

Solid Christmas spending

- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.7 per cent in trend terms in December, well ahead of the long-term average monthly growth pace of 0.4 per cent.
- Over the past four months, monthly trend growth in spending has been between 0.7-0.8 per cent, and above the 0.3 per cent average monthly growth recorded for the first eight months of 2017.
- Annual trend growth in sales rose from 5.2 per cent to 5.4 per cent in December – the strongest annual growth rate in nine months.
- The more volatile seasonally adjusted BSI fell by 0.1 per cent in December after rising by 2.8 per cent in November and falling by 0.3 per cent in October.
- At a sectoral level, 17 of the 19 industry sectors expanded in trend terms in December, a similar outcome to October and November. And sales rose in seven of the eight states and territories in December.
- 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 December 2016

- The first major reading to cover the Christmas/Boxing Day period suggests that spending was solid in the December month and well above the “normal” or longer-term average monthly growth for the series.
- The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.7 per cent in trend terms in December following monthly growth of 0.7-0.8 per cent in the previous three months.
- Over the first eight months of 2017, spending rose at only a 0.3 per cent monthly average trend pace. But since September – with the Federal Election and Brexit vote in the background – spending has averaged growth of 0.8 per cent a month.
- Annual trend growth in sales rose from 5.2 per cent to 5.4 per cent in December – the strongest annual growth in nine months.
- The more volatile seasonally adjusted BSI fell by 0.1 per cent in December after rising by 2.8 per cent in November and falling by 0.3 per cent in October.
- 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, 17 of the 19 industry sectors rose in trend terms in December. Sales in Retail Stores fell by 0.2 per cent in December while spending at Mail Order/Telephone Order Providers fell by 3.2 per cent.

Figure 1: Australian sales, trend index

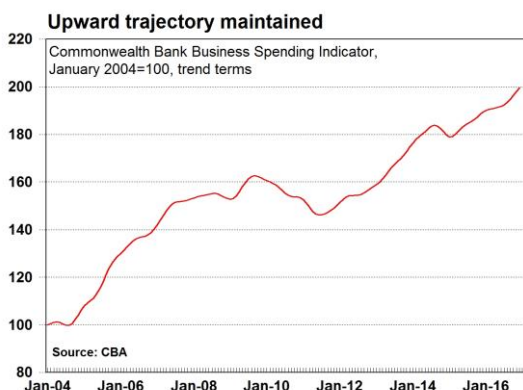
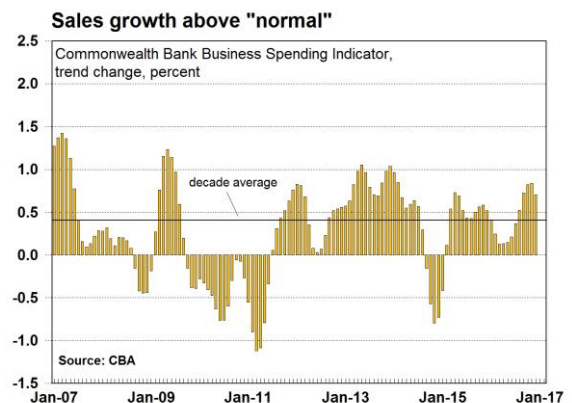


Figure 2: Australian sales, trend monthly %



- On the other side of the equation, one of the strongest gains occurred in Business Services, up 1.9 per cent in December after a 2.3 per cent increase in sales in November. In the Service Providers sector, spending also rose by 1.9 per cent in December after a 2.0 per cent gain in November.
- Other notable trend increases in sales occurred in Automobiles & Vehicles (up 1.6 per cent), Hotels & Motels, Wholesale Distributors & Manufacturers and Miscellaneous Stores (all up 1.1 per cent).
- In annual terms in December, only one of the 19 industry sectors contracted: Mail Order/Telephone Order Providers (down 2.1 per cent).
- At the other end of the scale, sectors with strongest annual growth in December included: Amusement & Entertainment (up 16.4 per cent), Hotels & Motels (up 14.9 per cent), Wholesale Distributors & Manufacturers (up 13.5 per cent) and Government Services (up 13.4 per cent).
- Across states and territories in December, sales were stronger in all states and territories except Victoria (down 0.5 per cent). Strongest was the ACT (up 1.9 per cent), followed by Tasmania (up 1.3 per cent), NSW and South Australia (both up 1.2 per cent), Western Australia (up 0.9 per cent), Queensland (up 0.7 per cent) and Northern Territory (up 0.6 per cent).
- Spending has consistently increased in Queensland for 68 months, for 67 months in Western Australia and for 65 months in South Australia.
- In annual terms all states and territories had sales above a year ago except Victoria (down 2.5 per cent). Strongest growth was South Australia and ACT (both up 11.4 per cent), from Western Australia (up 8.5 per cent), NSW (up 7.7 per cent), Tasmania (up 7.2 per cent), Queensland (up 6.8 per cent) and Northern Territory (up 3.7 per cent).

Figure 3: Business Services, monthly trend (%)

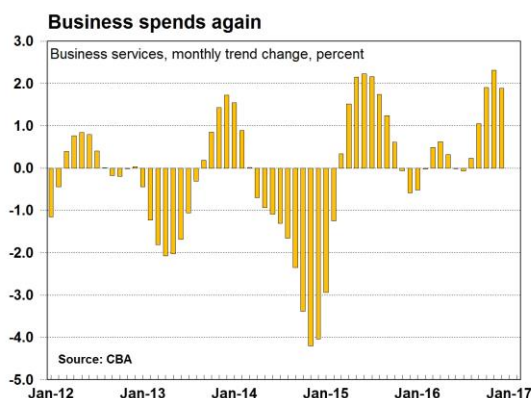
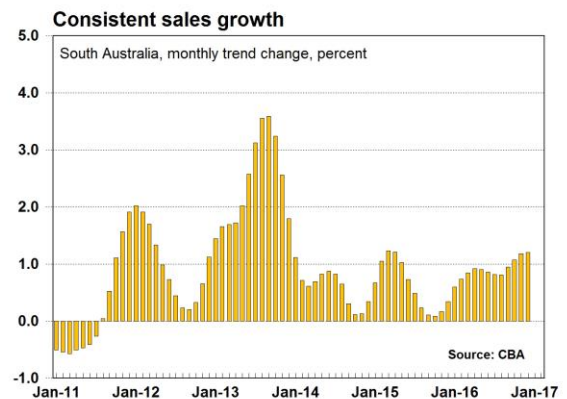


Figure 4: South Australia, month trend (%)



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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