



Media Release

For Release: 19 July 2012

Regional small business sales outstrip metro counterparts

Small Business Sales Trends report – Highlights

- Small business sales in June increased by 2.8% y/y and by 3.0% in the June quarter relative to a year ago.
- Sales across regional and rural Australia outperformed metro areas, with sales up 4.1% y/y compared with 2.1% y/y for metro.
- Sales growth over the year to the June quarter was particularly strong in the mining states of Northern Territory (+5.7% y/y), Western Australia (+5.2% y/y) and, to a lesser extent, Queensland (+3.7% y/y).
- Of the non-mining states, NSW recorded moderate gains over the year to the June quarter (+3.0% y/y). Sales growth in South Australia (+0.9% y/y), Tasmania (+0.4% y/y) and the ACT (+0.0% y/y) remained particularly subdued and looks to have softened in Victoria (+2.2% y/y).
- The June data also showed tentative signs that the RBA's interest rate cuts since November last year are starting to support spending. Nevertheless, sales of retail goods typically remained weak, while sales by service-sector businesses remained relatively stronger.

ANZ today released its Small Business Sales Trends report for June which showed that small business sales rose by 2.8% y/y in June and by 3.0% over the year to the June quarter.

Sales growth across the regional and rural areas of Australia continued to outstrip sales in the metro areas, with sales up 4.1% y/y compared with 2.1% y/y for metro. The mining states of Western Australia and the Northern Territory, and to a lesser extent Queensland, continued to report robust small business sales, while sales in South Australia, Tasmania and the ACT remained much weaker.

ANZ General Manager of Small Business Nick Reade said: "For a while now we've been seeing small business sales in the regional and rural areas outstrip their metro counterparts, and it's again evident this month with sales up 4.1% year-on-year and similarly 4.1% on a year-to-date basis, compared with 2.1% year-on-year and 3.1% year-to-date for metro.

"Reports from our staff serving regional small business customers also confirm that sales in those rural areas are fairing well, with strong sales in regional areas likely to be linked to the growth in the mining states.

"More broadly, we're seeing our small business customers enquiring about new finance to fund growth plans, but there remains a high level of consciousness about cost management with many small businesses still struggling to move existing stock.

"Although it's pleasing to see almost 3% year-on-year sales growth across the board this month, it's not quite where we want it to be. We need to keep a careful eye on the sectors which remain under pressure, such as the retail-related industries of clothing and fashion and appliances and electrical, to ensure we're providing them with the right support to navigate through these uncertain trading conditions," Mr Reade said.

ANZ Senior Economist for Australia, Justin Fabo, said: "Small business sales in June showed the familiar divergence between trading conditions in parts of the retail sector and other industries.

"Over the year to the June quarter, sales at small electrical, furniture and clothing stores actually declined but solid growth was typically seen by small food retailers and many businesses in the various services sectors. This pattern has also been reflected in other economic indicators and partly reflects that some small businesses are facing price deflation from the high Australian dollar, which is crimping profitability even though sales volumes for some businesses might be travelling along reasonably well.

"Sales of construction and other trade-related materials have weakened recently in line with more subdued housing market activity. Data for the month of June provides some very tentative evidence that the series of interest rate cuts by the RBA since November last year is starting to support spending at small retailers. Sales will also have received a modest, but temporary, boost from the Federal Government's payments to households in May and June.

"Across the states, small business sales activity has been quite varied. National sales growth has been supported by strong outcomes in the resources states of Western Australia, Northern Territory and to a lesser extent Queensland. Small business sales have been noticeably weaker in other states, particularly Tasmania, South Australia and the Australian Capital Territory. Growth in sales in the most populated states of New South Wales and Victoria has remained relatively soft but sales outcomes in NSW appear to be improving modestly while softening a little further in Victoria," 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

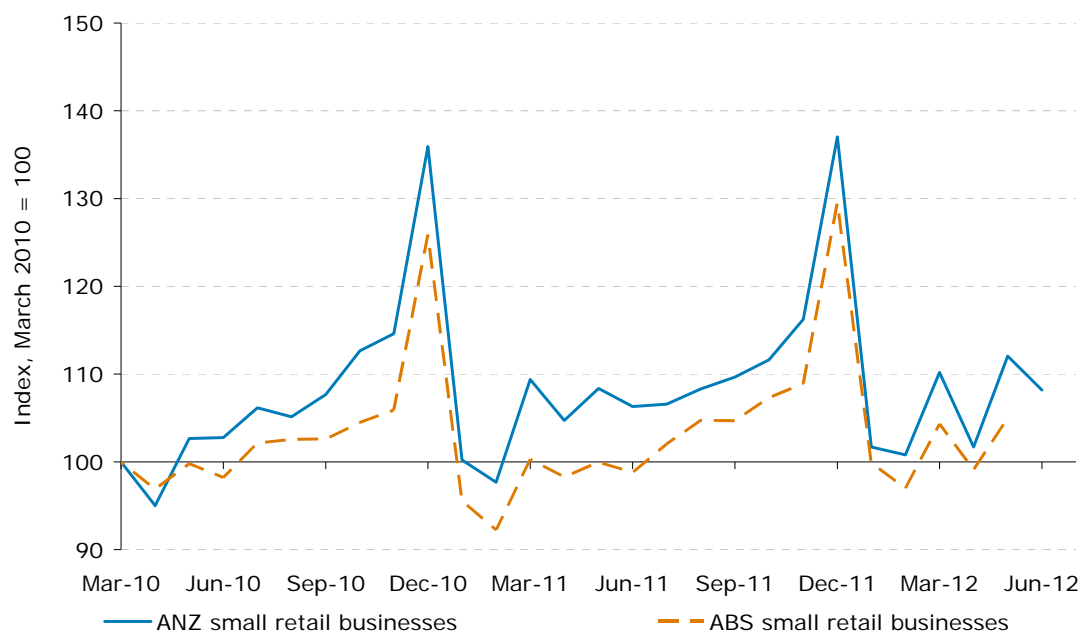
Aggregate small business sales growth summary

y/y%	Jun-12	Jun-qtr	2012 YTD	2011 year
<i>By industry group:</i>				
Retail	1.8	0.8	1.3	4.3
Non-retail	3.4	4.4	4.8	3.7
<i>By location:</i>				
Metro	2.1	2.6	3.1	3.3
Regional & rural	4.1	3.7	4.1	5.2
Total small business	2.8	3.0	3.4	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.

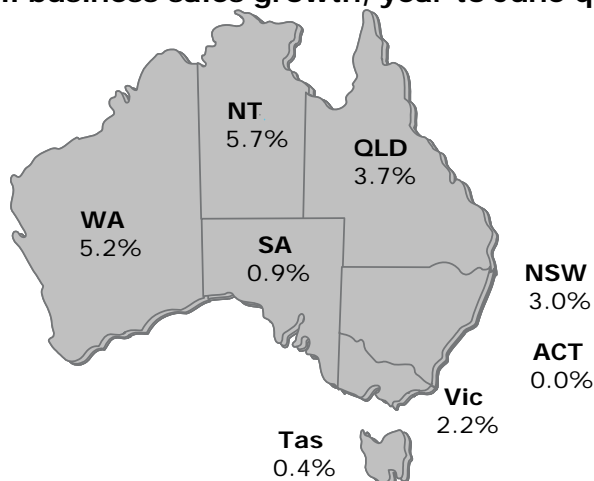
Note: Retail includes 'appliances and electrical', 'clothing and fashion', 'homewares and furniture', restaurants, 'other food outlets', and 'other retail'. YTD figures continue to be boosted by around 0.5% due to the extra trading day in February 2012.

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



Sources: ANZ, ABS

Small business sales growth, year to June quarter



Small business sales growth, by state

y/y%	Jun-12	Jun-qtr	2012 YTD	2011 year
New South Wales	3.4	3.0	2.9	3.7
Victoria	1.9	2.2	3.1	4.4
Queensland	3.0	3.7	4.2	4.5
Western Australia	4.1	5.2	5.5	3.1
South Australia	0.8	0.9	1.7	6.2
Tasmania	2.1	0.4	0.9	0.2
ACT	-0.3	0.0	0.5	0.8
Northern Territory	7.2	5.7	6.5	0.1
Total small business	2.8	3.0	3.4	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%	Jun-12	Jun-qtr	2012 YTD	2011 year
<u>Retail related:</u>				
Appliances & electrical	-2.3	-2.1	-2.7	0.2
Clothing & fashion	0.7	-2.5	-1.1	-0.2
Homewares & furniture	1.0	-1.1	-1.4	1.8
Other retail	0.0	2.5	2.7	5.8
Restaurants	7.1	6.2	7.5	7.5
Other food outlets	5.8	3.0	4.0	10.2
Total retail	1.8	0.8	1.3	4.3
<u>Non-retail related:</u>				
Automotive	5.9	6.4	6.5	8.1
Trade	-0.2	3.0	2.9	2.9
Business services	2.5	3.9	3.8	-1.9
Personal services	1.1	3.4	4.1	4.0
Accommodation	8.5	5.1	4.7	8.3
Travel & entertainment	7.3	5.2	6.4	1.8
Other non-retail				
Total non-retail	3.4	4.4	4.8	3.7
Total small business	2.8	3.0	3.4	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