

Spending records strongest gain in 17 months

- Spending plans continue to heal. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – lifted by 0.7 per cent in trend terms in September.
- The 0.7 per cent increase in the trend BSI measure matched the strongest gain in seventeen months. To find stronger growth you would have to go back 2½ years. Over 2015, economy wide spending lifted by an average of 0.5 per cent a month in trend terms. Spending growth slowed from December 2015, culminating in modest 0.1 per cent trend increases in sales in March-May. Annual growth lifted from 4.5 per cent to 4.7 per cent in September.
- The more volatile seasonally adjusted BSI rose by 0.6 per cent in September after lifting by 1.1 per cent in August.
- At a sectoral level, a healthy 16 of the 19 industry sectors expanded in trend terms in September, ahead of 15 sectors in August. And sales rose in six of the eight states and territories in September.
- 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 September 2016

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.7 per cent in September, matching the strongest gain in seventeen months. To find a stronger growth you would have to go back 2½-years. Spending growth had slowed earlier in the year ahead of the UK vote on European Union membership ('Brexit') and the Australian Federal Election. But the latest data shows that spending plans are not only healing but the gains are broad-based.
- Over the first six months of 2016, economy-wide spending grew on average by 0.2 per cent a month in trend terms, down from 0.5 per cent average monthly gains over 2015. But spending lifted by 0.4 per cent in July, 0.6 per cent in August and 0.7 per cent in September.
- Annual growth of spending lifted from a 4-year low of 4.3 per cent in July to 4.5 per cent in August and to 4.7 per cent in September.
- The seasonally-adjusted measure of sales rose by 0.6 per cent in September after rising 1.1 per cent in August and falling by 0.8 per cent in July.
- 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, 16 of the 19 industry sectors rose in trend terms in September. And in just four of the 19 sectors, spending rose or fell by 0.2 per cent or less.

Figure 1: Australian sales, trend month

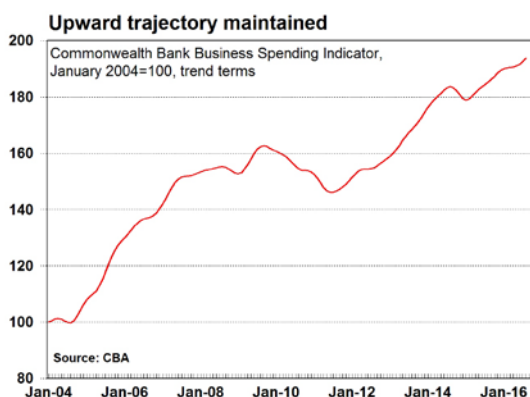
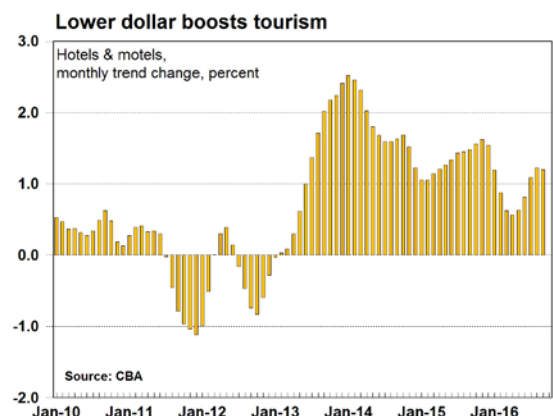


Figure 2: Hotels & Motels, monthly trend %



- One of the strongest gains occurred in Amusement & Entertainment with spending up 1.8 per cent in trend terms in September after lifting by 1.9 per cent in August – the strongest gain in 16 months. Spending at Hotels & Motels rose by 1.2 per cent.
- Spending fell most at Business Services, down 2.3 per cent in September.
- In annual terms in September, only four of the 19 industry sectors contracted: Airlines, Transportation, Business services, and Automobiles & Vehicles.
- At the other end of the scale, sectors with strongest annual growth in September included: Wholesale Distributors & Manufacturers (up 14.0 per cent), Mail Order/Telephone Order Providers (up 14 per cent) and Hotels & Motels (up 13.7 per cent).
- Across states and territories in September sales fell just in the ACT (down 0.2 per cent) and Northern Territory (down 0.3 per cent). Of the other states and territories, strongest were NSW (up 0.9 per cent), Queensland, Victoria and Western Australia (all up 0.7 per cent), followed by South Australia (up 0.6 per cent) and Tasmania (up 0.1 per cent).
- In annual terms all states and territories has sales above a year ago. Strongest growth was in South Australia (up 7.9 per cent), from Tasmania (up 5.4 per cent), NSW (up 6.5 per cent), Queensland (up 5.2 per cent), Northern Territory (up 3.5 per cent), Western Australia (up 6.5 per cent), ACT (up 4.6 per cent) and Victoria (up 0.1 per cent).

Figure 3: Government, monthly trend (%)

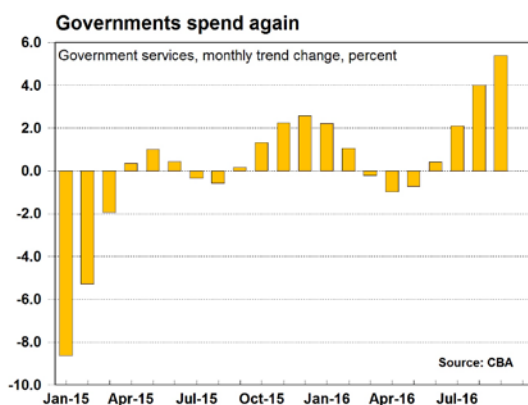
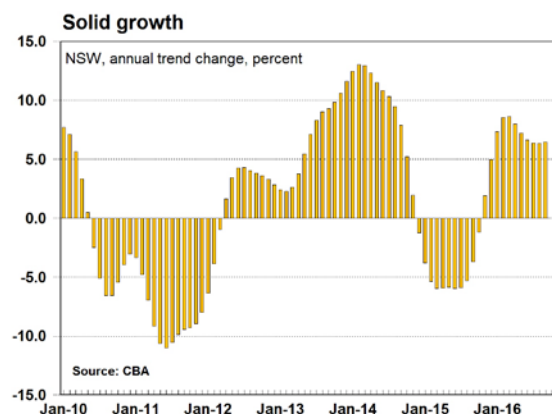


Figure 4: NSW, annual trend (%)



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	

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Craig James – Chief Economist, CommSec (Author)
(02) 9118 1806 (work), 0419 695 082 (mobile)

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