

Economy-wide spending consolidates

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose slightly in June. Strength in clothing stores was offset by weaker spending across Government and Amusement & Entertainment.
- The Business Sales Indicator rose by 0.1 per cent in June after a similar lift from in March-May. Over 2015 economy wide spending lifted by an average of 0.5 per cent a month in trend terms, compared with just 0.1 per cent over the first six months of 2016.
- Annual growth slowed from 4.6 per cent to 4.3 per cent. The more volatile seasonally adjusted BSI rose by 1.7 per cent in June after falling by 1.5 per cent in May.
- At a sectoral level, 14 of the 19 industry sectors expanded in trend terms in June, a similar result to May. And sales rose in five of the eight states and territories in June.
- 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 2016

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.1 per cent in June after a similar rise in March - May.
- Analysis had been complicated in recent months. There was an extra day in February (leap year) and Easter occurred earlier this year. Easter Sunday occurred on March 27 – the earliest occurrence in eight years.
- But it has been clear that economy-wide spending growth had slowed. Over 2015 economy wide spending lifted by an average of 0.5 per cent in trend terms, compared with just 0.1 per cent over the first six months of 2016.
- The annual growth of spending eased from 4.6 per cent to 4.3 per cent in June – the weakest annual growth in four years. The annual growth rate had held at above-normal levels of between 7.0-7.6 per cent between April and November 2015.
- The seasonally-adjusted measure of sales rose by 1.7 per cent in June after a 1.5 per cent fall in May and 2 per cent rise in April.
- 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 permit analysis of the broader underlying trends that may be hidden in the raw data.
- Across sectors, only five of the 19 industry sectors fell in trend terms in June: Amusement & Entertainment; Government Services; Hotels & Motels; Service Provides; and Contracted Services. Spending by government Services fell by 1.8 per cent, the biggest fall in 15 months.

Figure 1: Australian sales, trend month

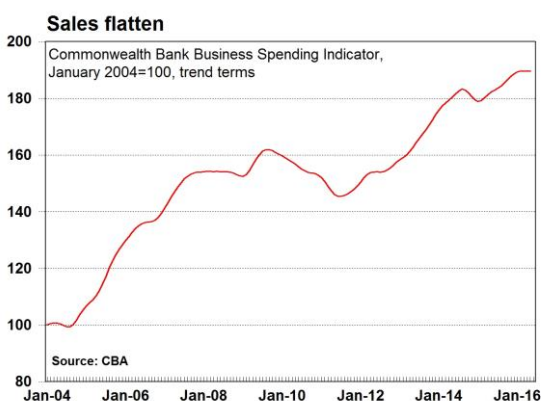
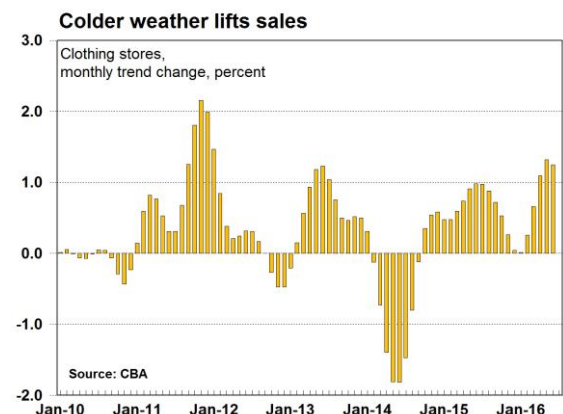


Figure 2: Clothing stores, monthly trend %



- One of the strongest gains occurred in Clothing Stores with spending up 1.2 per cent in trend terms in June and followed a 1.3 per cent lift in June – marking the best back to back growth in 4½-years. Spending at Repair Services rose by 0.4 per cent – the 28th straight monthly gain.
- In annual terms in June, four of the 19 industry sectors contracted including: Airlines, Retail Stores, Amusement & Entertainment and Automobiles & Vehicles.
- At the other end of the scale, sectors with strongest annual growth in May included: Hotels & Motels (up 14.6 per cent); Miscellaneous Stores (up 10.2 per cent); and Government Services (up 9.0 per cent).
- Across states and territories in June sales fell just in Northern Territory (down by 0.5 per cent), and the ACT (down 0.1 per cent). Of the other states and territories, strongest was South Australia (up 0.6 per cent) followed by Western Australia (up 0.3 per cent), Queensland (up 0.2 per cent) and Victoria and Tasmania (both up 0.1 per cent). Sales in NSW were flat in June.
- In annual terms only Victoria had sales below a year ago (down 1.4 per cent). Strongest growth was in Tasmania (up 8.8 per cent), from ACT (up 7.2 per cent), NSW (up 7.1 per cent), South Australia (up 6.2 per cent), Western Australia (up 6.0 per cent), Northern Territory (up 4.6 per cent) and Queensland (up 4.4 per cent).

Figure 3: Hotel & motels, monthly trend (%)

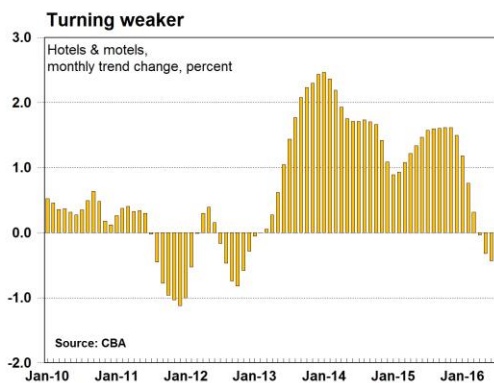
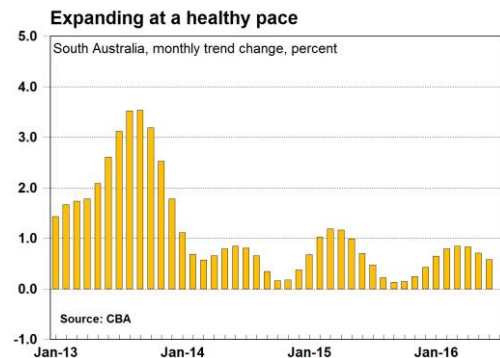


Figure 4: South Australia, monthly trend (%)



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 | |

DISCLOSURE AND DISCLAIMER APPENDIX

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