

# Cautious recovery in spending continues

- Economy-wide spending lifted again in February according to the Commonwealth Bank Business Sales Indicator (BSI). In trend terms the BSI rose by 0.4 per cent in trend terms in February, the sixth straight increase in spending, although softer than the 0.7 per cent gains recorded in each of the previous three months.
- The more volatile seasonally adjusted estimate of spending posted a modest 0.2 per cent rise in February, although encouragingly this followed a solid 2.0 per cent lift in spending in January. Annual growth stands at 4.7 per cent.
- 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, only five of the 20 industry sectors contracted in trend terms in February, although this was up from the three sectors that recorded declines in January. And none of the eight states and territories recorded weaker sales in trend terms in February – a situation has now prevailed for five 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 February 2013

- Aussie consumers and businesses are continuing to spend cautiously. According to the latest Commonwealth Bank Business Sales Indicator (BSI), economy-wide spending grew by 0.4 per cent in trend terms in February, the sixth constructive monthly increase in spending but the smallest gain in five months.
- Traditionally the seasonally-adjusted BSI measure is more volatile, but it posted a gain of 0.2 per cent in February, extending the 2.0 per cent lift in spending recorded in January. Annual growth in spending now stands at 4.7 per cent in seasonally adjusted terms and 4.8 per cent in trend terms.
- 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, five of the industry sectors fell in trend terms in February, up from three sectors in January but level with the December result when five sectors recorded declines. The strongest monthly trend increase in sales occurred in Amusement & Entertainment (up 2.1 per cent), followed by Service Providers (up 1.3 per cent) and Transportation (up 1.0 per cent).
- Amongst the weakest sectors in February were Mail Orders & Telephone Order Providers (down 3.8 per cent), Business Services (down 0.4 per cent) and Contracted Services (down 0.1 per cent).

Figure 1: BSI Monthly Trend

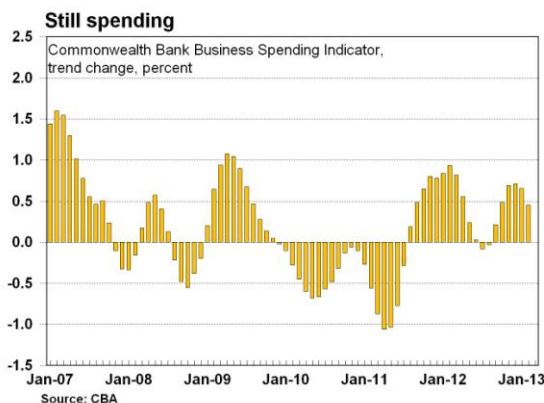
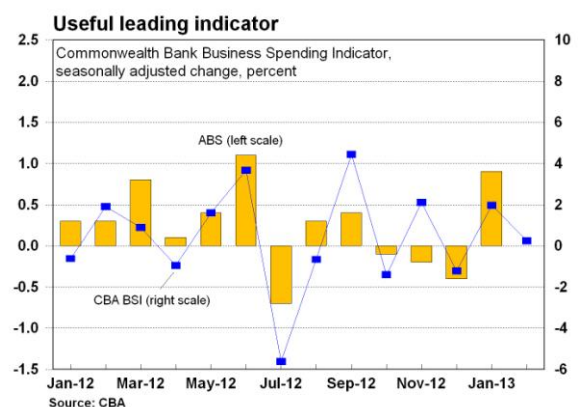


Figure 2: BSI Monthly seasonally adjusted versus Australian Bureau of Statistics retail trade



- In annual terms, just three of the 20 industry sectors contracted in February, a similar result to both December and January. Spending fell in Airlines (nfp), Mail Orders & Telephone Order Providers (down 15.2 per cent) and Hotels & Motels (down 1.6 per cent).
- At the other end of the scale, spending was notably higher at Amusement & Entertainment (nfp) together with Wholesale Distributors and Manufacturers (up by 17.5 per cent), Retail Stores (up 8.2 per cent), Automobiles & Vehicles (up by 6.2 per cent) and Service Providers (largely financial firms), (up 6.4 per cent).
- None of the states and territories recorded weaker sales in trend terms in February. Sales rose most in the ACT (up 0.9 per cent), followed by South Australia (up 0.7 per cent), NSW, Queensland, Tasmania and Western Australia (each up 0.5 per cent), Northern Territory (up 0.4 per cent) and Victoria (up 0.1 per cent).
- The trend BSI has now risen for 21 straight months in Northern Territory, for 20 straight months in Queensland, for 19 months in South Australia, for 17 straight months in ACT and for 11 straight months in Tasmania.
- In annual terms, no state or territory had sales below a year ago. Strongest growth was posted in ACT (up 12.2 per cent), followed by South Australia (up 10.6 per cent), followed by Queensland (up 7.7 per cent), Tasmania (up 6.7 per cent) and Western Australia (up 6.1 per cent).

Figure 3: Northern Territory, monthly trend spending (%)

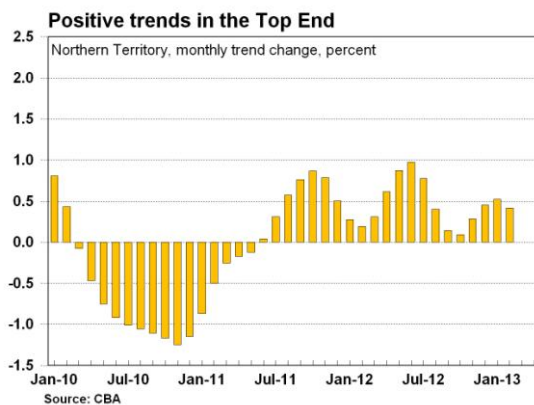
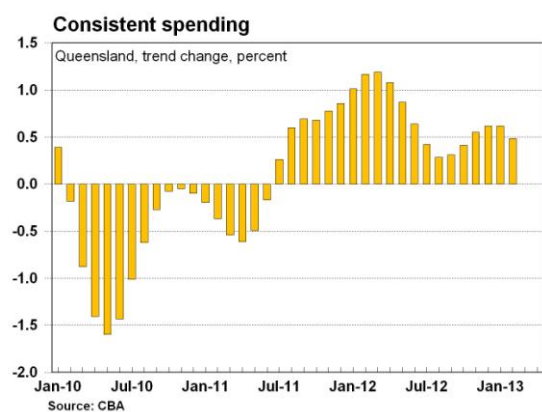


Figure 4: Queensland, monthly trend spending (%)



## 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

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