



Media Release

For release: 20 November 2012

Traditional retailers feeling the pre-Christmas pinch

Small Business Sales Trends – Highlights

- Small business sales rose by 3.5% for the three months to November relative to the same period a year ago ("y/y"). Sales were 4.8% higher in November y/y.
- In the three months to November, sales growth was particularly strong in the mining states of Western Australia (+6.7% y/y) and Northern Territory (+5.8% y/y).
- Small business sales activity in New South Wales has continued to improve moderately with sales increasing by 3.9% y/y in the three months to November. Sales growth was weaker in other states and territories, especially in Tasmania and the ACT.
- Sales at 'traditional' retailers such as those selling appliances, clothing and homewares remained weak. Meanwhile, sales in food and travel-related services such as restaurants, hotels and bars grew in excess of 6% y/y in the three months to November.

ANZ today released its Small Business Sales Trends report for November which showed that small business sales rose by 4.8% y/y and by 3.5% y/y in the three months to November.

Overall, sales growth among small businesses remained modest. Across the different sectors, food and travel-related sales continued to grow strongly while sales at more 'traditional' retailers such as those selling appliances, clothing and homewares remained weak.

Across the states, small business sales in the resource-rich states of Western Australia and Northern Territory continued to outperform.

ANZ General Manager of Small Business, Nick Reade, said:

"Small businesses in Australia are still doing it tough. Many are feeling the continued pull-back in consumer spending as a result of the economic turmoil in Europe and subsequent impact on the mining industry on home soil. Some businesses are also grappling with the flow-on effects of a high Australian dollar.

"Although recent reductions in interest rates could stimulate some pre-Christmas spending, small businesses will have to continue to manage their costs and cashflows very closely. However, with interest rates set to drop during 2013, the small business sector could be facing some welcome relief.

"ANZ is committed to supporting small businesses during this challenging time and we have Small Business Specialists in local areas across the country who can offer advice and assistance."

ANZ Head of Australian Economics & Property Research, Ivan Colhoun, said:

"Overall, growth in small business sales has remained soft and continues to show very mixed outcomes across different sectors and states. Small business sales of homewares such as furniture, electricals and appliances have been weak for most of the year. This

partly reflects the weakness in residential building construction as some spending on homewares is associated with new house purchases or home renovations. Additionally, some of these items have been impacted by the high Australian dollar which has led to increased price competition in some sectors. Conversely, sales of automobiles and related items have benefited from the high currency.

“Small business sales growth in the mining states of Western Australia and Northern Territory has remained strong. However, the uncertain outlook for mining investment could lead to less robust growth in 2013. Job advertising in both states has fallen relatively sharply recently, while conditions for mining businesses have similarly weakened. The unemployment rate in Western Australia has risen in recent months, although from low levels.

“Due to the adverse impact the high Australian dollar is having on a number of sectors, the deterioration in job advertisements and business conditions and the fact that the non-mining sector is showing few signs of improvement, ANZ forecasts a further 1 percentage point cut in the official cash rate over the course of 2013.”

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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 <https://www.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

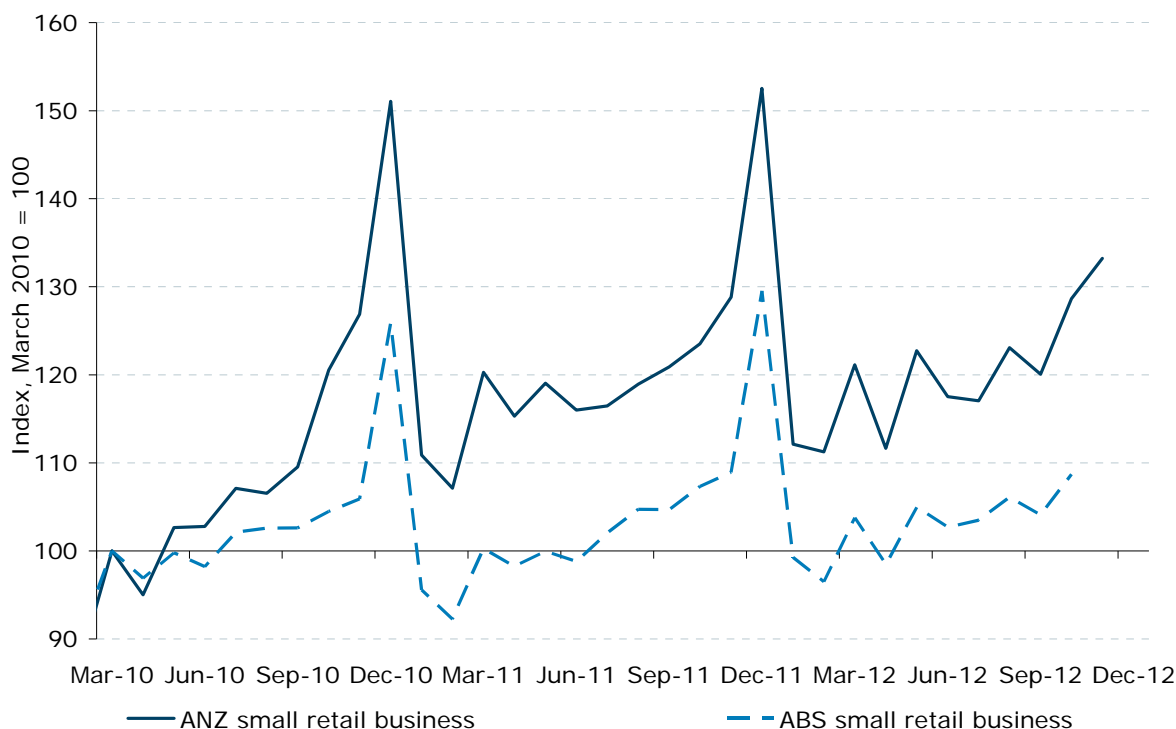
Aggregate small business sales growth summary

| y/y% | 3 months to November | November | 2012 YTD |
|-----------------------------|----------------------|------------|------------|
| <i>By industry group:</i> | | | |
| Retail | 2.3 | 3.4 | 1.6 |
| Non-retail | 4.3 | 5.7 | 4.0 |
| <i>By location:</i> | | | |
| Metro | 3.4 | 4.5 | 2.7 |
| Regional & rural | 3.8 | 5.2 | 3.7 |
| Total small business | 3.5 | 4.8 | 3.1 |

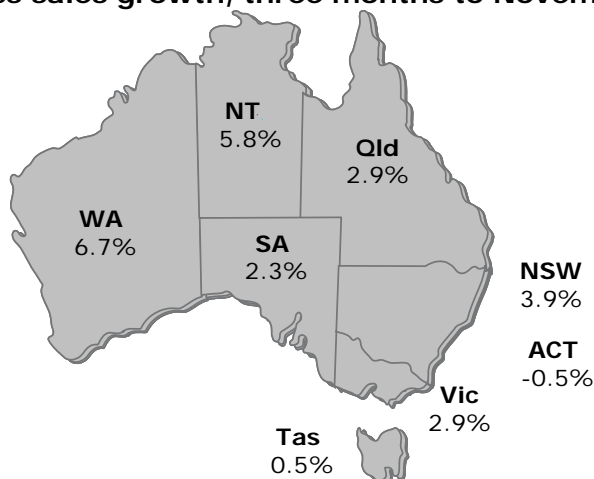
Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation, seasonality, or market share. YTD figures are modestly inflated due to the extra day in February 2012.

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 November 2012 (y/y)



Small business sales growth, by state

| y/y% | 3 months to November | November | 2012 YTD |
|-----------------------------|----------------------|------------|------------|
| New South Wales | 3.9 | 5.9 | 2.8 |
| Victoria | 2.9 | 3.6 | 2.6 |
| Queensland | 2.9 | 3.7 | 3.2 |
| Western Australia | 6.7 | 6.9 | 5.9 |
| South Australia | 2.3 | 5.1 | 2.2 |
| Tasmania | 0.5 | 2.1 | -0.2 |
| ACT | -0.5 | -0.3 | 0.6 |
| Northern Territory | 5.8 | 8.6 | 3.7 |
| Total small business | 3.5 | 4.8 | 3.1 |

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 November | November | 2012 YTD |
|-----------------------------|----------------------|------------|------------|
| <i>Retail related:</i> | | | |
| Appliances & electrical | -2.0 | -3.5 | -3.0 |
| Clothing & fashion | -1.0 | 1.2 | -1.0 |
| Homewares & furniture | 0.1 | 1.5 | -0.9 |
| Other retail | 4.1 | 4.7 | 3.0 |
| Restaurants | 6.1 | 7.9 | 8.2 |
| Other food outlets | 5.7 | 7.8 | 4.8 |
| Total retail | 2.3 | 3.4 | 1.6 |
| <i>Non-retail related:</i> | | | |
| Automotive | 5.8 | 7.5 | 5.4 |
| Trade | 3.1 | 4.8 | 1.9 |
| Business services | 3.8 | 6.6 | 2.9 |
| Personal services | 3.7 | 4.2 | 3.9 |
| Accommodation | 7.5 | 13.6 | 4.9 |
| Travel & entertainment | 4.2 | 5.2 | 4.4 |
| Other non-retail | 3.9 | 2.8 | 4.0 |
| Total non-retail | 4.3 | 5.7 | 4.0 |
| Total small business | 3.5 | 4.8 | 3.1 |

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