers.
- Sales rose in all states and territories in June except Northern Territory, down by just under 0.1 per cent. Sales rose most in South Australia (up 1.1 per cent) from Queensland (up 0.8 per cent), NSW (up 0.7 per cent), Victoria and Western Australia (both up 0.6 per cent), and Tasmania and ACT (both up 0.4 per cent).
- In annual terms, only the NSW and Northern Territory had sales below a year ago in June (down 5.6 per cent and 6.6 per cent respectively) At the other end of the scale, growth was strongest in the ACT (up 14.2 per cent) from South Australia (up 8.4 per cent), Western Australia (up 7.7 per cent), Queensland (up 7.3 per cent), Tasmania (up 6.5 per cent) and Victoria (up 1.7 per cent).

Figure 3: Queensland, monthly trend (%)

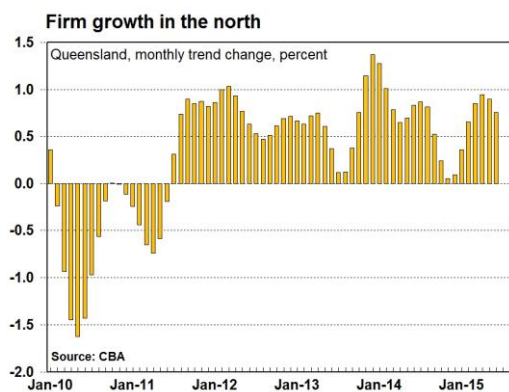
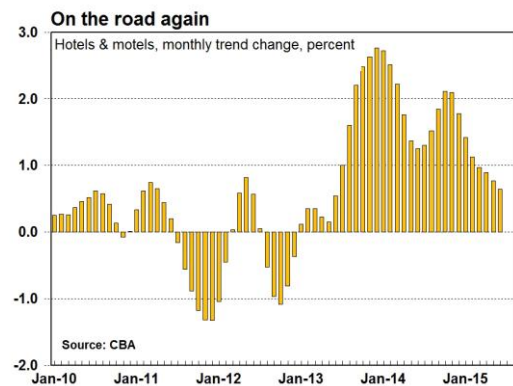


Figure 4: Hotels &amp; Motels, monthly trend (%)



## 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**

- |  |  |
|--|--|
| 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 |  |

DISCLOSURE AND DISCLAIMER APPENDIX**Craig James – Chief Economist, CommSec (Author)****(02) 9118 1806 (work), 0419 695 082 (mobile) | [craig.james@cba.com.au](mailto:craig.james@cba.com.au)**

Produced by Commonwealth Research based on information available at the time of publishing. We believe that the information in this report is correct and any opinions, conclusions or recommendations are reasonably held or made as at the time of its compilation, but no warranty is made as to accuracy, reliability or completeness. To the extent permitted by law, neither Commonwealth Bank of Australia ABN 48 123 123 124 nor any of its subsidiaries accept liability to any person for loss or damage arising from the use of this report. The report has been prepared for information purposes only.

The report has been prepared for information purposes only without taking account of the objectives, financial situation or needs of any particular individual. For this reason, any individual should, before acting on the information in this report, consider the appropriateness of the information, having regard to the individual's objectives, financial situation and needs and, if necessary, seek appropriate professional advice.

All material presented in this report, unless specifically indicated otherwise, is under copyright to the Commonwealth Bank of Australia Group. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior written permission of the appropriate entity within the Commonwealth Bank of Australia Group