



Media Release

For release: 23 September 2011

Small business sales patchy in August

- Small business sales turnover increased by 8.4% y/y in August 2011. Most of this increase however reflects the effect of one extra weekday trading day in August 2011 compared to last year.
- On a year-to-date basis, small business sales remain weak with growth of just 1.3% YTD August 2011, compared to an average decline of 1% in 2010.
- Automotive, hotels and motels, and business services continue to do well, with restaurants again the outperformer with an increase of 9.7% for the 2011 YTD average.
- Weakest activity was recorded in the ACT, Northern Territory and Tasmania, with nominal sales falling on an August YTD basis compared to 2010.
- Victoria and South Australia continue to relatively outperform, with 2011 YTD average figures of +2.3% and +2.5% respectively.
- Small businesses in rural and regional areas continue to modestly outperform their counterparts in metropolitan areas.

ANZ today released its Small Business Sales Trends monthly report which showed overall small business sales turnover increased by 8.4% y/y in August 2011, which can mainly be attributed to the extra weekday trading day in August 2011 compared to August 2010.

The trades sector, such as construction, roofing and plumbing services performed strongly increasing by 2.8% on the 2011 YTD average. Similarly, automotive sales for auto parts and repairers also rose, increasing by 2.4% on the 2011 YTD average.

ANZ General Manager Small Business, Nick Reade said: "We continue to observe a number of consistent trends, such as increased sales in the business and trade services-related sector, which is outperforming more traditional retail outlets such as clothing and fashion.

"Consumers are being cautious with their spending, prioritising their discretionary spend – and it seems to be on the fundamental services. So rather than buying the new car, or the new house, people are choosing to go back to the basics – investing in building, repairing and fixing rather than purchasing new," said Mr Reade.

ANZ Head of Australian Economics & Property Research, Ivan Colhoun said: "We're also seeing the turnover of rural and regional small businesses doing better than their metropolitan counterparts. This is likely a reflection of their exposure to the resources sector and improved farming conditions.

"Furthermore, hotels and motels, other food outlets and restaurants are all notable outperformers in the industry sub-segments, while other areas of business which are subject to internet and/or import competition have significantly underperformed (appliances and electrical, clothing and fashion and homewares and furniture).

"These relative turnover effects produce a very mixed picture, with the strongest performing areas quite discretionary and the weakest areas suggesting pressures from the internet and high AUD. Clearly, consumers are being relatively choosy in where they spend their money," said Mr Colhoun.

The data is based on the value of credit, debit and Eftpos transactions processed through

ANZ merchant terminals and all 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.

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About ANZ Small Business Sales Trends

ANZ Small Business Sales Trends uses data from credit, debit and Eftpos transactions processed through ANZ merchant 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 CANSTAR CANNEX Innovation Excellence award for 'ANZ Business Insights'.
- Awarded 2011 CANSTAR CANNEX award for outstanding value business deposits, business loans and business credit cards.

Business owners can see how they compare with ANZ Business Insights

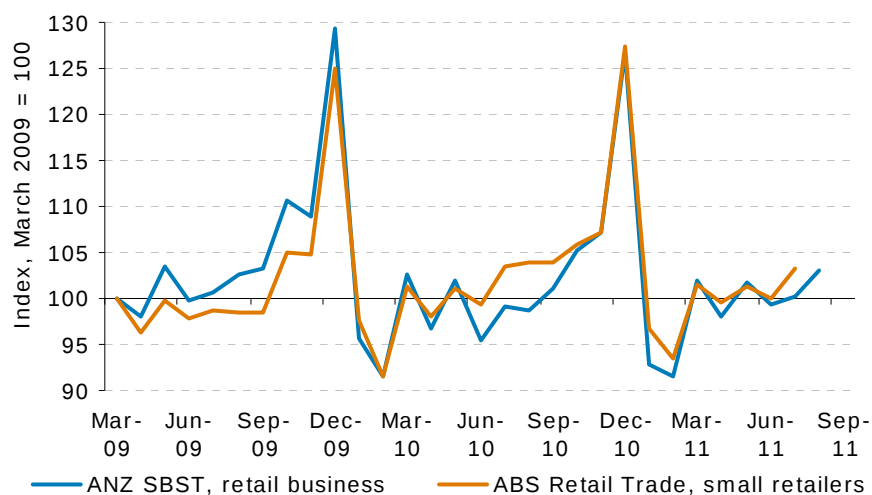
Businesses that accept card payments and industry specialists can access this information at a local level by signing up to ANZ Business Insights which is free for ANZ business customers.

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 %	Aug 2011	2011 YTD average	2010 average
Retail related small business	4.4	0.9	-2.1
Non-retail and services small business	10.7	1.6	-0.3
Metro small business	8.1	1.0	-2.6
Regional and rural small business	8.8	2.0	-0.8
All small business	8.3	1.3	-1.0

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



Small Business Sales Trends

Industry detail – small businesses

Y/Y %	Aug 2011	2011 YTD average	2010 average
Appliances and electrical	6.3	-0.1	-5.9
Automotive	15.3	2.4	-2.1
Business services	13.1	1.7	-2.4
Clothing and fashion	-2.7	-3.8	-6.3
Homewares and furniture	5.4	-1.2	-3.4
Hotels and motels	4.4	4.8	0.6
Other food outlets	5.3	5.1	4.4
Other retail	6.2	1.7	-1.7
Personal services	10.8	0.7	2.0
Restaurants	9.1	9.7	7.2
Trade	12.4	2.8	-1.3
Travel and entertainment	5.1	1.3	0.1
All small business	8.3	1.3	-1.0

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,

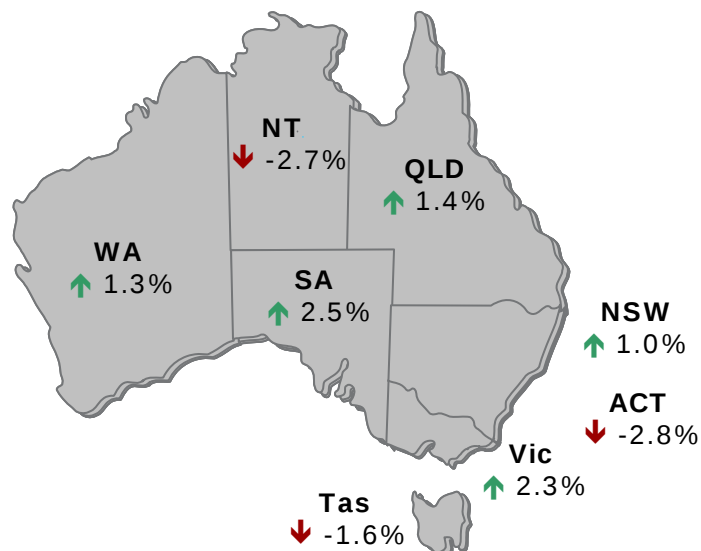
Travel & entertainment – Travel agents, caravan parks, movie theatres, video stores, amusements, luggage sales



Small Business Sales Trends

State detail – small businesses

Year to date annual average growth, August 2011



Y/Y %	Aug 2011	2011 YTD average	2010 average
ACT	1.9	-2.8	0.8
NSW	8.5	1.0	-2.5
NT	4.7	-2.7	1.7
QLD	8.7	1.4	-2.7
SA	9.2	2.5	-0.4
Tasmania	4.4	-1.6	-0.3
Victoria	8.5	2.3	1.0
WA	8.8	1.3	0.2
All small business	8.3	1.3	-1.0

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