



Media Release

For release: 26 November 2012

Small business sales rise, but outlook remains weak in non-resource states

Small Business Sales Trends – Highlights

- Small business sales rose by 3.6% over the year to the three months to October. Sales were 8.3% higher year on year (y/y) but this figure appears to have been artificially boosted by the different timing of football grand finals between this year and last year.
- In the three months to October, sales growth was particularly strong in the mining states of Western Australia (+7.1% y/y) and Northern Territory (+5.5% y/y). Queensland sales remained softer (+2.9% y/y) as that state is facing several economic headwinds, including rising unemployment in recent months.
- Trading conditions for small businesses in NSW have continued to improve gradually with sales increasing by 3.6% y/y in the three months to October. Small business sales growth in all other states remained relatively subdued.
- Sales of food and travel-related services continued to stand out, with sales at restaurants, hotels and bars growing by around 6% y/y in the three months to October. Sales of 'traditional' retailers such as those selling appliances, clothing and homewares remained weak.

ANZ today released its Small Business Sales Trends report for October. Sales appear to have been dampened in months where the AFL grand finals were held, presumably as people spent time watching football rather spending money elsewhere.

Overall, sales growth among small businesses remained relatively soft, but outperformed in the resources-rich states of Western Australia (WA) and Northern Territory (NT). In other sectors, food and travel-related sales continued to grow strongly while sales of appliances, clothing and homewares remained weak.

ANZ General Manager of Small Business, Nick Reade, said: "There's no doubt the environment continues to remain challenging for small business in Australia – particularly for those in sectors and states not involved in the mining industry. Overall, growth in small business sales has remained quite soft and mixed across sectors and states.

"It's positive to see such a strong result for companies offering travel and food-related services, but for retailers selling appliances like fridges and TVs, clothing and household items, the outlook remains less favourable.

"Looking ahead, companies will be under pressure to adapt to these conditions and remain competitive. Those exposed to interest rate sensitive parts of the economy, including housing and durables consumption, are likely to see some benefit from the reduction in interest rates over the past year. Nevertheless, we expect only a gradual pick-up in these sectors during 2013."

ANZ Head of Australian Economics, Corporate & Commercial, Justin Fabo, said: "Non-food retailing continued to underperform food and services sales. To some extent this is likely to reflect that price competition – itself related to the high Australian dollar – has been most fierce in goods-based retailing.

"Small business sales growth in the resource-rich states of WA and NT has remained a standout. We are closely watching how events are unfolding in WA given the importance of mining to that state's economy. Recently, the unemployment rate in WA has risen from very low levels and job advertising has fallen sharply in line with weaker commodity prices, possibly foreshadowing some moderation in small business sales growth in that state.

"After a long period of underperformance, small business sales in NSW continue to show tentative signs of improving. There is also now little difference between sales in metropolitan and rural areas."

For further economic comment, contact: For media queries, contact:

Justin Fabo
Head of Australian Economics, Corporate
& Commercial
Tel: 02 9227 1646
Email: Justin.Fabo@anz.com

Stephen Ries
Senior Manager, Media Relations
Tel: 03 8654 3659
Email: Stephen.Ries@anz.com

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

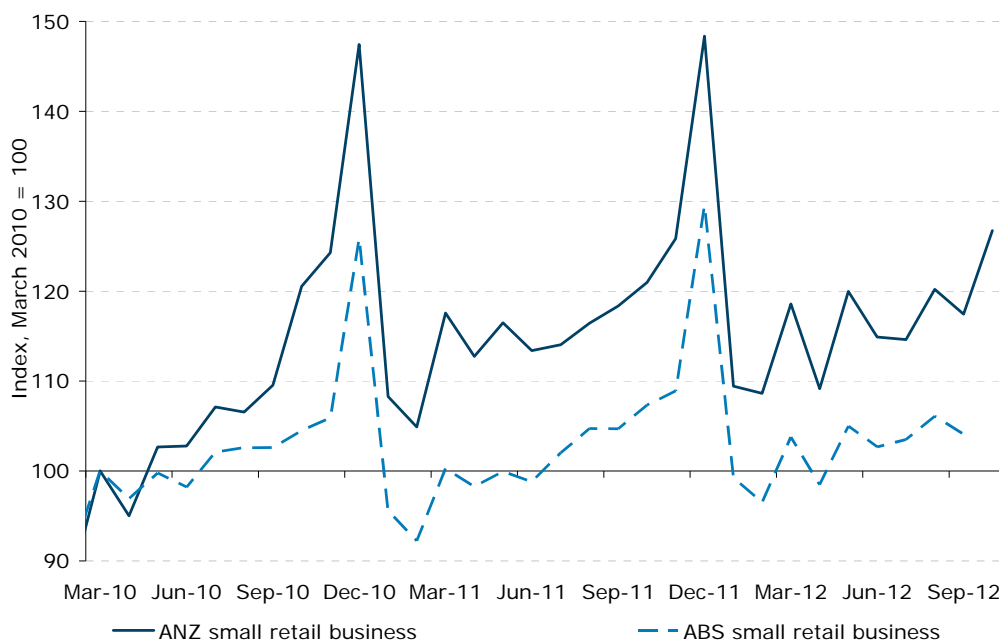
Aggregate small business sales growth summary

y/y%	3 months to October	October	2012 YTD
<i>By industry group:</i>			
Retail	2.4	4.8	1.4
Non-retail	4.3	10.7	4.0
<i>By location:</i>			
Metro	3.5	9.2	2.7
Regional & rural	3.6	6.8	3.6
Total small business	3.6	8.3	3.0

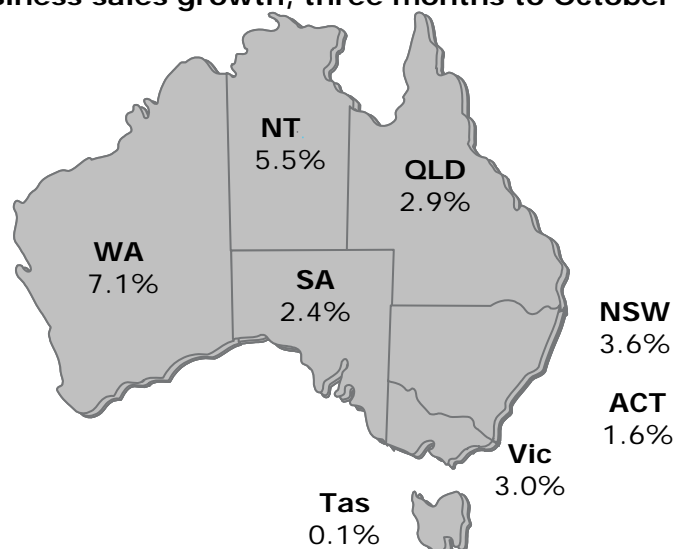
Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation, seasonality, or market share. YTD figures are modestly inflated due to the extra day in February 2012.

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 October 2012 (y/y)



Small business sales growth, by state

y/y%	3 months to October	October	2012 YTD
New South Wales	3.6	8.7	2.7
Victoria	3.0	9.1	2.3
Queensland	2.9	6.0	3.3
Western Australia	7.1	11.9	5.8
South Australia	2.4	8.0	2.2
Tasmania	0.1	4.7	-0.2
ACT	1.6	4.2	1.4
Northern Territory	5.5	9.7	4.9
Total small business	3.6	8.3	3.0

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 October	October	2012 YTD
<i><u>Retail related:</u></i>			
Appliances & electrical	-1.1	4.7	-2.5
Clothing & fashion	-0.3	1.1	-0.9
Homewares & furniture	0.4	4.5	-1.0
Other retail	3.7	7.4	2.7
Restaurants	6.9	5.5	7.6
Other food outlets	5.4	3.4	4.2
Total retail	2.4	4.8	1.4
<i><u>Non-retail related:</u></i>			
Automotive	6.2	14.8	5.5
Trade	2.5	11.5	1.9
Business services	2.9	13.5	3.6
Personal services	3.8	10.2	3.9
Accommodation	5.9	1.1	3.7
Travel & entertainment	4.7	5.7	4.5
Other non-retail	3.7	13.9	4.1
Total non-retail	4.3	10.7	4.0
Total small business	3.6	8.3	3.0

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