

Spending recovery consolidates

- Economy-wide spending rose for the eighth straight month in trend terms in April according to the Commonwealth Bank Business Sales Indicator (BSI). The BSI rose by 0.5 per cent, matching the gain in March and following a 0.6 per cent increase in sales in February.
- The seasonally adjusted estimate of spending fell for the first time in four months, but down just 0.3 per cent in April after a 1.3 per cent gain in March. Annual growth stands at 5.6 per cent, down from 5.8 per cent in March and just below the average growth rate recorded over the past eight years.
- 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 20 industry sectors contracted in trend terms in April, down from seven sectors in March but up from the five sectors recording weaker sales in February. But none of the eight states and territories recorded weaker sales in trend terms in April – a situation that has now prevailed for seven months.
- 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 April 2013

- The recovery in economy-wide spending is consolidating. According to the latest Commonwealth Bank Business Sales Indicator (BSI), economy-wide spending grew by 0.5 per cent in trend terms in April, the eighth constructive monthly increase in spending. Over that eight month period, sales have lifted on average by 0.6 per cent a month.
- The seasonally-adjusted measure of sales lost ground in April, falling by 0.3 per cent. But this was just the first fall in sales in four months and just the second decline in six months. Annual growth in spending now stands at 5.6 per cent in seasonally adjusted terms, down from 5.8 per cent in March.
- 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, six of the industry sectors fell in trend terms in April, down from seven sectors in March, but up from five sectors in February. The strongest monthly trend increases in sales were reported by Service Providers and Utilities (both up 1.3 per cent) and Professional Services & Membership Organisations (up 1.0 per cent).
- Amongst the weakest sectors in April were Mail Orders & Telephone Order Providers (down 5.3 per cent), Amusement & Entertainment (down 0.9 per cent) and Business Services (down 0.8 per cent).

Figure 1: BSI Monthly Trend

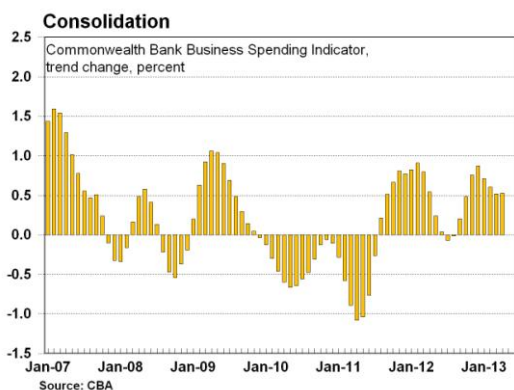
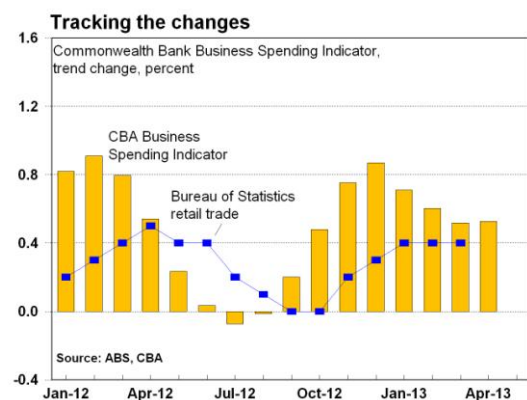


Figure 2: BSI Monthly trend versus Australian Bureau of Statistics trend retail trade



- In annual terms, six of the 20 industry sectors contracted in April, up from four sectors in March and three sectors in February. Spending fell in Business Services for the second straight month (down 3.7 per cent) after growing in annual terms for more than 2½ years. And sales at Service Providers fell by 0.7 per cent in April, the first annual decline in five months.
- At the other end of the scale, the 5.8 per cent annual increase in spending by Government Services was the strongest gain in almost four years. Spending at Miscellaneous Stores were up by 6.4 per cent in April, the best gain since mid-2007. And while sales at Clothing Stores were up 1.8 per cent on a year ago, it was the smallest gain in over two years.
- None of the states and territories recorded weaker sales in trend terms in April. Sales rose most in South Australia (up 1.3 per cent), followed by Western Australia (up 0.7 per cent), NSW (up 0.6 per cent), the ACT and Queensland (both up 0.5 per cent), Northern Territory (up 0.4 per cent), Tasmania (up 0.3 per cent) and Victoria (up 0.1 per cent).
- The trend BSI has now risen for 23 straight months in Northern Territory, for 22 straight months in Queensland, for 21 months in South Australia, for 19 straight months in ACT and for 13 straight months in Tasmania.
- In annual terms, no state or territory had sales below a year ago. Strongest growth was posted in South Australia (up 12.4 per cent), followed by ACT (up 9.7 per cent), Tasmania (up 8.0 per cent) and Queensland (up 7.1 per cent).

Figure 3: Queensland, monthly trend spending (%)

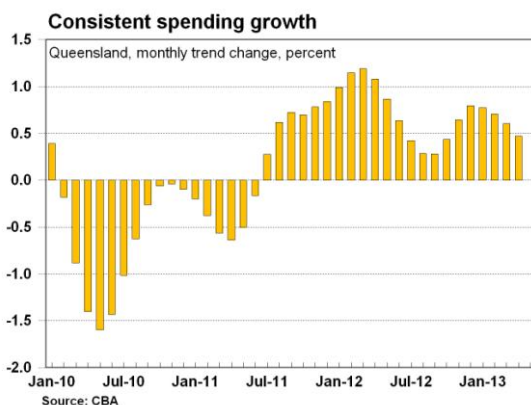
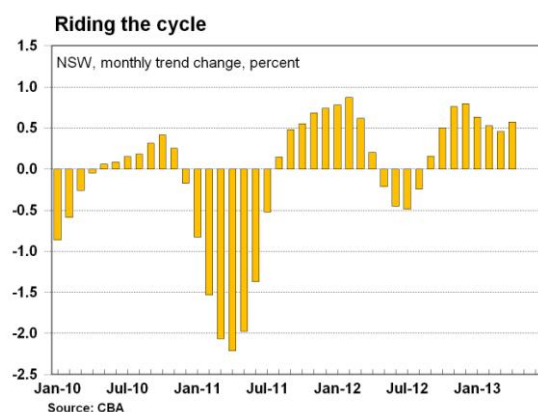


Figure 4: NSW, monthly trend spending (%)



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 20 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
2. Amusement and Entertainment	12. Miscellaneous Stores
3. Automobile/Vehicle Rentals	13. Personal Service Providers
4. Automobiles and Vehicles	14. Professional Services and Membership Organisations
5. Business Services	15. Repair Services
6. Clothing Stores	16. Retail Stores
7. Contracted Services	17. Service Providers
8. Government Services	18. Transportation
9. Hotels and Motels	19. Utilities
10. Mail Order/Telephone Order Providers	20. Wholesale Distributors and Manufacturers

DISCLOSURE AND DISCLAIMER APPENDIX**Craig James – Chief Economist, CommSec (Author)****(02) 9118 1806 (work), 0419 695 082 (mobile) | craig.james@cba.com.au**

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