

Spending... but at a more sedate pace

- Economy-wide spending grew at “modest” pace in September. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.3 per cent in trend terms in September – the weakest result in two years. Although sales have grown consistently over the past 38 months.
- The more volatile seasonally adjusted estimate of spending fell by 0.7 per cent in September, down from a revised 0.6 per cent lift in August and the weakest result in 14 months. Annual growth in sales eased from 9.7 per cent to 9.1 per cent – but was still above the 6.4 per cent long-term average.
- 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, six of the 19 industry sectors contracted in trend terms in September, up from five sectors in both August and July. But sales only fell in one of the 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 2014

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, grew for the 38th straight month in September. However the trend growth of 0.3 per cent was the weakest in two years (September 2012).
- In annual terms, the BSI continued to grow above the long-term average or normal growth pace. In September the BSI was up by 8.7 per cent on a year earlier, down from 9.2 per cent in August but above the 6.3 per cent long-term average growth pace.
- The seasonally-adjusted measure of sales fell by 0.7 per cent in September, down from a revised 0.6 per cent lift in August (originally reported as 0.8 per cent) and the weakest result in 14-months. Annual growth eased from 9.7 to 9.1 per cent in September.
- 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, spending fell in just six of the 19 industry sectors in trend terms in September: Utilities (down 1.3 per cent); Clothing Stores (down 1.0 per cent); Automobile/Vehicle rentals (down 1.0 per cent); Mail Order/Telephone Order Providers (down 0.8 per cent); Amusement & Entertainment (down 0.6 per cent); and Automobile/Vehicle sales (down 0.6 per cent).
- Among the strongest sectors in September were Service Providers (up 4.3 per cent); Transportation (up 1.6 per cent); Airlines (up 1.3 per cent); and Miscellaneous Stores (up 0.9 per cent).

Figure 1: NSW, monthly trend (%)

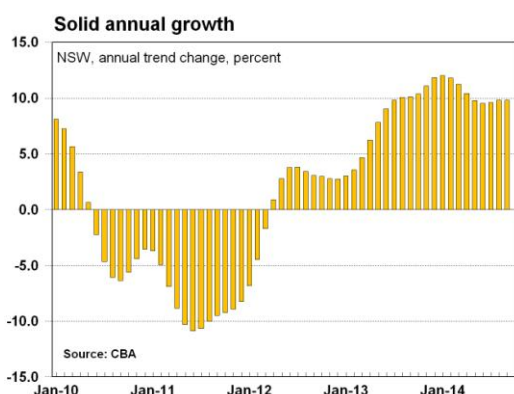
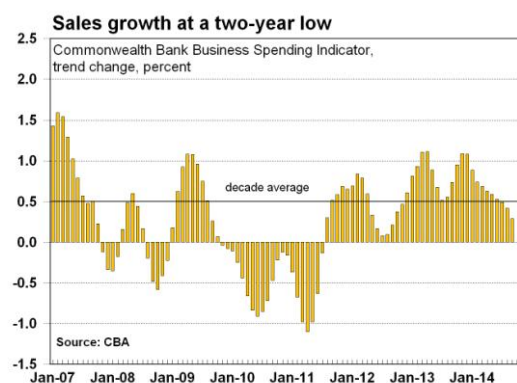


Figure 2: BSI, monthly trend %



- In annual terms in September, only three of the 19 industry sectors contracted: Utilities, Automobile/Vehicle Rentals, and Clothing Stores.
- At the other end of the scale, sectors with strongest annual growth in September included Amusement & Entertainment; Hotels & Motels; Mail Order/Telephone Order Providers; and Transportation.
- Across the states and territories, sales rose in September in trend terms in all but the Northern Territory (down 0.3 per cent).
- Of the other states and territories, leading the gains were South Australia and Tasmania (both up 0.5 per cent), followed by Queensland (up 0.4 per cent), NSW, Victoria and the ACT (all up 0.3 per cent), and Western Australia (up by 0.1 per cent).
- The trend BSI has now risen for 39 straight months in Queensland, for 31 months in Tasmania, for 25 months in NSW and for 24 months in South Australia. Sales in Victoria have been either flat or higher for 39 consecutive months
- In annual terms, only the ACT had sales below a year ago. At the other end of the scale, growth was strongest in South Australia, Queensland, Tasmania and NSW.

Figure 3: Queensland, monthly trend (%)

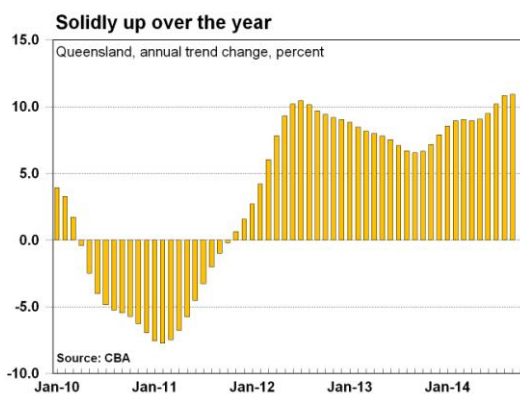
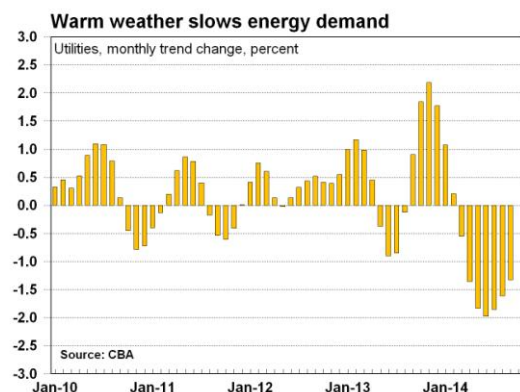


Figure 4: Utilities, monthly trend (%)



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	

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