



Media Release

For release: 24 August 2011

Retail sector drags small business sales down in July

- Growth in small business sales slowed to 2.4% y/y in July (down from 6.6% y/y in June)
- Traditional retailers such as clothing and fashion small businesses were hardest hit this month (-5.3% y/y)
- Travel and entertainment, trades and business services continue to outperform retail, with restaurants the true standout (+11.3% y/y)
- Small businesses in rural and regional areas continue to outshine counterparts in metropolitan areas

ANZ today released its Small Business Sales Trends monthly report which showed a slowdown in retail sales led to a drop in monthly small business growth, despite a strong performance from the restaurant and services sectors.

Small business sales were up only 2.4% y/y compared with the previous month's growth of 6.6%, led by a 5.3% drop in retail sales. The business services sector and restaurants continued to outperform, with sales growing at 4.8% y/y and 11.3% y/y respectively.

The data is based on the value of credit and Eftpos transactions processed through ANZ systems and ANZ card transactions processed through other systems for businesses at least two years old with annual turnover less than \$5 million. ANZ has approximately 20% market share of all card transactions.

ANZ General Manager for Small Business, Nick Reade, said: "Trading conditions for many small businesses have softened this month, which is in line with anecdotal evidence from many retailers who have said July was a tough trading month."

"Traditional retailers were hit the hardest this month, with clothing and fashion small businesses down 5.3% y/y, and appliances and electrical small businesses down 1.6% y/y, while small homewares and furniture businesses were largely flat up only 0.5% y/y.

"We're seeing a lot of consumer caution at the moment, with many people opting to save rather than spend. The effects are certainly being felt by many small businesses, particularly those in the traditional retail sectors where sales are significantly down," said Mr Reade.

ANZ Senior Economist, Julie Toth, commented further on the data: "While overall growth softened, the trend in the services segments of small business continued a steady rise this month, with sales up 3.1% y/y. In addition to the strong restaurant sector, the other better performing industry segments were other food outlets up 5.3% y/y, and travel and entertainment up 6.9% y/y.

"Another upside this month was growth in sales for small businesses in rural and regional areas up 3.3% y/y, which continue to outperform metropolitan counterparts. This could be put down to the improving farming conditions in regional Australia as well as the exposure to mining activity, which is providing an offset to general consumer caution.

"We also found small businesses in Queensland (+3.2% y/y), Victoria (+3% y/y) and South Australia (+3% y/y) outshone the other states. Victoria's outperformance reflects its continuing relatively stronger population, employment and housing construction rates," said Ms Toth.

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Notes for editors:

About ANZ Small Business Sales Trends

ANZ Small Business Sales Trends uses data from credit and debit card transactions through ANZ systems to provide insights into trading conditions for small businesses. The figures do not include cash transactions and therefore do not represent total sales for small businesses. The survey contains data from small businesses that have been accepting card payments during the 24 months directly preceding the current month (that is, businesses that have been in business and accepting payments for at least 24 months). Therefore each month, the survey uses data from a slightly different cohort of small businesses, as different businesses drop in and out of the 24 month timeframe. Small businesses are defined as having an estimated total turnover under \$5m p.a. The data are nominal (current dollars), that is, they have not been adjusted for inflation.

Some changes in transactions that pass through ANZ systems can be attributed to factors such as changes in the acceptance and use of credit and debit card transactions, and changes in ANZ's market share. The focus on small business and use of a 24-month business existence filter is believed to minimize the significance of such distortions.

Small business at ANZ

ANZ Small Business Sales Trends is part of ANZ's commitment to its small business customers. Other recent initiatives to help support small businesses include:

- Employing 130 additional small business specialists across metro and regional Australia
- A series of free online education courses and tools to help build the skills and knowledge of business owners, available through ANZ's Small Business Hub: register at thesbhub.com.au.
- An agreement with online accounting software provider Xero to provide small business customers and their advisors with an online, integrated banking and accounting solution that allows them to understand trading performance and cash flow position in real time.
- Awarded Australia's Best Value Small Business Bank 2010 by CANSTAR CANNEX
- Awarded CANSTAR CANNEX Innovation Excellence award for 'ANZ Business Insights'.

Business owners can see how they compare with ANZ Business Insights

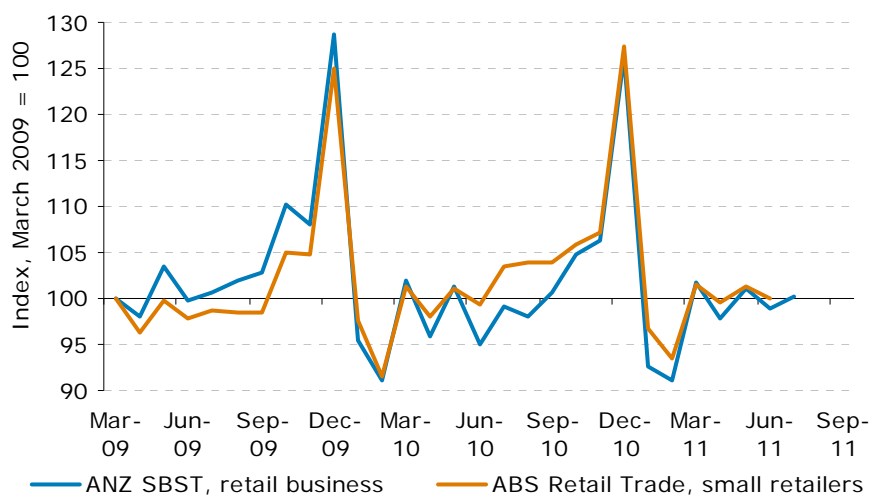
Businesses that accept card payments and industry specialists can access this information at a local level by signing up to ANZ Business Insights which is free for ANZ business customers.

ANZ Business Insights gives customers access to reports on sales patterns, turnover and customer insights. To find out more about ANZ Business Insights customers should speak to a local small business specialist by calling 1800 801 485 or visit www.anzbusinessinsights.com



Small Business Sales Trends

Monthly sales index – comparison with ABS retail trade survey*



*ABS retail trade survey, small retailers, original nominal data, not seasonally adjusted or deflated.

Monthly growth summary – all small businesses

Y/Y %	July 2011	2011 YTD average	2010 average
Retail related small business	1.2	0.5	2.3
Non-retail and services small business	3.1	0.8	0.9
Metro small business	1.9	0.4	2.9
Regional and rural small business	3.3	1.3	1.1
All small business	2.4	0.7	1.4

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation



Small Business Sales Trends

Industry detail – small businesses

Y/Y %	July 2011	2011 YTD average	2010 average
Appliances and electrical	-1.6	-1.4	-6.0
Automotive	4.9	1.3	-2.2
Business services	4.8	0.5	-0.8
Clothing and fashion	-5.3	-4.1	-6.7
Homewares and furniture	0.5	-1.2	-4.1
Hotels and motels	4.6	3.7	-0.7
Other food outlets	5.3	4.9	3.9
Other retail	2.5	1.2	-1.6
Personal services	-0.1	-0.3	0.8
Restaurants	11.3	10.5	6.5
Trade	4.5	2.7	-2.1
Travel and entertainment	6.9	1.4	-1.0
All small business	2.4	0.7	-1.4

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation.

Industry composition – predominant industry types:

Appliances and electrical – Appliance stores, electronics stores, hardware equipment, computer stores

Automotive – Car, Truck and Motorcycle dealers, Auto parts and repairs, service stations, taxi cabs

Business services- Office supplies, accountants, advertising services, legal services

Clothing and fashion – Clothing sales, footwear, jewellery, costumes, tailoring services

Homewares and furniture – Home and commercial furniture, drapers, flooring, antiques, homewares, art

Hotels and motels – Hotels, bars, beer and wine producers

Other food outlets – Fast food, bakeries, dairy product stores

Other retail – Books, pharmacies, newsagents, grocery stores, convenience stores, speciality retail

Personal services – Health and beauty services, cosmetics, dental, medical, childcare, gyms

Restaurants – Restaurants, cafes and catering

Trade – Construction materials, roofing, cleaning, plumbing, landscaping, tradespeople services,

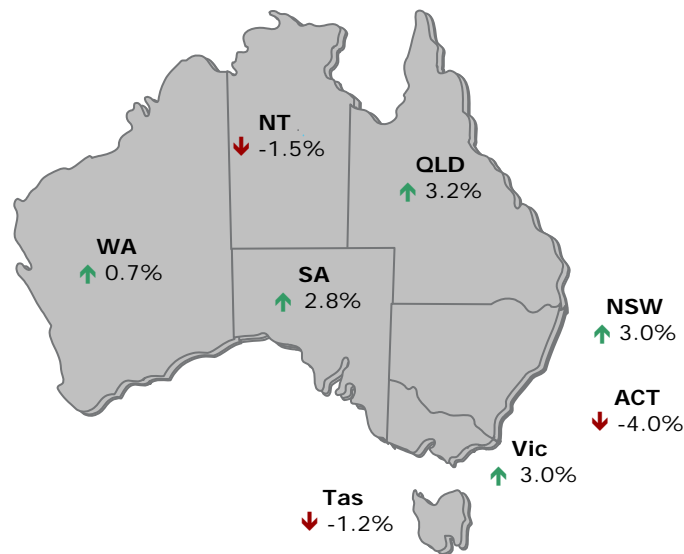
Travel & entertainment – Travel agents, caravan parks, movie theatres, video stores, amusements, luggage sales



Small Business Sales Trends

State detail – small businesses

Year-on-year growth, July 2011



Y/Y %	July 2011	2011 YTD average	2010 average
ACT	-4.0	-3.8	-0.9
NSW	3.0	0.2	-2.8
NT	-1.5	-4.5	2.1
QLD	3.2	0.7	-3.0
SA	2.8	2.0	0.0
Tasmania	-1.2	-2.4	-1.2
Victoria	3.0	1.9	0.4
WA	0.7	0.8	-0.5
All small business	2.4	0.7	-1.4

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation.