

Economy-wide spending picks up pace

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.6 per cent in trend terms in March – the strongest growth in 15 months. Growth had averaged just 0.2 per cent over the prior 5 months.
- The annual trend growth in sales rose from 2.5 per cent in February to 3.1 per cent in March – the strongest result in four months.
- The more volatile seasonally adjusted BSI rose by 1.4 per cent in March after rising by 1.7 per cent in February. Annual growth stands at 5.2 per cent after averaging 2 per cent growth in the previous five months.
- At a sectoral level, 17 of the 19 industry sectors expanded in trend terms in March, up from 15 sectors in both January and February. And sales rose in all of the eight states and territories in March.
- 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 March 2017

- Economy-wide spending picked up pace in March. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.6 per cent in trend terms in March after lifting by an average of just 0.2 per cent in the prior five months.
- Spending growth has averaged 0.3 per cent a month in trend terms over the past year.
- While the latest improvement in the BSI was encouraging the timing of Easter may have played a part in the volatility of the result. A clearer picture of economy-wide spending should emerge over the next couple of months.
- Annual trend sales growth rose from 2.5 per cent to a 4-month high of 3.1 per cent in March.
- The more volatile seasonally-adjusted BSI rose by 1.6 per cent in March after rising by 1.3 per cent in February. Annual growth stands at 9.9 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 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, 17 of the 19 industry sectors rose in trend terms in March. The biggest drop in sales occurred at Business Services (down 0.7 per cent) and Retail Stores (down 0.3 per cent).

Figure 1: Australian sales, trend index

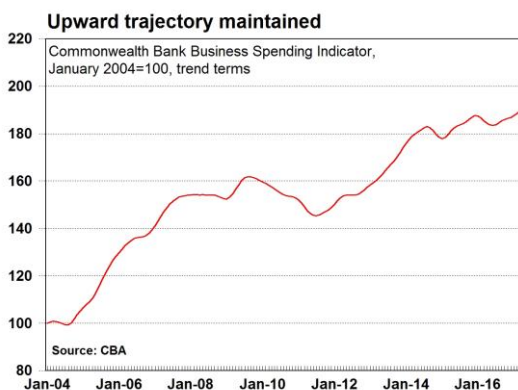
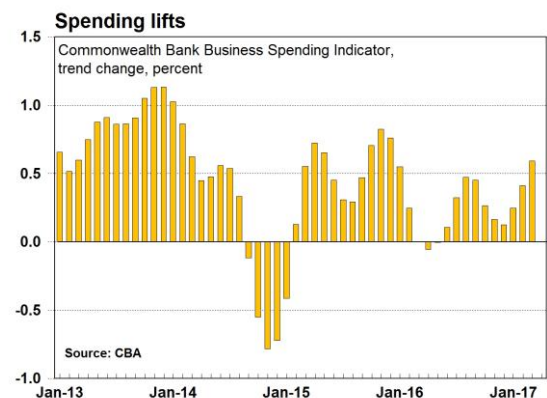


Figure 2: Australian sales, trend monthly %



- On the other side of the equation, the strongest gains in sales occurred in Service Providers (up 1.9 per cent) from Government Services (up 1.4 per cent) and Automobiles & Vehicles and Miscellaneous Stores (up 1.2 per cent).
- Other notable trend increases in sales occurred in Mail Order/Telephone Order Providers (up 1.0 per cent), Hotels & Motels (up 0.9 per cent) and Professional Services & Membership Organisations (up 0.7 per cent).
- In annual terms in March, only three of the 19 industry sectors contracted: Mail Order/Telephone Order Providers, Transportation and Retail Stores.
- At the other end of the scale, sectors with strongest annual growth in March included: Automobiles & Vehicles (up 17.1 per cent), Service Providers (up 16.7 per cent) and Hotels & Motels (up 15.6 per cent).
- Across states and territories in March, sales were stronger in all eight states and territories. Strongest were Victoria (up 2.2 per cent), followed by South Australia (up 1.3 per cent), Tasmania (up 1.2 per cent), Western Australia & Queensland (up 0.9 per cent), Northern Territory (up 0.6 per cent), and NSW (up 0.4 per cent). Spending was flat in the ACT.
- Spending has consistently increased in Western Australia for 70 months, for 68 months in South Australia and for 62 months in Tasmania.
- In annual terms all states and territories had sales above a year ago. Strongest growth was South Australia (up 12.3 per cent) from Western Australia (up 9.7 per cent), Queensland (up 8.8 per cent), Tasmania (up 8.3 per cent), ACT (up 8.2 per cent), NSW (up 6.2 per cent), Victoria (up 5.3 per cent) and Northern Territory (up 2.8 per cent).

Figure 3: Tasmania, monthly trend (%)

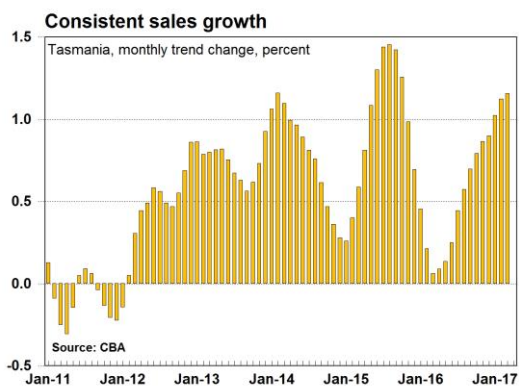
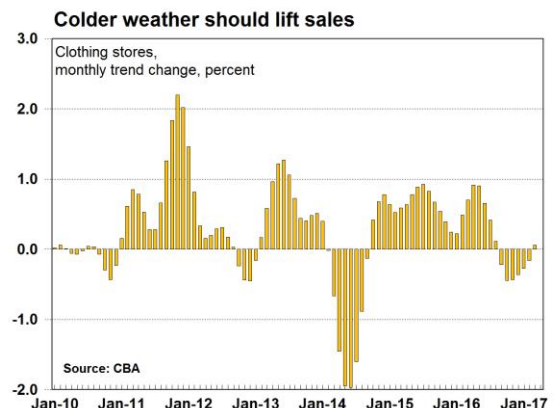


Figure 4: Hotels & Motels, month trend (%)



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 | |

DISCLOSURE AND DISCLAIMER APPENDIX

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