



Media Release

For release: 19 September 2012

Growth in small business sales led by automotive and accommodation sectors

Small Business Sales Trends report – Highlights

- Small business sales in August increased by 4.7% relative to a year ago and by 3.2% over the year to the latest three months.
- In the three months to August, sales growth was particularly robust in WA, up 6.5% y/y, which has benefitted significantly from sharply higher resources investment and associated flow-on effects.
- Sales growth elsewhere remained weaker but was relatively solid in NSW, up 3.6% y/y, QLD, up 3.3% y/y, and the NT up 3.7% y/y.
- Retail-related small business sales, particularly of non-food items, remained relatively subdued, growing at less than 2% y/y for the three months to August.
- Non-retail sectors experienced stronger growth, up 4.2% y/y for the three months to August and 5.4% y/y for the month of August. Among the non-retail businesses, accommodation (+5.6% y/y) and automotives (+6.6% y/y) recorded the strongest sales growth.

ANZ today released its Small Business Sales Trends report for August which showed that small business sales rose by 4.7% year on year in August and by 3.2% over the year to the three months to August.

Sales in automotive small businesses, which includes car services, accessories and maintenance is growing strongly, while traditional retailers continue to face soft conditions.

By state, small businesses in Western Australia continued to experience the most favourable trading conditions, while sales growth in New South Wales has shown tentative signs of improvement.

Nick Reade, ANZ General Manager Small Business, said: "This month's sales figures confirm a couple of trends we've been seeing recently, the first of which is strong growth in the automotive sector, which was up 6.6 per cent year-on-year for the three months to August.

"Supporting this data is the strong volume growth we're seeing in our asset finance group in small business, which has grown by 23 per cent this year, compared with overall business credit growth of around 4 per cent.

"Another trend we're observing is the softening of sales in trades and business services which have performed strongly over the last 12 months, and the slight uplift in overall retail-related sales. Although retail sales growth does remain relatively flat, up only 1.7 per cent year-on-year for the three months to August, there have been some recent encouraging signs. According to the increasing number of retailers now starting to enter into and maintain arrangements to clear their overdrafts with us, it could suggest business confidence in this sector has improved a little and we look forward to seeing this play out over the coming months," Mr Reade said.

Justin Fabo, ANZ Senior Economist said: "Overall, growth in small business sales remains relatively soft but there are signs that some areas are starting to improve. Retail-related businesses have seen a modest improvement in sales growth in recent months, which follows a period of weak non-food retail sales growth due to changing consumer spending

patterns and a rising Australian dollar which has encouraged more spending and travel by Australians overseas.

"Automotive businesses recorded very strong sales growth, continuing the trend of recent months, and this is in line with robust motor vehicle sales in Australia. Looking forward, however, motor vehicle sales growth is expected to slow from its current fast rate.

"Across the states, Western Australia's small business sales continued to stand out, which reflects the significant benefits from sharply higher resources investment and associated flow-on effect. Sales growth in New South Wales has improved somewhat in recent months, and remained solid in the other resources states of the Northern Territory and Queensland. There are some clouds on the horizon for sales growth however, with sharp falls in commodity prices and pressures on government finances expected to hamper growth in household incomes and spending. In particular, we will be looking for any signs of a softening in the resources states of Queensland and Western Australia in coming months," 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

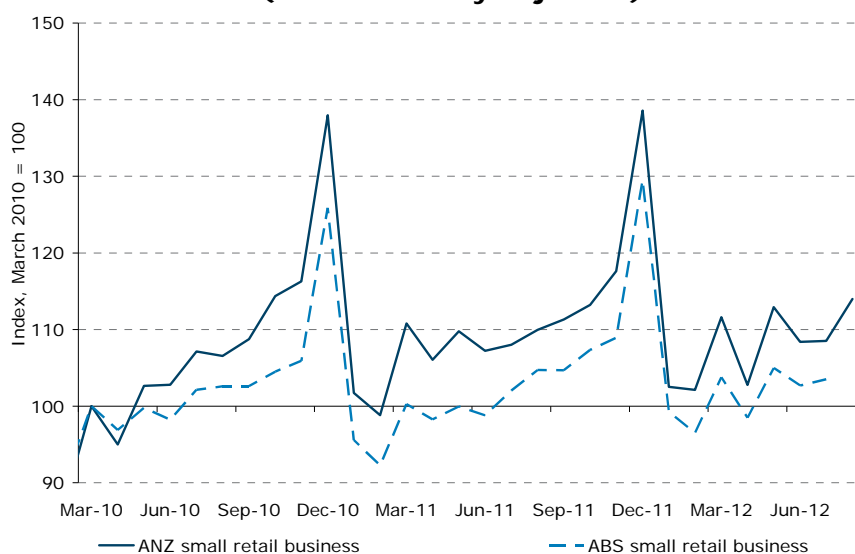
Aggregate small business sales growth summary

y/y%	3 months to August	August	2012 YTD	2011 year
<i>By industry group:</i>				
Retail	1.7	3.6	1.2	4.9
Non-retail	4.2	5.4	4.4	3.6
<i>By location:</i>				
Metro	2.8	4.5	2.8	3.4
Regional & rural	4.0	5.1	3.9	5.3
Total small business	3.2	4.7	3.2	4.1

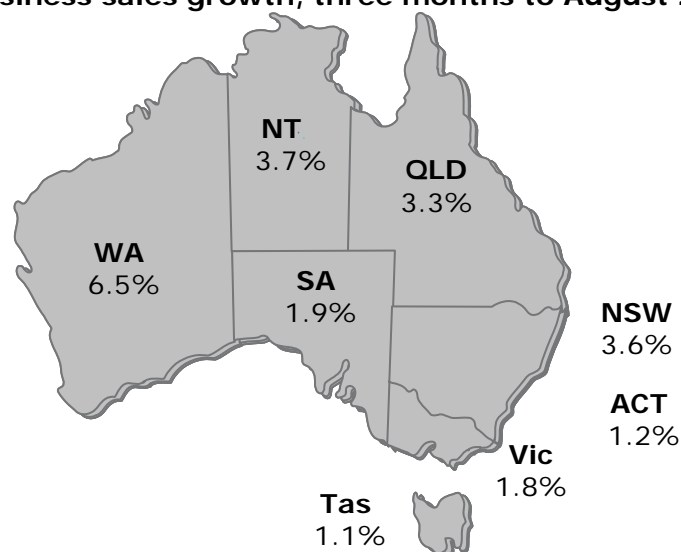
Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation, seasonality, or market share. YTD figures are modestly inflated due to the extra day in February 2012.

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 August 2012 (y/y)



Small business sales growth, by state

y/y%	3 months to August	August	2012 YTD	2011 year
New South Wales	3.6	5.1	2.8	3.9
Victoria	1.8	3.9	2.3	4.5
Queensland	3.3	4.1	3.9	4.3
Western Australia	6.5	7.8	6.0	3.6
South Australia	1.9	3.6	2.1	6.3
Tasmania	1.1	2.3	0.5	0.9
ACT	1.2	5.6	0.9	3.0
Northern Territory	3.7	3.0	4.0	-1.4
Total small business	3.2	4.7	3.2	4.1

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 August	August	2012 YTD	2011 year
<i>Retail related:</i>				
Appliances & electrical	0.4	-0.6	-1.7	-0.7
Clothing & fashion	-0.2	2.7	-1.0	0.4
Homewares & furniture	0.4	3.7	-1.3	2.9
Other retail	1.8	3.3	2.3	6.2
Restaurants	6.4	7.4	7.0	8.5
Other food outlets	4.4	6.8	3.9	11.6
Total retail	1.7	3.6	1.2	4.9
<i>Non-retail related:</i>				
Automotive	6.6	9.0	6.2	7.5
Trade	0.8	2.0	1.9	2.5
Business services	2.9	2.7	3.5	-2.4
Personal services	3.9	4.9	4.4	4.5
Accommodation	5.6	9.4	3.7	11.0
Travel & entertainment	4.7	5.9	5.0	0.8
Other non-retail	3.7	4.0	4.1	0.9
Total non-retail	4.2	5.4	4.4	3.6
Total small business	3.2	4.7	3.2	4.1

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