

Broad-based lift in economy-wide spending

- Economy-wide spending has continued to grow at a healthy, sustainable pace according to a new survey. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.5 per cent in trend terms in November. This was the 15th consecutive month of spending growth.
- The more volatile seasonally adjusted estimate of spending rose by 0.2 per cent in November after a 4.1 per cent increase in October and a 1.4 per cent decline in September. Annual growth eased from 10.7 per cent to 9.4 per cent in November.
- The seasonally adjusted and trend estimates of the BSI results are derived via the SEASABS statistical program from the Australian Bureau of Statistics.
- At a sectoral level, 15 of the 19 industry sectors expanded in trend terms in November, up from 14 sectors in October but similar to the result in September. And seven of the eight states and territories recorded firmer sales in trend terms in November, a similar result to both September and October.
- The Commonwealth 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 November 2013

- Economy-wide spending lifted for the 15th straight month in November according to the latest Commonwealth Bank Business Sales Indicator (BSI). In trend terms, spending rose by 0.5 per cent in November, down from 0.7 per cent growth in October and a 0.6 per cent lift in September but ahead of the 0.4 per cent gains recorded over both July and August.
- In annual terms, the BSI was up by 9.1 per cent in November, a similar result to October and the fastest pace in almost six years.
- The seasonally-adjusted measure of sales rose by 0.2 per cent in November after a 4.1 per cent rise in October – the first back-to-back gains in spending in eight months. The annual growth rate eased from 10.7 per cent to 9.4 per cent.
- The Commonwealth 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, 15 of the 19 industry sectors expanded in trend terms in November. Amongst the strongest sectors in November were Transportation (up 2.5 per cent), Government Services (up 1.8 per cent) and Hotels & Motels (up 1.4 per cent).
- Spending fell most at Mail Order/Telephone Order Providers (down 3.1 per cent) followed by Retail Stores (down 0.7 per cent), Professional Services & Membership Organisations (down 0.3 per cent) and Amusement & Entertainment (down 0.2 per cent).

Figure 1: BSI Monthly Trend %

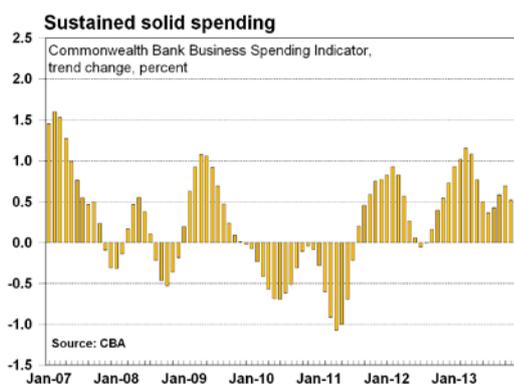
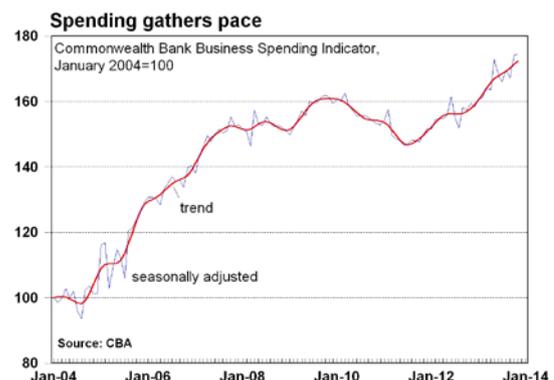


Figure 2: BSI: Seasonally adjusted & trend



- In annual terms in November, only two of the 19 industry sectors contracted: Mail Order/Telephone Order Providers and Business Services. In October, similarly only two of the sectors posted weaker sales than a year ago.
- At the other end of the scale, sectors with strongest annual growth in November included Wholesale Distributors & Manufacturers, Service Providers, Government Services and Amusement & Entertainment.
- Sales were firmer across the country with seven of the states and territories recording stronger sales in trend terms in November. Spending fell 0.1 per cent in Queensland – the third month of slightly weaker sales. But leading the gains was South Australia (up 3.2 per cent), followed by Northern Territory (up 1.4 per cent) Western Australia (up by 1.0 per cent), Victoria (up 0.9 per cent), Tasmania & the ACT (both up 0.3 per cent) and NSW (up 0.1 per cent).
- The trend BSI has now risen for 30 months in the Northern Territory, for 28 straight months in South Australia, for 20 straight months in Tasmania and for 17 straight months in Victoria.
- In annual terms, no state or territory had sales below a year ago with South Australia, ACT, Northern Territory, NSW and Tasmania leading the way from Victoria, Western Australia and Queensland.

Figure 3: Queensland, monthly trend (%)

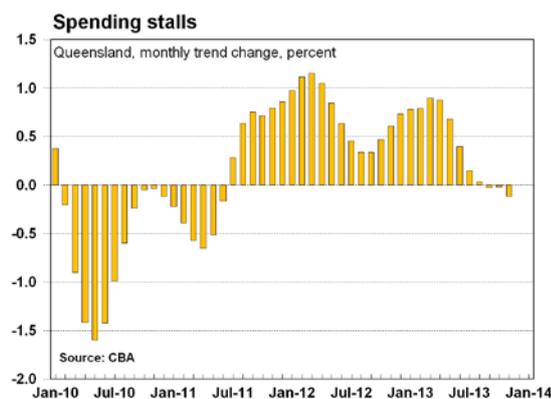
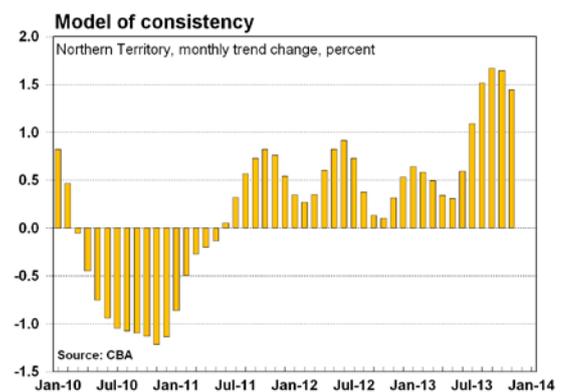


Figure 4: Northern Territory, monthly trend (%)



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**

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