



Media Release

For release: 19 October 2012

Small business sales reveal flat retail conditions persisting

Small Business Sales Trends – Highlights

- Small business sales increased by 0.4% y/y in September and by 2.5% y/y in the three months to September.
- Sales growth was particularly strong in the mining states of WA (+5.8% y/y) and NT (+4.3% y/y) in the three months to September.
- Growth in NSW (+2.6% y/y) was relatively better than the remaining states but still soft. Sales were particularly weak in Tasmania (-1.0% y/y).
- Sales of food and travel-related services continued to outperform, with sales at restaurants, hotels and bars growing by around 5% y/y in the three months to September. Sales of 'traditional' retailers such as those selling appliances, clothing and homewares remained weak.

ANZ today released its Small Business Sales Trends report for September which showed that small business sales rose by 0.4% y/y in September and by 2.5% y/y in three months to September.

Small businesses in the mining states of Western Australia and the Northern Territory, and to a lesser extent Queensland, continued to outperform. While trading conditions across the other states remained relatively more challenging, New South Wales continued to show signs of improvement.

Food and travel-related sales continued to grow relatively strongly which is in contrast to the more traditional retail products such as appliances, clothing and homewares which remained weak.

ANZ General Manager of Small Business, Nick Reade, said: "Overall the growth in small business sales has remained relatively soft this month and trading conditions across different sectors have remained varied.

"Figures in previous months had suggested a possible resurrection in retail-related small business sales; however the weakness appears to have returned, with sales up only 1.3 per cent over the year to the last three months.

"The changing consumer spending patterns and the persistently high Australian dollar continues to encourage spending online and overseas, which is having a negative impact on our traditional retailers," Mr Reade said.

ANZ Head of Australian Economics, Corporate and Commercial, Justin Fabo, said: "Small business sales of homeware items such as appliances, electricals and furniture, have been contracting recently which is partly due to weakness in the building industry. Some spending on these items is associated with new house purchases or home renovations and is therefore linked to the health of the wider housing market. Spending on trade services, such as construction and plumbing, has also been weak.

"Across the states, small business sales in Western Australia and the Northern Territory, which are benefiting from mining-related activity, continued to significantly outperform.

However, given some recent cancellations and delays of a number of mining projects, recent falls in the prices of some key commodities and signs of softer labour conditions in the mining sector, means we will be watching activity in the mining states closely.

"Due to the current challenges facing the Australian economy, including the recent weakness in commodity prices, we expect the Reserve Bank of Australia to lower the official cash rate further which may assist with stimulating growth in future sales," Mr Fabo said.

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

Emily Kinnear
Media Relations Advisor
Tel: 03 8654 3540 or 0478 401 280
Email: Emily.Kinnear@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

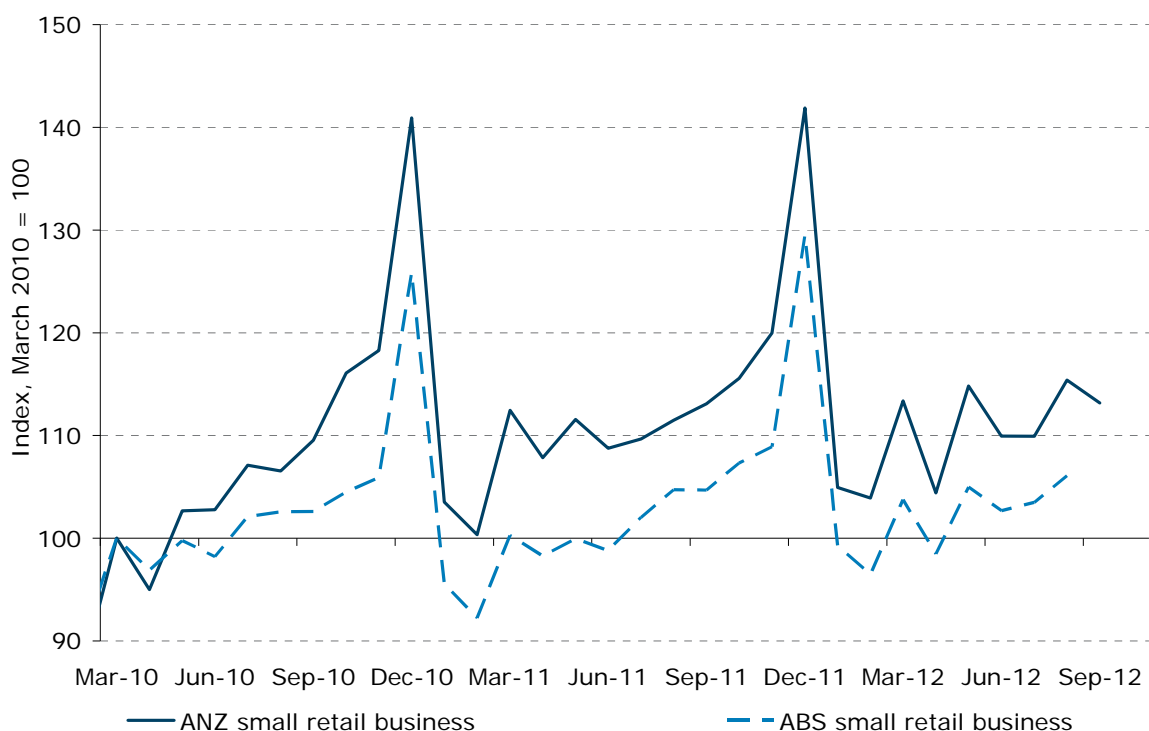
Aggregate small business sales growth summary

y/y%	3 months to September	September	2012 YTD	2011 year
<i>By industry group:</i>				
Retail	1.3	0.1	1.6	6.1
Non-retail	3.3	0.7	3.3	4.3
<i>By location:</i>				
Metro	2.1	0.0	2.1	4.2
Regional & rural	3.2	1.3	3.6	6.3
Total small business	2.5	0.4	2.6	5.0

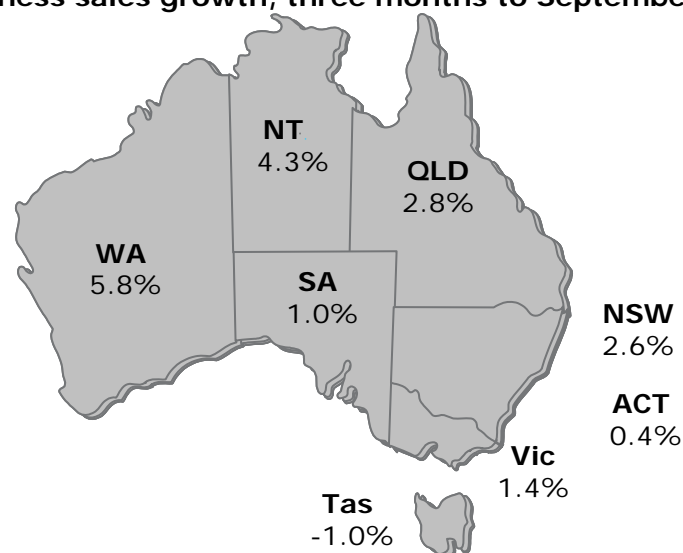
Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation, seasonality, or market share. YTD figures are modestly inflated due to the extra day in February 2012.

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 September 2012 (y/y)



Small business sales growth, by state

y/y%	3 months to September	September	2012 YTD	2011 year
New South Wales	2.6	0.8	2.8	5.4
Victoria	1.4	-1.1	1.4	4.7
Queensland	2.8	1.5	3.0	5.0
Western Australia	5.8	3.2	5.3	5.2
South Australia	1.0	-2.8	1.5	6.3
Tasmania	-1.0	-3.9	0.1	1.6
ACT	0.4	-1.9	1.1	6.8
Northern Territory	4.3	4.4	4.8	-1.3
Total small business	2.5	0.4	2.6	5.0

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 September	September	2012 YTD	2011 year
<u>Retail related:</u>				
Appliances & electrical	-0.9	-3.6	-1.7	-0.5
Clothing & fashion	-1.6	-2.9	-1.3	1.7
Homewares & furniture	-0.2	-1.1	-0.2	4.1
Other retail	2.2	0.7	2.7	7.8
Restaurants	5.9	6.2	7.3	8.1
Other food outlets	3.6	3.5	4.4	12.8
Total retail	1.3	0.1	1.6	6.1
<u>Non-retail related:</u>				
Automotive	4.5	0.6	4.7	8.5
Trade	1.0	-1.5	0.6	3.0
Business services	3.5	1.5	2.5	-2.9
Personal services	3.0	-1.2	3.2	5.3
Accommodation	5.5	6.8	6.1	13.7
Travel & entertainment	3.7	4.9	4.4	1.4
Other non-retail	2.5	-1.4	1.8	0.9
Total non-retail	3.3	0.7	3.3	4.3
Total small business	2.5	0.4	2.6	5.0

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