



Media Release

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Confidence lifts as business sales improve in Q4

The outlook for Australian business has become more optimistic in 2014, with ANZ's newly-launched ANZ Business Sales Trends report showing business sales rose by close to 4.0% over the year to December quarter 2013 ('y/y').

The biggest markets of New South Wales (3.0% y/y) and Victoria (3.5% y/y) saw modest growth but business sales growth in New South Wales improved each quarter throughout 2013.

There was noticeable strengthening in the Northern Territory and Tasmania, and in retail sales in South Australia. Growth in the resources states of Western Australia and Queensland was more modest, particularly in Western Australia relative to recent years. The ACT showed only modest growth.

ANZ Managing Director Corporate and Commercial Banking, Mark Whelan, said: "We're seeing new signs of confidence in the market. The combination of low interest rates and the lower Australian dollar are providing businesses with a tailwind for growth.

"While it took time for these factors to be reflected in business sales, we certainly saw it in a stronger Q4 and there are signs that the first half of 2014 will follow suit.

"Tasmania and South Australia have had it pretty tough over the past couple of years so it's encouraging to see signs that things have bottomed. We are also seeing people start to gradually reinvest in their own businesses.

"While growth in the largest state economies of New South Wales and Victoria remained relatively soft in Q4, New South Wales' improvement throughout 2013 is a good sign for 2014," Mr Whelan said.

ANZ Head of Australian Economics, Corporate and Commercial, Justin Fabo, said the retail sector outperformed the non-retail sector in Q4 – reversing the trend of the previous quarter.

"There was significant improvement in sales growth for the food and hospitality sectors, and other retail businesses also saw better sales growth overall in Q4. This may, in part, reflect the positive effects of the lower Australian dollar, down more than 20% from its highs, which has redirected spending back onshore. It also reflects the boost to households' disposable income from low interest rates.

"The benefit of the lower currency to the transport, accommodation and recreation sector appears to be taking some time, with sales remaining weak. However, we expect this to turn around in the near future," Mr Fabo said.

According to the report, the construction services sector was another standout, with strong gains in New South Wales, Queensland, South Australia and Tasmania.

“The data reflects the pick-up in housing activity, particularly in Sydney, driven largely by the low interest rate environment. The construction cycle in New South Wales is starting to pick-up, while it is relatively mature in Victoria,” said Mr Fabo.

Total business sales in regional and rural areas (4.8% y/y) outstripped metropolitan markets (3.6% y/y) and improved in each quarter over 2013. This was consistent across most states, except in Queensland where regional and rural sales appear to have been hampered by worsening drought conditions.

For further economic comment:

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Notes for editors:

About ANZ Business Sales Trends

ANZ's quarterly Business Sales Trends provides Australian businesses with an up-to-date view on trading conditions for retail, hospitality, services and trade. It has been developed to provide insights for businesses to enable them to better manage and plan their business success. Business Sales Trends is based on transaction data from more than 30 million transactions on EFTPOS merchant terminals every week and ANZ credit cards.

ANZ Sales Trends uses data from credit, debit and Eftpos transactions processed through ANZ merchant systems to provide insights into trading conditions for businesses. The figures do not include cash transactions and therefore do not represent total sales for businesses. The survey contains data from 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 businesses, as different businesses drop in and out of the 24 month timeframe.

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 data builds upon the Small Business Sales Report previously released monthly by ANZ for Small Business only.

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

ANZ Business Sales Trends

Aggregate business sales growth summary 2013

y/y%	Q1	Q2	Q3	Q4
<u>By industry group:</u>				
Retail	3.6	3.4	2.8	4.7
Food & eating out	5.8	4.1	3.7	6.2
Other retail	1.7	2.8	2.1	3.6
Non-retail	3.4	2.7	4.6	2.6
<u>By location:</u>				
Metro	4.2	3.4	3.6	3.6
Regional & rural	1.2	2.0	3.5	4.8
<u>By size:</u>				
Big	3.8	2.8	3.6	3.9
Small	2.2	4.4	3.6	3.9
Total sales	3.5	3.1	3.6	3.9
<i>Total excl. food & eating out</i>	<i>2.7</i>	<i>2.7</i>	<i>3.6</i>	<i>3.1</i>

Source: Aggregated ANZ cards and merchant transaction data. Note: Not adjusted for inflation, seasonality or market share. Retail includes food, household goods & hardware, clothing, cafes & restaurants and other retailing. A small business is defined as one that has AUD5m p.a. turnover or below.

Businesses sales growth 2013, by sector

y/y%	Q1	Q2	Q3	Q4
<u>Retail related:</u>				
Household goods & hardware	3.4	5.4	4.0	3.3
Clothing & Footwear	-1.3	1.7	1.1	4.8
Food	5.5	3.5	3.4	6.2
Cafes & restaurants	7.2	8.1	5.6	6.1
Other	1.4	1.3	1.0	3.4
Total retail	3.6	3.4	2.8	4.7
<u>Non-retail related:</u>				
Motor vehicle & fuel	1.3	-0.7	5.9	4.5
Professional services	5.9	-0.3	7.2	6.5
Personal services	2.9	7.4	6.1	5.6
Transport, accommodation & recreation	1.9	2.3	-0.6	-4.4
Other services	5.0	6.1	4.0	3.8
Education & childcare	2.9	6.5	8.8	5.1
Health services	1.7	4.9	3.5	1.4
Construction services	1.7	6.0	9.7	8.4
Utilities & telecommunications	10.9	13.0	5.1	1.9
Total non-retail	3.4	2.7	4.6	2.6
Total sales	3.5	3.1	3.6	3.9
<i>Total excl. food & eating out</i>	<i>2.7</i>	<i>2.7</i>	<i>3.6</i>	<i>3.1</i>

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

Business sales growth summary, 2013, by state

Note: Total Sales in South Australia includes a temporary element in the data which represents ~3% of this growth number.

y/y%	Q1	Q2	Q3	Q4
New South Wales	2.3	1.8	2.4	3.0
Victoria	5.0	3.4	4.7	3.5
Queensland	4.5	4.6	4.6	4.1
Western Australia	2.6	2.7	0.8	4.8
South Australia	3.1	4.6	6.5	7.1
Tasmania	2.2	4.0	6.3	5.6
ACT	1.8	2.8	2.8	2.4
Northern Territory	0.0	4.3	5.1	7.9
Australia	3.5	3.1	3.6	3.9

Source: Aggregated ANZ cards and merchant transaction data. Note: Not adjusted for inflation, seasonality or market share. Retail includes food, household goods & hardware, clothing, cafes & restaurants and other retailing. A small business is defined as one that has AUD5m p.a. turnover or below.