

Spending lifts across the board

- Sales rose strongly across the economy in May according to the Commonwealth Bank Business Sales Indicator (BSI). In trend terms the BSI lifted by 0.8 per cent in May with sharp upward revisions to the pace of growth in March and April.
- The annual trend growth in sales lifted from an upwardly-revised 7.7 per cent in April to 8.5 per cent in May.
- The more volatile seasonally adjusted measure of the BSI rose by 2.2 per cent in May – the strongest gain in six months and second strongest gain in 13 months.
- At a sectoral level, 18 of the 19 industry sectors were flat or higher in trend terms in May, after an April result which now shows all sectors recording gains. And sales rose in all of the eight states and territories in May.
- 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 May 2017

- Economy-wide spending rebounded smartly in May. As we noted last month, the timing of Easter and school holidays may have affected spending levels and a clearer picture of economy-wide spending would emerge with more data. That now appears to be the case with data showing solid sales growth in May across all states and territories and industry sectors.
- Spending rose sharply in original terms and that solid lift was confirmed once seasonal factors are taken into account. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.8 per cent in May after a similar gain in April.
- Spending growth has averaged 0.7 per cent a month over the past year.
- The annual trend growth in sales lifted from an upwardly-revised 7.7 per cent in April to 8.5 per cent in May.
- The more volatile seasonally adjusted measure of the BSI rose by 2.2 per cent in May – the strongest gain in six months and second strongest gain in 13 months.
- 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, 18 of the 19 industry sectors rose in trend terms in May. The biggest lift in sales occurred at Amusement & Entertainment (up 4.0 per cent) followed by Transportation (up 1.5 per cent) and Airlines and Miscellaneous Stores (both up 1.2 per cent).

Figure 1: Australian sales, trend index

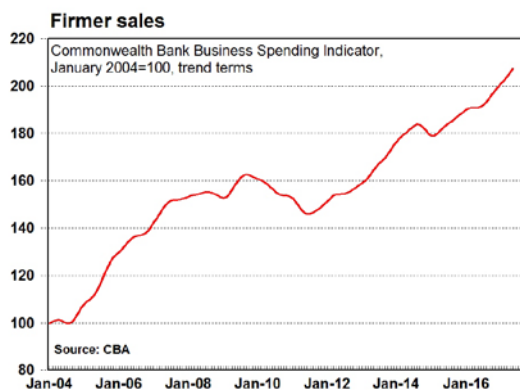
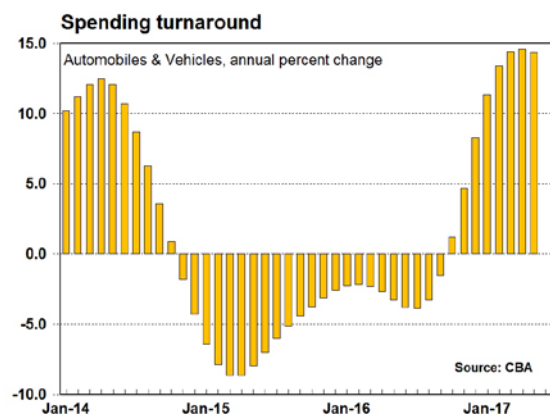


Figure 2: Automobiles & Vehicles, annual trend %



- On the other side of the equation, the weakest gains in sales occurred in Mail Order/Telephone Order Providers (down 0.1 per cent) while spending at Automobiles & Vehicles was largely flat in May.
- Also notable was Hotels & Motels (up 0.3 per cent), the weakest result in around four years although sales have increased in the sector in trend terms over that entire period. Spending by Business Services rose 0.8 per cent in May with spending at Government Services up 0.5 per cent.
- In annual terms in May, only two of the 19 industry sectors contracted: Mail Order/Telephone Order Providers (down 9.4 per cent), and Transportation (down 1.7 per cent).
- At the other end of the scale, sectors with strongest annual growth in May included: Amusement & Entertainment (up 25.7 per cent), Government Services (up 18.7 per cent) and Airlines (up 18.1 per cent).
- Across all states and territories in May sales were stronger. Strongest were Queensland (up 1.1 per cent), Victoria (up 0.9 per cent), NSW and Northern Territory (both up 0.8 per cent), Tasmania (up 0.7 per cent), South Australia (up 0.6 per cent), Western Australia (up 0.5 per cent), and ACT (up 0.2 per cent).
- In annual terms all states and territories had sales above a year ago. Strongest growth was Queensland and South Australia (up 9.8 per cent), Victoria (up 9.0 per cent), Tasmania (up 8.9 per cent), Western Australia (up 8.1 per cent), NSW (up 7.6 per cent) and Northern Territory (up 5.0 per cent).

Figure 3: Queensland, monthly trend (%)

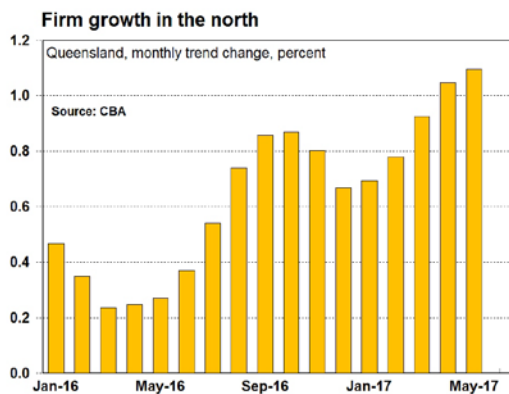
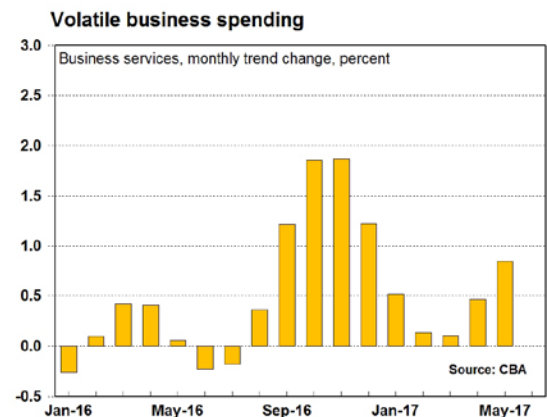


Figure 4: Business Services, month trend (%)



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 | |

DISCLOSURE AND DISCLAIMER APPENDIX

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