



Media Release

For Release: 26 June 2012

Steady growth in May small business sales, driven by trades, business services and auto sectors

Small Business Sales Trends – Highlights

- Small business sales increased by 6.9% y/y in May 2012 and by 3.8% on a YTD basis.
- Divergences between growth rates of retail businesses and non-retail businesses remained evident in the May data, with *appliances & electrical* (-2.6% YTD), *clothing & fashion* (-1.2% YTD), and *homewares & furniture* (-1.9% YTD) reporting falling sales. *Automotives* (+7.8% YTD) and *business services* (+5.9% YTD) retained their relatively strong growth rates.
- Sales growth in Western Australia (+6.5% YTD) remained the strongest of the states, with the Northern Territory (+6.1% YTD) and Queensland (+5.1% YTD) following closely behind. Sales growth in South Australia (+2.3% YTD), Tasmania (+0.9% YTD), and the ACT (+1.3% YTD) continued to be relatively weak.

ANZ today released its monthly Small Business Sales Trends report which showed small business sales rose steadily in May, up 6.9% year-on-year and 3.8% on a year-to-date basis. The data continues to show divergences between retail-related industries, which were up 1.4% year-to-date, and non-retail sectors, which were up 5.5% year-to-date.

Nick Reade, ANZ General Manager of Small Business, said: "It's pleasing to see that small business sales improved this month, with sales increasing by 6.9% year-on-year in May 2012 and 3.8% on a year-to-date basis.

"As we've seen over the last year or so, some small business sectors are continuing to experience difficult business conditions, while others are tracking along reasonably well.

"For example, the trades, business services and automotive industries have all seen good growth on a year-to-date basis, up 4.2%, 5.9% and 7.8% respectively. This data also reinforces what we're hearing from our customers in these areas, who have said they are beginning to see an increase in work coming through.

"We're also seeing differences in growth rates across the states and territories continue. After some recent patches of weakness, small businesses in New South Wales and Victoria appear to be improving, with sales increasing by 3.4% year-to-date and 3.8% year-to-date respectively.

"Although total small businesses appear quite healthy with monthly sales growing by 6.9% year-on-year, we are still seeing some businesses, such as the traditional retailers, doing it tough. In coming months, we're hoping to see the May and June interest rate cuts further support the small business sector," Mr Reade said.

Ivan Colhoun, ANZ Head of Australian Economics and Property Research, said: "May's data again reinforces the divergences between various states and industries that have become familiar to Australian businesses.

"Over the past eight months, retail-related small businesses have continued to record weaker sales growth rates than their non-retail counterparts. In May, this trend

continued, with retail small businesses rising by approximately 1.4% year-to-date and non-retail small businesses growing by 5.5% year-to-date.

“The retail categories of electricals and clothing which are typically the areas heavily exposed to the high Australian dollar – and as a result, vulnerable to the increased prevalence of online shopping platforms – continued to see declining sales in May.

“The two-speed geographic nature of small business sales also continued to be reflected in the data, with WA, Queensland, and the NT all recording stronger rates of sales growth.

“These features of the ANZ Small Business Sales Trends report have also been evident in the Australian Bureau of Statistic's retail trade reports for April and Q1 GDP data,” Mr Colhoun 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

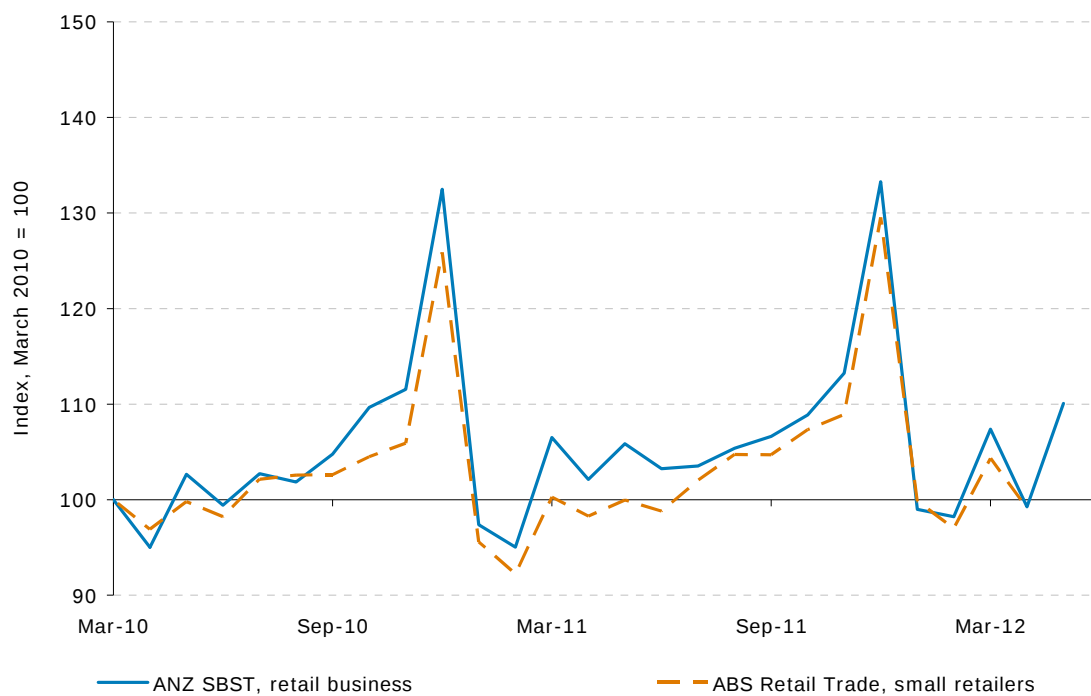
Aggregate small business sales summary

y/y%	May-12	2012 YTD	2011 year
<u>By industry group:</u>			
Retail	4.0	1.4	3.3
Non-retail	9.2	5.5	3.4
<u>By location:</u>			
Metro	6.3	3.7	2.6
Regional & rural	8.6	4.8	4.3
Total small business	6.9	3.8	3.3

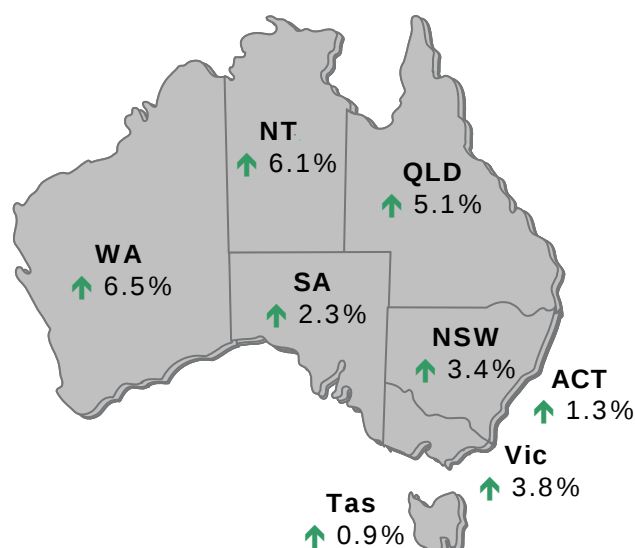
Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation, seasonality, or market share.

Note: Retail includes 'appliances and electrical', 'clothing and fashion', 'homewares and furniture', restaurants, 'other food outlets', and 'other retail'. YTD refers to year-to-date growth.

Small business sales growth: ANZ retail versus ABS retail



YTD small business sales, by state



Small business sales, by state

y/y%	May-12	2012 YTD	2011 year
New South Wales	7.1	3.4	2.7
Victoria	5.6	3.8	3.6
Queensland	8.4	5.1	3.9
Western Australia	9.2	6.5	2.6
South Australia	5.2	2.3	5.4
Tasmania	4.5	0.9	-0.3
ACT	4.8	1.3	0.4
Northern Territory	9.1	6.1	-0.2
Total small business	6.9	3.8	3.3

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation or market share.
Note: YTD refers to year-to-date growth.

Small businesses sales, by sector

y/y%	May-12	2012 YTD	2011 year
<u>Retail related:</u>			
Appliances & electrical	-0.2	-2.6	-0.4
Clothing & fashion	0.3	-1.2	-1.1
Homewares & furniture	2.8	-1.9	0.6
Other retail	6.7	3.4	5.0
Restaurants	7.2	6.9	6.7
Other food outlets	5.4	3.9	8.9
Total retail	4.0	1.4	3.3
<u>Non-retail related:</u>			
Automotive	11.5	7.8	6.6
Trades	10.3	4.2	2.3
Miscellaneous	4.6	5.3	1.0
Business services	10.3	5.9	-1.9
Personal services	7.9	4.9	3.3
Accommodation	9.2	4.6	6.6
Travel & entertainment	8.3	6.7	2.2
Total non-retail	9.1	5.5	3.4
Total small business	6.9	3.8	3.3

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation or market share.
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Main businesses within sectors:

Accommodation: hotels, bars, beer and wine producers

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, art

Miscellaneous: real estate agents, school and educational services, mobile phone dealers

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

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, catering

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

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