

## Mixed spending across industries & states

- According to the Commonwealth Bank Business Sales Indicator (BSI), economy-wide spending was mixed across industry sectors and states and territories in September.
- The overall BSI rose by 0.3 per cent in trend terms in September in trend terms after lifting by 0.5 per cent in both July and August. Annual growth slowed from 7.1 per cent to 6.8 per cent in September but was still above the decade-average trend of 5.1 per cent.
- The more volatile seasonally adjusted estimate of spending rose by 2.8 per cent in September – the strongest result in 28 months.
- At a sectoral level, eight of the 19 industry sectors contracted in trend terms in September, up from six sectors in August. The encouraging result was a robust 5.3 per cent lift in spending on business services. But four of the states and territories recorded weaker trend sales in August.
- 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 September 2015

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, recorded moderate sales growth in September, although down from previous months. The BSI lifted by 0.3 per cent in September, the slowest growth in 35 months and down from 0.5 per cent gains in July and August. Annual growth of spending eased for the third month to 6.8 per cent, but still above the decade-average of 5.1 per cent.
- The seasonally-adjusted measure of sales posted a solid 2.8 per cent gain in September – the strongest growth since May 2013. And annual growth lifted from 5.7 per cent to a 10-month high of 8.9 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 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, eight of the 19 industry sectors fell in trend terms in September. But encouragingly, spending at Business Services outlets posted a stellar gain of 5.3 per cent – the biggest gain since January 2008. Also notably sales rose at Miscellaneous Stores (up 1.2 per cent), Transportation (up 0.9 per cent), Contracted Services (up 0.8 per cent).
- The large Retail Stores sector grew by 0.5 per cent in September after rising between 0.6-0.7 per cent per month over the previous seven months.

Figure 1: Australian sales, monthly trend %

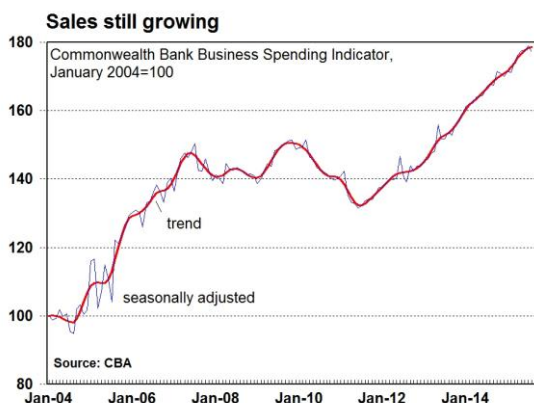
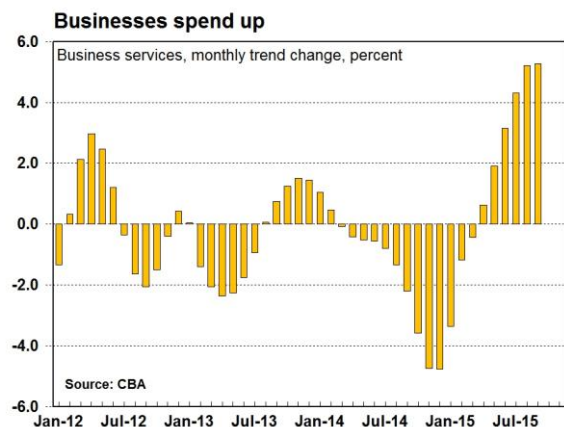


Figure 2: Business services, monthly trend %



- Among the weakest sectors in September were Airlines (down 3.6 per cent); Government services (down 1.6 per cent), and Utilities (down by 0.7 per cent). Sales at Personal Service Providers, Service Providers and Mail Order/Telephone Order Providers all fell by 0.2 per cent.
- In annual terms in September, five of the 19 industry sectors contracted including: Utilities, Mail Order/Telephone Order Providers, Automobile and Vehicle Sales and Airlines.
- At the other end of the scale, sectors with strongest annual growth in September included: Hotels & Motels; Miscellaneous Stores; Amusement & Entertainment, Service Providers and Wholesale Distributors & Manufacturers.
- Sales rose in only four of the states and territories in September: Tasmania (up 1.0 per cent), South Australia (up 0.5 per cent), Western Australia (up 0.4 per cent) and Queensland (up by less than 0.1 per cent). Sales fell the most in Victoria (down 0.8 per cent), ACT (down 0.7 per cent), Northern Territory (down 0.5 per cent) and NSW (down 0.1 per cent).
- In annual terms, three states and territories had sales below a year ago in September: Northern Territory (down 8.3 per cent), NSW (down 4.7 per cent) and Victoria (down 1.7 per cent). At the other end of the scale, growth was strongest in Tasmania (up 9.1 per cent) from the ACT and South Australia (up 8.4 per cent), Western Australia (up 7.9 per cent), and Queensland (up 5.9 per cent).

Figure 3: Hotels &amp; motels, monthly trend (%)

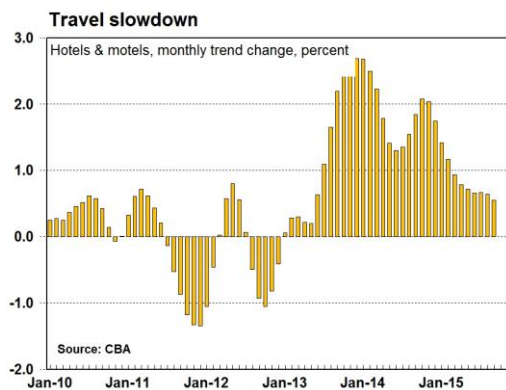
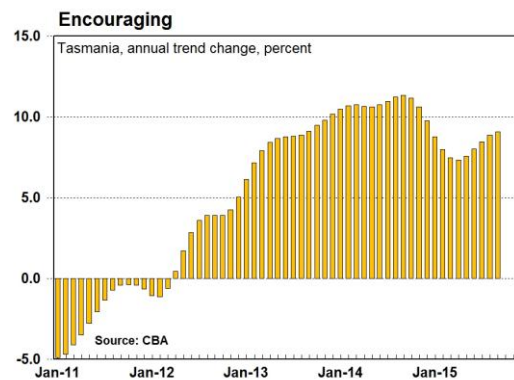


Figure 4: Tasmania, annual trend (%)



## 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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