



Media Release

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Growth in small business sales led by mining states and pick-up in NSW

Small Business Sales Trends report – Highlights

- Small business sales in July increased by 4.9% y/y and by 3.8% over the year to the last three months.
- In the three months to July, sales growth strengthened in NSW (+4.2% y/y) and remained robust in the resources states of WA (+6.5% y/y) and the NT (+6.3% y/y).
- Growth in small business sales was much softer in VIC (+2.3% y/y), SA (+2.7% y/y) and TAS (+1.6% y/y), partly reflecting the adverse effects of the persistently high Australian dollar.
- The strong currency has also weighed on sales growth in some parts of the retail sector. In contrast, services-related sales growth has remained robust.
- Support from resilient household income growth and lower interest rates may be starting to help household spending nationally but turnover is also likely to have been boosted by payments under the Federal Government's Household Assistance Package in May and June.

ANZ today released its Small Business Sales Trends report for July which showed that small business sales rose by 4.9% y/y in July and by 3.8% over the year to the three months to July.

Sales growth remained divergent across the states in July, but there was an improvement in New South Wales following several months of weak growth. Sales growth remained strong in the mining states of Western Australia and the Northern Territory, and to a lesser extent Queensland.

The recent trends in sales growth by type of business also continued in July, with business services and food-related small businesses showing stronger sales figures than the retailers selling clothing and fashion, homewares and furniture, and appliances and electrical.

ANZ General Manager of Small Business, Nick Reade, said: "Overall small business sales growth appears to have improved in recent months, with encouraging signs particularly seen in New South Wales, with sales up 4.2% year-on-year for the three months to July, and 5.7% for the month compared to July last year.

"Anecdotally we're also hearing positive reports coming from our small business customers in New South Wales which supports the solid growth in the sales data.

"With this pick-up in activity in New South Wales, along with solid growth improvements across the board with overall sales up by 4.9% year-on-year in July, we're hopeful that confidence is rebuilding in some areas, and may continue into the remainder of the year," Mr Reade said.

ANZ Senior Economist, Justin Fabo, said: "Growth in small business sales looks to have improved in recent months, with sales nationally likely to have been boosted by the Federal Government's \$2.8 billion payments to households over the six weeks to the end

of June, including part of the carbon tax compensation and the Schoolkids Bonus. Sales growth may also have been supported by lower interest rates since late 2011. For these reasons, it is still too early to tell whether the recent increase in small business sales growth will persist.

“The divergence between trading conditions in the non-food retail sector and other industries persisted in July. In part this reflects that retailers’ sales have been most affected by the persistently high Australian dollar, which has adversely affected margins for many businesses. In contrast, sales growth in automotive businesses has picked up, which is in line with stronger motor vehicle sales in recent months, and has remained strong for services-related businesses.

“The effect of the strong currency can also be seen in the divergent sales performance at the state level. Sales growth in Victoria, South Australia and Tasmania has been relatively weaker than in most other states. This partly reflects that the high Australian dollar is leading to relatively greater structural adjustments in these states’ economies, with Tasmania’s important tourism industry also adversely affected,” Mr Fabo said.

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Notes for editors:

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:

- 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

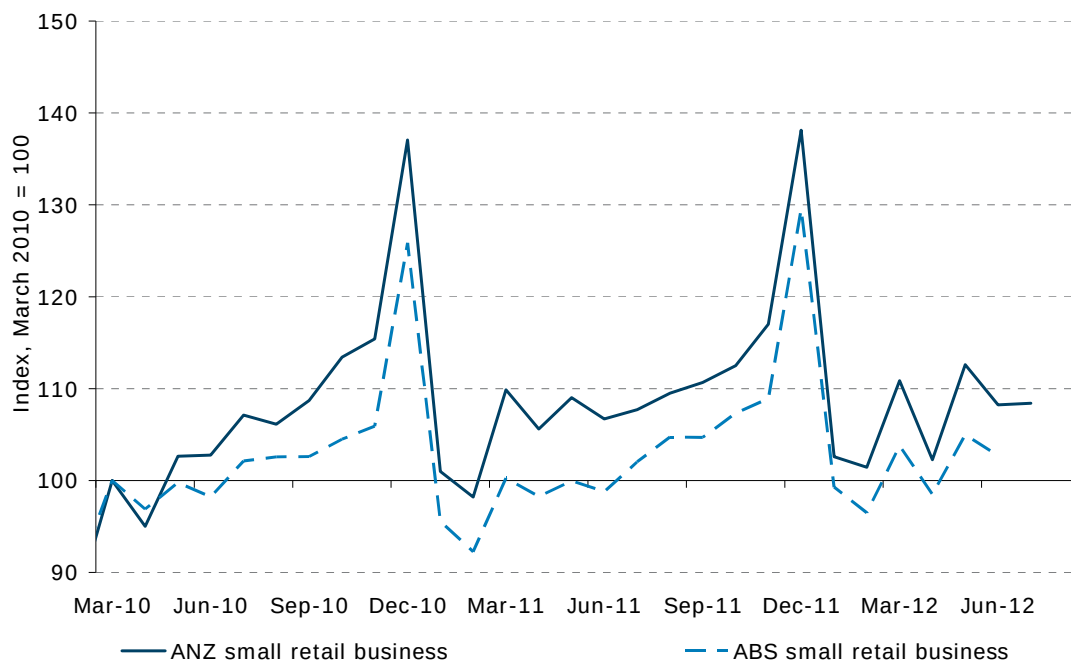
Aggregate small business sales growth summary

y/y%	3 months to July	July	2012 YTD	2011 year
<i>By industry group:</i>				
Retail	1.8	0.7	0.6	4.6
Non-retail	5.1	7.6	3.6	3.5
<i>By location:</i>				
Metro	3.2	5.0	2.1	3.1
Regional & rural	4.9	4.8	3.1	5.5
Total small business	3.8	4.9	2.4	3.9

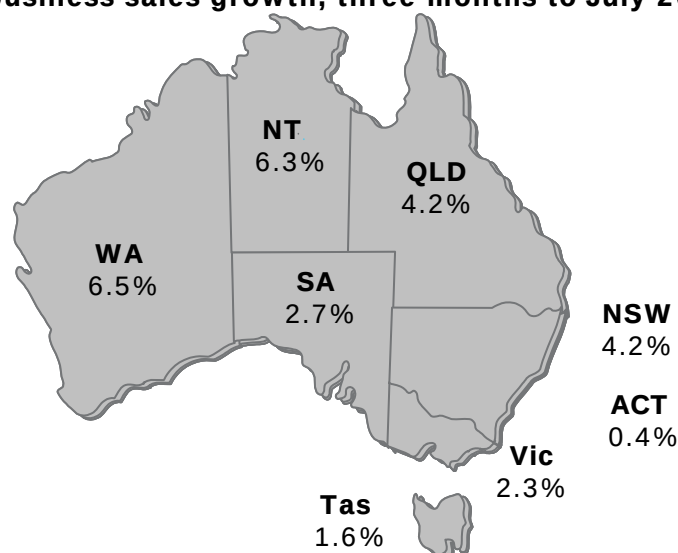
Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation, seasonality, or market share. YTD figures are modestly inflated due to the extra day in February 2012.

Note: Retail includes 'appliances and electrical', 'clothing and fashion', 'homewares and furniture', restaurants, 'other food outlets', and 'other retail'. YTD figures are modestly inflated due to the extra day in February 2012.

Monthly small business retail sales: ANZ versus ABS (not seasonally adjusted)



Small business sales growth, three months to July 2012 (y/y)



Small business sales growth, by state

y/y%	3 months to July	July	2012 YTD	2011 year
New South Wales	4.2	5.7	2.5	3.6
Victoria	2.3	3.7	1.4	4.2
Queensland	4.2	4.6	2.8	4.5
Western Australia	6.5	8.8	5.4	3.5
South Australia	2.7	3.7	1.2	5.7
Tasmania	1.6	1.3	-0.4	0.7
ACT	0.4	-0.7	-0.8	2.4
Northern Territory	6.3	3.4	4.9	-0.4
Total small business	3.8	4.9	2.4	3.9

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation or market share. YTD figures are modestly inflated due to the extra day in February 2012.

Small businesses sales growth, by sector

y/y%	3 months to July	July	2012 YTD	2011 year
<u>Retail related:</u>				
Appliances & electrical	0.7	4.9	-1.7	0.1
Clothing & fashion	-1.1	-2.2	-2.3	0.2
Homewares & furniture	0.5	1.3	-1.5	2.1
Other retail	3.0	1.6	2.0	6.0
Restaurants	5.3	1.7	5.5	9.2
Other food outlets	3.4	-1.5	3.0	10.8
Total retail	1.8	0.7	0.6	4.6
<u>Non-retail related:</u>				
Automotive	7.1	9.1	5.4	7.6
Trade	3.6	9.3	2.0	2.4
Business services	4.9	13.5	2.9	-2.4
Personal services	4.7	7.2	3.0	4.0
Accommodation	5.8	1.3	4.2	9.3
Travel & entertainment	5.2	3.7	4.1	1.4
Other non-retail	3.3	8.9	2.7	0.8
Total non-retail	5.1	7.6	3.6	3.5
Total small business	3.8	4.9	2.4	3.9

Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation, seasonality, or market share. YTD figures are modestly inflated due to the extra day in February 2012.

Main businesses within sectors:

Accommodation: hotels, bars, beer and wine producers

Appliances & 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 & fashion: clothing sales, footwear, jewellery, costumes, tailoring services

Homewares & furniture: home and commercial furniture, drapers, flooring, antiques, art

Other food outlets: fast food, bakeries, dairy product stores

Other non-retail: bicycle shops, medical aids, real estate agents.

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, catering

Trade: construction materials, roofing, cleaning, plumbing, landscaping,

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