

Spending continues to grow at measured pace

- Economy-wide spending continued to grow at a measured pace in March. The Commonwealth Bank Business Sales Indicator (BSI) – a measure of economy-wide spending – rose by 0.2 per cent in trend terms in March after similar gains in January and February. And annual growth slowed to 5.7 per cent – the slowest growth in just over two years.
- The more volatile seasonally adjusted estimate of spending rose by 1.4 per cent in March – the biggest gain in five months and more than reversing the 0.3 per cent decline in February. Annual growth lifted from 5.7 per cent to a four-month high of 7.1 per cent.
- At a sectoral level, just seven of the 19 industry sectors contracted in trend terms in March, a similar result to February. And sales fell in just three of the states and territories in March.
- 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 March 2015

- The Commonwealth Bank Business Sales Indicator (BSI), a measure of economy-wide spending, grew at a modest pace of 0.2 per cent in March, matching growth in January and February. It was the 44th straight month of trend spending growth.
- In annual terms, the BSI grew by 5.7 per cent in March, down from 6.2 per cent in February 2015. It was the sixth straight month that trend annual growth of spending has moderated. Still, the current annual growth rate of spending is faster than the decade-average pace of 5.3 per cent.
- The seasonally-adjusted measure of sales rose by 1.4 per cent in March after falling by 0.3 per cent in February. Spending growth has followed a zig-zag course over the past four months. Annual growth lifted for the first time in four months, rising from 5.7 per cent to 7.1 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 seven of the 19 industry sectors in trend terms in March and was broadly flat in another sector. Amongst the weakest sectors were Business Services (down by 4.1 per cent); Automobile & Vehicle Sales (down by 2.2 per cent); and Amusement & Entertainment (down by 1.1 per cent).
- Among the strongest sectors in March were, Professional Services & Membership Organisations (up by 2.2 per cent), Miscellaneous Stores (up 1.2 per cent).

Figure 1: ABS & CBA, trend per cent changes

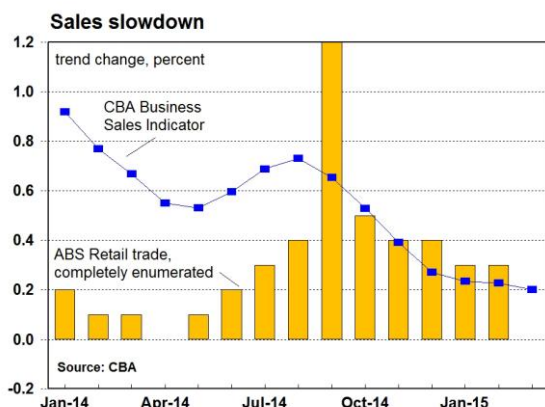
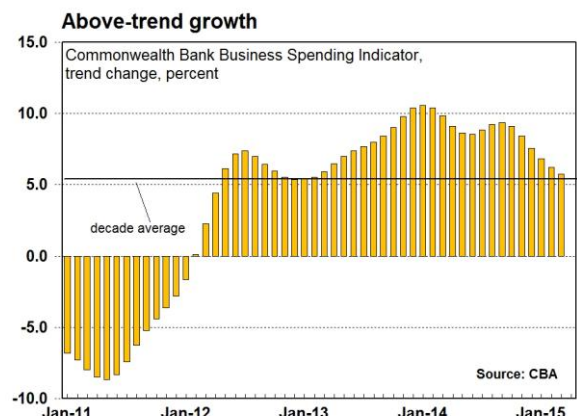


Figure 2: BSI, annual trend %



- The large Retail Stores sector grew by 0.5 per cent in March and has grown between 0.5-0.6 per cent for the past seven months
- In annual terms in March, seven 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 March included: Hotels & Motels; Miscellaneous Stores; Service Providers; Transportation; and Wholesale Distributors & Manufacturers.
- Across the states and territories, sales fell in just three of the economies in trend terms in March. Spending fell most in Northern Territory (down 1.2 per cent) followed by NSW and Victoria (both down 0.8 per cent), Sales rose most in South Australia (up by 0.7 per cent) followed by Western Australia and ACT (both up 0.3 per cent), Queensland and Tasmania (both up 0.2 per cent).
- The trend BSI has risen for 36 straight months in Tasmania, for 35 straight months in Queensland and for 10 months in ACT and Western Australia.
- In annual terms, only the NSW, Northern Territory and Victoria were sales below a year ago in March. At the other end of the scale, growth was strongest in ACT (up 8.5 per cent), Tasmania (up 7.5 per cent), South Australia (up 6.3 per cent), Queensland (up 5.6 per cent) and Western Australia (up 4.1 per cent).

Figure 3: Queensland, annual trend (%)

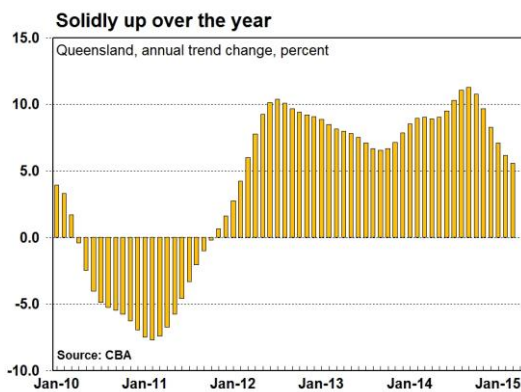
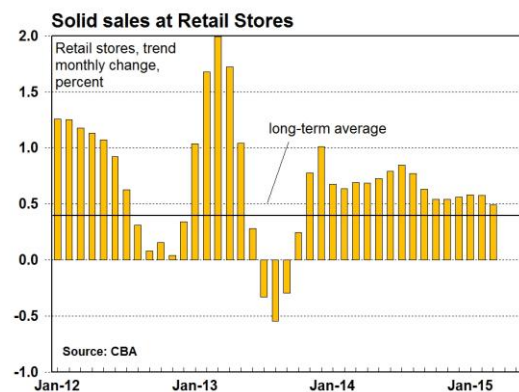


Figure 4: Retail Stores, monthly trend (%)



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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