



Media Release

For release: 23 May 2012

Small business sales not as weak as data suggests, due to Easter effect

Small Business Sales Trends – Highlights

- Small business sales increased by 2.8% y/y in April 2012 and by 4.0% on a year-to-date (YTD) basis. Looking through the monthly volatility in the data and adjusting for February 2012's extra trading day, YTD small business sales growth is approximately 3.0%.
- Sales growth in Western Australia (+6.0% y/y) remains stronger than all other states, although sales in Queensland and the Northern Territory are also benefiting from their exposure to mining.
- Growth remains soft in the retail sector (+1.2% YTD), with appliances and electrical (-3.5% YTD) and clothing and fashion (-1.4% YTD) particularly weak.
- Due to an early Easter this year, spending in some categories such as travel, entertainment and accommodation may have been brought forward into late March.
- Metropolitan small businesses outperformed their regional and rural counterparts in April, the reverse of what we have seen over the past year.

ANZ today released its monthly Small Business Sales Trends report which showed that small business sales rose 2.8% year-on-year (y/y) in April 2012. This month's report again reveals similar trends seen over the past six months, including differences in growth rates between retail and non-retail sectors, and between the mining and non-mining states.

Retail-related small business sales were particularly soft in April, recording a year-on-year decline of 2.1%. Categories such as travel, entertainment and accommodation appear to have weaker y/y growth figures for April, however with Easter having occurred in early April, sales for these categories may have been recorded in late March (thereby artificially depressing April's y/y growth, and correspondingly boosting March's). Comparing the cumulative sales for March and April in these categories with the same period last year does provide a slightly less negative picture of April's activity.

Sales in the mining states were again relatively stronger compared with the non-mining states, although the disparity was less pronounced, with sales growth in New South Wales and Victoria comparable with those in Queensland and the Northern Territory.

ANZ General Manager of Small Business Nick Reade said: "Total small business sales are tracking along reasonably well, however, some sectors are doing much better than others. The data also aligns with what we are hearing from small businesses owners – where increased competition and discounting are continuing to affect business conditions.

"Retail businesses are feeling the pressure, although we are seeing some early signs of improvement. The two recent stimulus measures - this month's interest rate cut and the Federal Budget stimulus measures – should boost retail activity over the coming months.

"Despite the economic uncertainty, many small businesses are continuing to invest and we're seeing a healthy level of start-ups joining the sector. We currently approve nine out of 10 small business loan applications, and around seven out of 10 start-up loans – which businesses are pleasantly surprised at, given the rhetoric about banks not supporting small business," Mr Reade said.

Ivan Colhoun, Head of Australian Economics and Property Research said: "The Small Business Sales Trends series continues to reaffirm the familiar themes evident in the wider economy.

"Again, mining states are collectively stronger, with Western Australia particularly strong (+6.0% y/y) and states such as ACT (-1.6% y/y) and South Australia (-0.3% y/y) relatively weak. However, NSW and Victoria did record moderate growth rates in April on both a year-on-year and year-to-date basis.

"These state divergences are influencing some of the relative sectoral strengths within small business sales. For example, for the past 10 months, the automotive sector has recorded solid year-on-year growth, which mirrors Western Australia's growth profile. With its relatively high disposable income, more people in Western Australia are choosing to spend money on motor vehicles, and this behaviour is broadly in line with growth seen in the ABS series on aggregate motor vehicle sales.

"We expect the RBA's 50bps cut in the official cash rate (which provides around a net 30bps reduction in variable mortgage rates), to provide some support to consumers' cash flows and confidence, and therefore retailers in the coming months. ANZ expects an additional 75bps of official interest rate cuts by the end of 2012, which includes a rate reduction in early June," 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

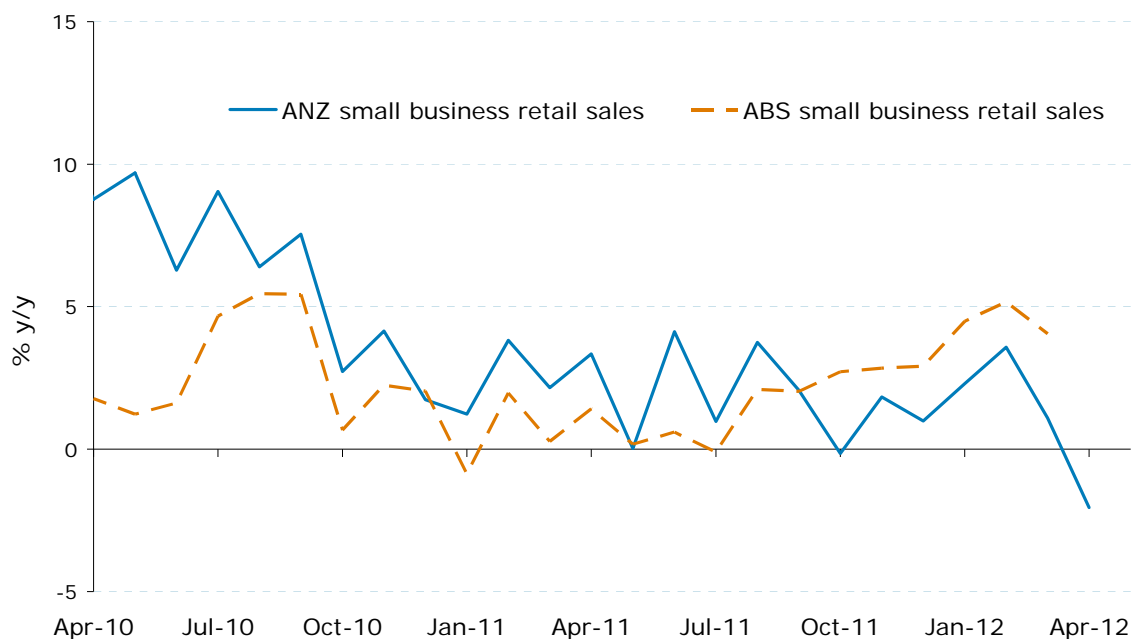
Aggregate small business sales summary

y/y %	Apr-12	2012 YTD	2011 year
<u>By industry group:</u>			
Retail	-2.1	1.2	1.9
Non-retail	5.9	5.8	1.8
<u>By location:</u>			
Metro	3.3	3.9	1.3
Regional and rural	1.7	4.2	2.8
Total small business	2.8	4.0	1.9

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

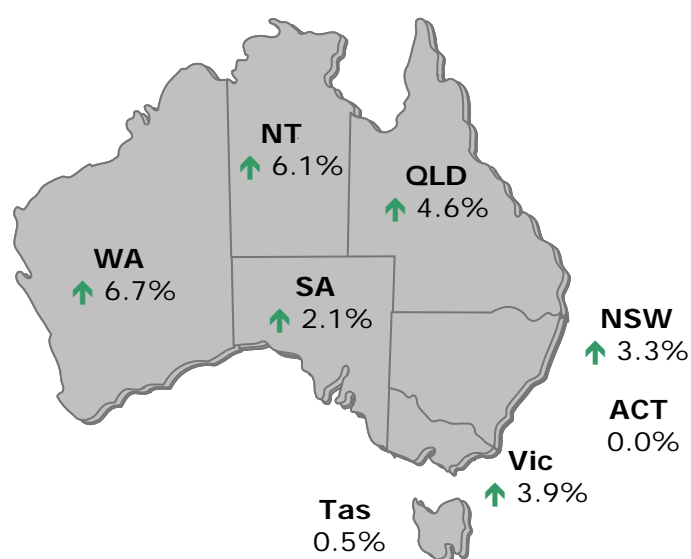
Note: Retail includes 'appliances and electrical', 'clothing and fashion', 'homewares and furniture', restaurants, 'other food outlets', and 'other retail'. YTD refers to year-to-date growth.

Small business sales growth: ANZ retail versus ABS retail



Source: Aggregated ANZ cards and merchants transaction data, ABS retail trade survey. Neither series is adjusted for inflation, seasonality, or market share.

Small business sales, by state, 2012 YTD



y/y%	Apr-12	2012 YTD	2011 year
New South Wales	3.5	3.3	1.4
Victoria	2.0	3.9	2.4
Queensland	3.0	4.6	2.6
Western Australia	6.0	6.7	1.5
South Australia	-0.3	2.1	3.1
Tasmania	-2.9	0.5	-2.1
ACT	-1.6	0.0	-1.7
Northern Territory	2.3	6.1	-0.8
Total small business	2.8	4.0	1.9

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

	Apr-12	Mar-Apr 12	2012 YTD	2011 year
	y/y %	y/y %	y/y %	y/y %
<u>Retail related:</u>				
Appliances and electrical	-2.0	-4.9	-3.5	-1.1
Clothing and fashion	-6.9	-3.4	-1.4	-2.2
Homewares and furniture	-3.4	-3.2	-1.1	-0.8
Other retail	0.7	1.0	2.6	3.3
Restaurants	0.4	5.0	7.6	9.2
Other food outlets	-1.9	3.4	4.2	6.7
Total retail	-2.1	-0.4	1.2	1.9
<u>Non-retail related:</u>				
Automotive	8.7	5.2	7.9	4.5
Trade	6.3	1.9	4.4	1.9
Miscellaneous	12.7	5.1	6.6	-0.5
Business services	13.2	2.9	5.9	-2.1
Personal services	3.0	1.4	4.5	1.5
Accommodation	-0.8	2.8	3.2	4.8
Travel and entertainment	3.3	4.7	6.7	1.6
Total non-retail	5.9	3.3	5.8	1.8
Total small business	2.8	1.8	4.0	1.9

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

Note: YTD refers to year-to-date growth.

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

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

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