



Media Release

For release: 25 October 2011

Small business sales hold firm in September

- Small business sales increased by 5.2% y/y in September 2011.
- Year-to-date sales growth remains relatively flat with growth of just 1.7%.
- Services and trades sectors continue to outperform retailers.
- Restaurants again outperformed on a year-to-date basis with growth of 8.9%.
- South Australia, Victoria and Western Australia outperformed the other states.
- With moderate inflation outlook and increasing global economic risks, we anticipate a rate cut on Melbourne Cup Day.

ANZ today released its monthly Small Business Sales Trends report which showed nominal small business sales turnover increased by 5.2% y/y in September 2011. This is the fifth consecutive month of positive annual growth in sales for small businesses.

ANZ Head of Australian Economics and Property Research, Ivan Colhoun said: "Although there was encouraging headline improvement in sales of 5.2% this month, the year-to-date growth remains fairly flat, up just 1.7%. And with headline inflation running at around 3.5% y/y in 2011, this implies real (inflation-adjusted) small business sales growth is still relatively weak in September.

"Furthermore, the divergence between retail-oriented small businesses versus the trades and services sectors continues, with retail-related small business turnover growing by just 2.6% y/y in September (and 1.2% YTD) compared with 6.8% y/y (and 2.0% YTD) for non-retail and services small business.

"This month, the automotive, trade and business services areas are showing the best growth, with monthly sales up 12% y/y, 9.7% y/y and 7.8% y/y respectively. Restaurants continue to perform well, with 8.9% growth YTD, although some of this growth no doubt reflects strong food price inflation this year, since the data are nominal.

"We are also still seeing a mood of heightened consumer caution in Australia, as global economic uncertainties continue and local unemployment rates threaten to drift up. In these circumstances, people remain understandably careful with their spending. No doubt householders and businesses will be watching the next RBA announcement on Melbourne Cup Day on 1 November with interest. With the inflation outlook moderating and global economic risks increasing, ANZ expects the RBA will cut rates by 25 bps as an 'insurance' measure and to take monetary policy back toward a more neutral setting. A rate cut on Cup Day may encourage people to think more confidently about our domestic economic outlook and consequently about their own spending," said Mr Colhoun.

ANZ General Manager Small Business Nick Reade said: "Unfortunately retailers are still facing a very mixed demand story, with the more discretionary small businesses such as clothing and fashion retailers and appliances and electrical stores continuing to face tough conditions due to changes in consumer priorities, increased competition from internet businesses and the high Australian dollar.

"Across the states, small business turnover is growing more strongly in South Australia, Victoria and Western Australia, both in September and on a year-to-date basis. Whilst NSW and Queensland sales appear to be accelerating, growth rates remain relatively weaker on a year-to-date basis. This pick up in sales is a welcome trend for Queensland, which has struggled to recover from the devastating effects of last summer's floods and then the cyclone.

“Sales growth in the two territories and in Tasmania remains weak with outright falls still evident on a year-to-date basis. These relatively smaller economies seem to be impacted by the current weak consumer and business sentiment. And whilst prospects for the Northern Territory’s economy appear strong due to its exposure to mining activity, the ACT and Tasmania are probably not benefiting from the surge in resources-related investment activity that is going on mainly in Western Australia and Queensland,” said Mr Reade.

The data is based on the value of credit, debit and Eftpos transactions processed through ANZ merchant terminals and all ANZ card transactions processed through other systems for businesses at least two years old with annual turnover less than \$5 million. ANZ has approximately 20% market share of all card transactions.

For further economic comment contact: For media queries contact:

Ivan Colhoun
Head of Australian Economics & Property
Research
Tel: +61 2 9227 1780
Email: Ivan.Colhoun@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:

- Employing 130 additional small business specialists across metro and regional Australia
- 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

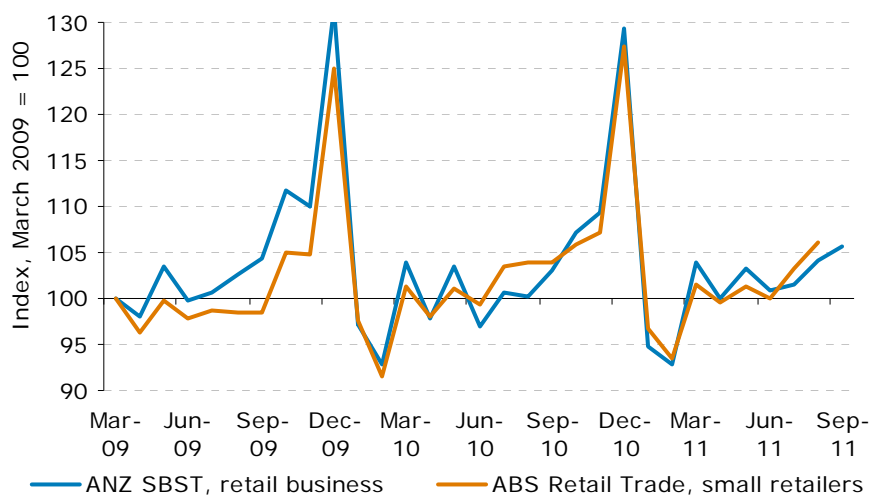
Businesses that accept card payments and industry specialists can access this information at a local level by signing up to ANZ Business Insights which is free for ANZ business customers.

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

Monthly sales index – comparison with ABS retail trade survey*



*ABS retail trade survey, small retailers, original nominal data, not seasonally adjusted or deflated.

Monthly growth summary – all small businesses

Y/Y %	Sep 2011	2011 YTD	Sep 2010
Retail related small business	2.6	1.2	-1.3
Non-retail and services small business	6.8	2.0	-3.2
Metro small business	4.7	1.4	-2.4
Regional and rural small business	6.1	2.3	-2.7
All small business	5.2	1.7	-2.5

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation



Small Business Sales Trends

Industry detail – small businesses

Y/Y %	Sep 2011	2011 YTD	Sep 2010
Appliances and electrical	1.2	0.0	-8.0
Automotive	12.0	3.6	-5.5
Business services	7.8	1.5	-4.1
Clothing and fashion	-3.5	-3.7	-5.7
Homewares and furniture	4.3	-0.6	-5.3
Hotels and motels	4.2	4.7	2.0
Other food outlets	5.8	5.7	6.8
Other retail	3.6	2.0	0.2
Personal services	3.9	1.1	-2.5
Restaurants	5.4	8.9	12.0
Trade	9.7	2.8	-5.8
Travel and entertainment	3.5	1.8	-0.6
All small business	5.2	1.7	-2.5

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation.

Industry composition – predominant industry types:

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, homewares, art

Hotels and motels – Hotels, bars, beer and wine producers

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 and catering

Trade – Construction materials, roofing, cleaning, plumbing, landscaping, tradespeople services,

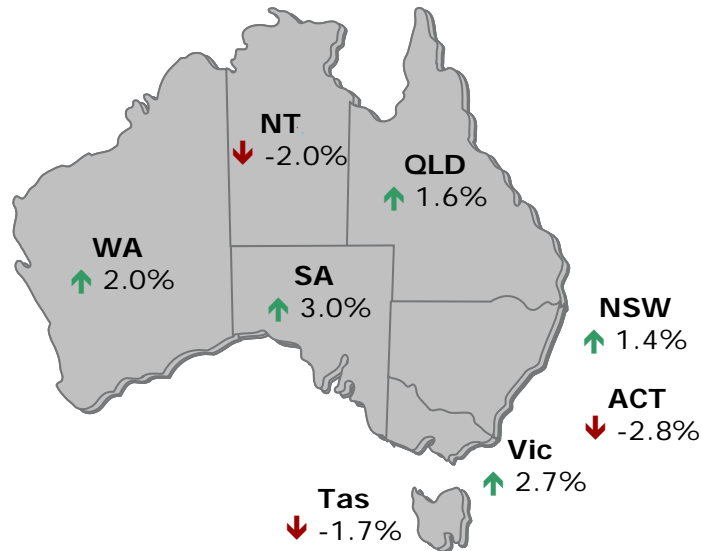
Travel & entertainment – Travel agents, caravan parks, movie theatres, video stores, amusements, luggage sales



Small Business Sales Trends

State detail – small businesses

Year to date annual growth, September 2011



Y/Y %	Sep 2011	2011 YTD	Sep 2010
ACT	1.0	-2.8	-1.4
NSW	4.5	1.4	-3.1
NT	-0.1	-2.0	-1.5
QLD	5.4	1.6	-5.1
SA	6.5	3.0	0.0
Tasmania	2.9	-1.7	-4.4
Victoria	6.0	2.7	-0.8
WA	5.9	2.0	-0.7
All small business	5.2	1.7	-2.5

Source: Aggregated ANZ cards and merchants transaction data. Not adjusted for inflation.