

Healthy lift in economy-wide spending

- According to the Commonwealth Bank Business Sales Indicator (BSI), economy-wide spending posted healthy growth in trend terms in November.
- The overall BSI rose by 0.4 per cent in trend terms in November, after lifting by 0.5 per cent in October. Annual growth rose from 7.2 per cent to 7.3 per cent – the fourth straight month where annual growth has held between 7.2-7.3 per cent. Annual growth remains well above the decade-average trend of 5.1 per cent.
- The more volatile seasonally adjusted estimate of spending fell by 0.8 per cent in November after posting a 0.5 per cent gain in October. Annual growth eased further from the 11-month high of 8.9 per cent in September to 6.1 per cent.
- At a sectoral level, just six of the 19 industry sectors contracted in trend terms in November, matching similar results for October. Sales rose in six of the eight states and territories 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.
- 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 November 2015

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, recorded healthy sales growth in November. The BSI lifted by 0.4 per cent in November, after lifting by 0.5 per cent in October and down from the 0.6 per cent gains recorded from July to September 2015. Annual growth of spending rose from 7.2 per cent in October to 7.3 per cent in November.
- The seasonally-adjusted measure of sales fell by 0.8 per cent in November after lifting by 0.5 per cent in October. Annual growth eased further from the 11-month high of 8.9 per cent in September to 6.1 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, just six of the 19 industry sectors fell in trend terms in November: Airlines, Amusement & Entertainment, Automobiles & Vehicles, Government Services, Personal Service Providers, Professional Services Membership Organisations, and Wholesale Distributors & Manufacturers.
- Of the sectors recording gains, notable was Business Services (up 2.8 per cent), Hotels/Motels (up 2.6 per cent) and Mail Order/Telephone Order Providers (up 1.3 per cent).
- Sales at Business Services outlets have now grown for the past nine months in trend terms
- The large Retail Stores sector grew by 0.5 per cent in November, easing from growth rates of 0.7-0.8 per cent per month in the prior six months.

Figure 1: Australian sales, monthly %

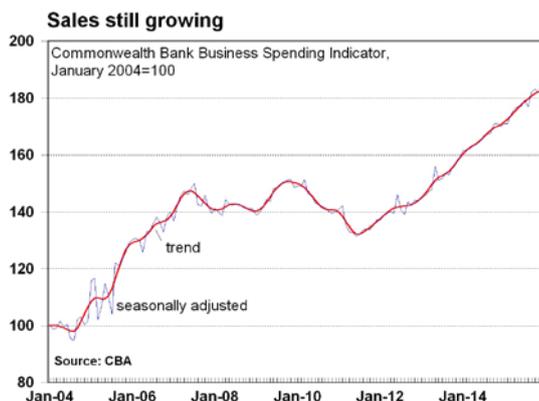
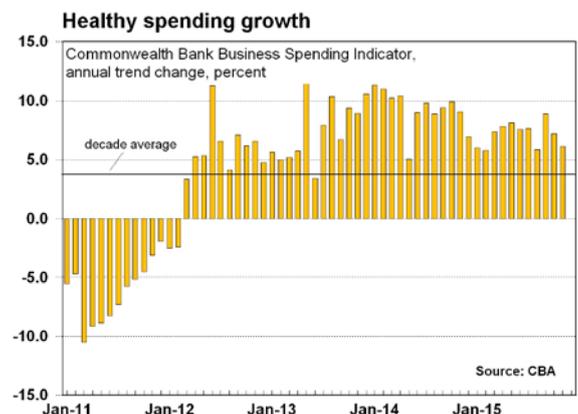


Figure 2: Australian sales, annual trend %



- In annual terms in November, four of the 19 industry sectors contracted including: Mail Order/Telephone Order Providers and Automobile and Vehicle Sales.
- At the other end of the scale, sectors with strongest annual growth in November included: Hotels & Motels; Miscellaneous Stores; Clothing, Transportation and Wholesale Distributors & Manufacturers.
- Sales rose in six of the eight states and territories in November: Tasmania, Victoria (both up 1 per cent), the ACT (up 0.9 per cent), Western Australia, Northern Territory (both up 0.7 per cent), Queensland (up by 0.2 per cent). Sales fell most in NSW (down 0.2 per cent) and South Australia (down 0.1 per cent).
- In annual terms, two states and territories had sales below a year ago in November: Northern Territory (down 3.5 per cent) and NSW (down 0.9 per cent). At the other end of the scale, growth was strongest in Tasmania (up 11.2 per cent) from the ACT (up 9.4 per cent), Western Australia (up 9.2 per cent), South Australia (up 8.5 per cent), Queensland (up 6.2 per cent) and Victoria (up 3.3 per cent).

Figure 3: Business services, monthly trend (%)

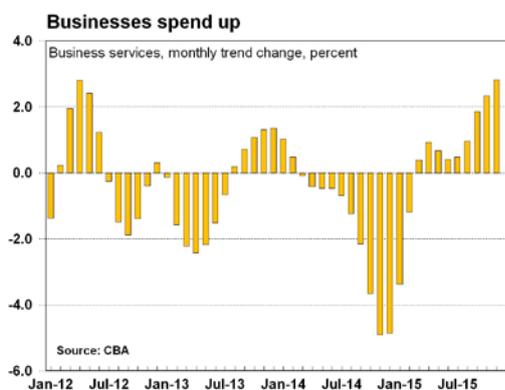
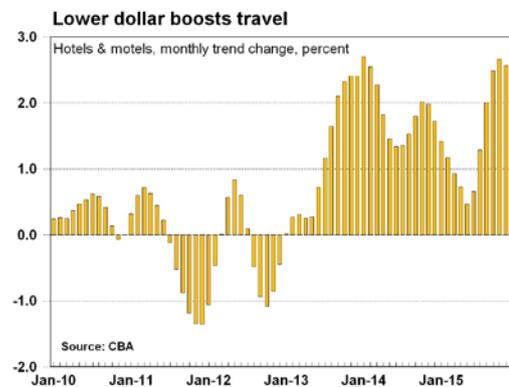


Figure 4: Hotels & motels, monthly trend (%)



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

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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

Savanth Sebastian – Economist, CommSec (Author)
(02) 9118 1805 (work), 0414 188 161 (mobile)

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