

# Economy-wide spending continues to slow

- Growth of economy-wide spending eased further in January. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.2 per cent in trend terms in January – the slowest growth since late 2012. Still, annual growth of 6.8 per cent is above the five-year average of 2.7 per cent.
- The more volatile seasonally adjusted estimate of spending rose by 0.8 per cent in January, reversing a 0.8 per cent decline in December. Annual growth eased from 6.8 per cent to 6 per cent.
- At a sectoral level, eight of the 19 industry sectors contracted in trend terms in January, up from seven sectors in December. And sales fell in four of the states and territories in January.
- 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.

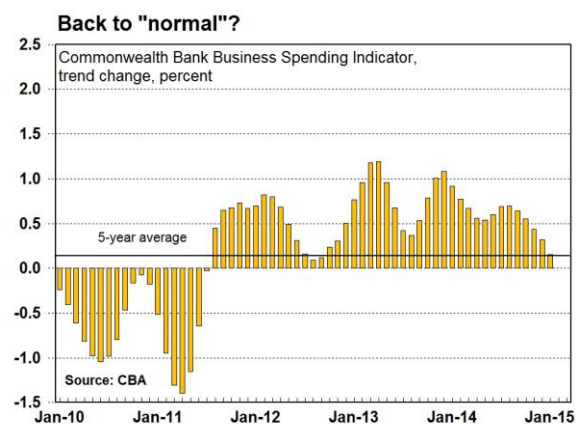
## Business Sales Indicator January 2015

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, rose by 0.2 per cent in January, in line with the five-year average growth rate but below the long-term average sales growth of 0.4 per cent per month. Sales growth has slowed for the past five months.
- In annual terms, the BSI grew by 6.8 per cent in January, the slowest growth in 21 months, and down from the recent high of 9.3 per cent in September.
- The seasonally-adjusted measure of sales rose by 0.8 per cent in January after falling by 0.8 per cent in December. Annual growth slowed for the third straight month to 6.0 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, spending fell in eight of the 19 industry sectors in trend terms in January: Amongst the weakest sectors were Business Services (down 4.1 per cent); Mail Order/Telephone Order Providers and Automobile & Vehicle Sales (both down 1.5 per cent); and Professional Services & Membership Organisations (down 0.8 per cent).
- Among the strongest sectors in January were, Hotels & Motels (up 1.5 per cent); Transportation (up 1.0 per cent); and Service Providers and Miscellaneous Stores (both up 0.7 per cent).

Figure 1: ABS & CBA, trend per cent changes



Figure 2: BSI, monthly trend %



- In annual terms in January, only six of the 19 industry sectors contracted including: Utilities, Automobile and Vehicle Sales, Business Services, Automobile/Vehicle Rentals and Clothing Stores.
- At the other end of the scale, sectors with strongest annual growth in January included Amusement & Entertainment; Hotels & Motels; Miscellaneous Stores; Transportation; and Wholesale Distributors & Manufacturers.
- Across the states and territories, sales fell in four of the economies in trend terms in January. Sales rose most in ACT (up 0.7 per cent) followed by Tasmania (up 0.5 per cent), Western Australia (up 0.3 per cent) and Queensland (up 0.1 per cent). Spending fell most in NSW (down 2.0 per cent) followed by Northern Territory (down 1.1 per cent), South Australia (down by 0.6 per cent) and Victoria (down 0.3 per cent).
- The trend BSI has risen for 43 straight months in Queensland. In Tasmania sales have risen for 34 months.
- In annual terms, only the ACT and NSW had sales below a year ago. At the other end of the scale, growth was strongest in Tasmania (up 9.6 per cent), Queensland (up 7.4 per cent), South Australia (up 4.9 per cent), Western Australia (up 4.7 per cent) and Victoria (up 2.2 per cent).

Figure 3: Queensland, annual trend (%)

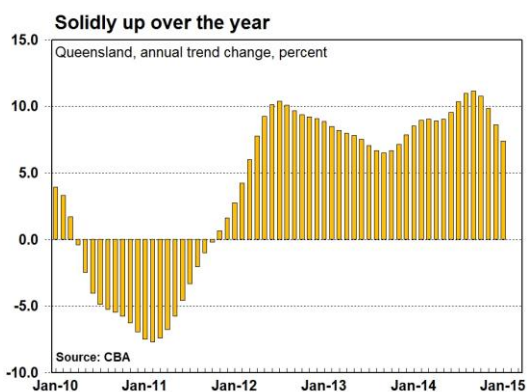
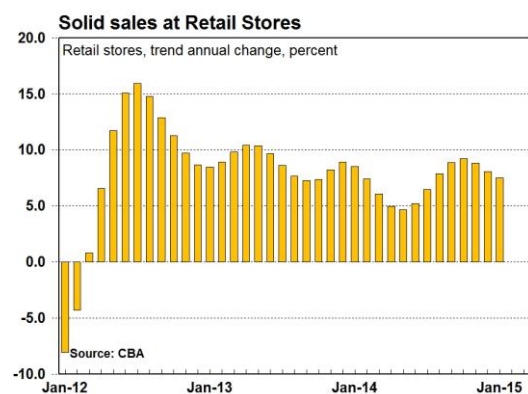


Figure 4: Retail Stores, monthly trend (%)



## 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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