



Media Release

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Small business sales grow in October, as consumer spending makes a cautious comeback

- Small business sales up 2.8% y/y in October 2011
- Year-to-date sales growth remains relatively weak with growth of just 1.9%
- Services and trades sectors continue to outperform retailers
- Restaurants retain the best growth rates this month
- Queensland and New South Wales record positive growth
- Regional and rural small businesses outperform metropolitan-based businesses

ANZ today released its monthly Small Business Sales Trends report which showed small business sales were up again this month, with an increase of 2.8% y/y in October 2011. This is the sixth consecutive month of positive annual growth in sales for Australian small businesses.

ANZ General Manager Small Business Nick Reade said: "It's pleasing to see that overall small businesses have posted another modest increase in sales this month, as it's no secret that for a while now small businesses have been doing it tough.

"We're still seeing retail-related small businesses, such as clothing and fashion outlets, continuing to face weak conditions. The gap between retail-related small businesses and the trades and services sectors is continuing, with retail-related turnover growing by just 0.6% y/y in October (and 1.5% YTD) compared with 4.2% y/y (and 2.1% YTD) for non-retail services.

"Despite these mixed conditions, we're hopeful that there's a glimmer of hope on the horizon for our small business customers. Overall, consumer optimism is creeping back, particularly following the RBA interest rate cut earlier this month, and business conditions should slowly start to improve.

"We're hopeful that despite the recent mood of consumer caution, consumer spending will make a comeback, particularly as shoppers gear up for the Christmas trading period," Mr Reade said.

ANZ Head of Australian Economics and Property Research, Ivan Colhoun said: "The data this month shows slightly weaker growth (in annual terms) than in September and August, but the positive momentum has been maintained. Reflecting the modest improvement in conditions for some small businesses during 2011, year-to-date growth is gradually picking up (to 1.9% this month from 1.7% last month). This is nominal however, so with headline inflation running at around 3.5% y/y in 2011, these numbers imply real (inflation-adjusted) sales growth is still relatively weak in October.

"As has been the pattern for the past few months, automotive, trade and business services are showing the best growth rates in October, with monthly sales up 8.0% y/y, 4.4% y/y and 6.0% y/y respectively. Restaurants also continue to perform well, with 8.9% y/y growth this month and 9.0% YTD. 'Other food outlets' is the only other retail-related category that is showing decent growth for 2011 YTD (6.0% y/y).

"Across the states, NSW and Queensland sales growth appears to be strengthening, with 4.3% y/y and 5.2% y/y this month respectively (although they remain relatively weaker on a year-to-date basis, reflecting the big falls in activity seen earlier in the year). This pick up in sales is a welcome trend for Queensland in particular, which has been slow to

recover from the devastating effects of last summer's floods and cyclone Yasi. We know that Queensland's tourism activity remains soft, but clearly some other types of small businesses are beginning to improve again in Queensland", said Mr Colhoun.

"Overall with the ongoing problems in the global economy and the slow down in growth here in Australia, the RBA saw a need to ease monetary policy on Melbourne Cup Day. Looking ahead, the RBA has also cut its forecasts for Australian growth and inflation in 2012. We think there is room for a further cut to the cash rate. The prospect of another cut of 25 bps some time in the next few months may encourage more confidence in our domestic economic outlook and more confidence in consumer spending," Mr Colhoun said.

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.

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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:

- 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

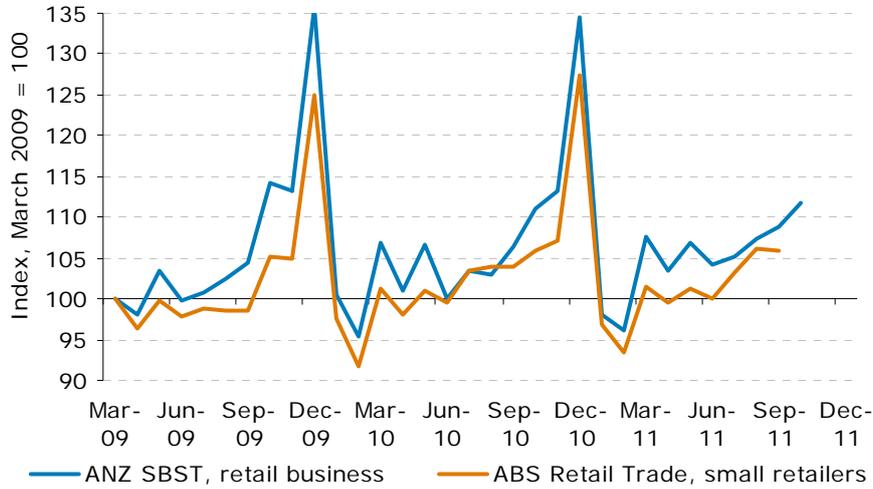
Businesses that accept card payments and industry specialists can access this information at a local level by signing up to ANZ Business Insights which is free for ANZ business customers.

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 %	Oct 2011	2011 YTD	Oct 2010
Retail related	0.6	1.5	-2.9
Non-retail and services	4.2	2.1	-5.7
Metro	1.8	1.4	-4.6
Regional and rural	4.7	2.7	-4.6
All small business	2.8	1.9	-4.6

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



Small Business Sales Trends

Industry detail – small businesses

Y/Y %	Oct 2011	2011 YTD	Oct 2010
Retail related:			
Appliances and Electrical	-0.3	0.3	-8.2
Clothing and fashion	-3.7	-3.5	-6.3
Homewares and furniture	1.0	-0.2	-7.0
Other food outlets	1.7	6.0	4.6
Other retail	1.6	2.3	-1.9
Restaurants	8.9	9.0	7.5
Retail related	0.6	1.5	-2.9
Non-retail and services:			
Automotive	8.0	4.1	-8.3
Business services	6.0	1.0	-6.5
Hotels and Motels	2.3	5.1	3.2
Personal services	2.3	1.3	-5.8
Trade	4.4	2.7	-7.6
Travel & Entertainment	3.7	1.8	-2.7
Non-retail and services	4.2	2.1	-5.7
All small business	2.8	1.9	-4.6

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,

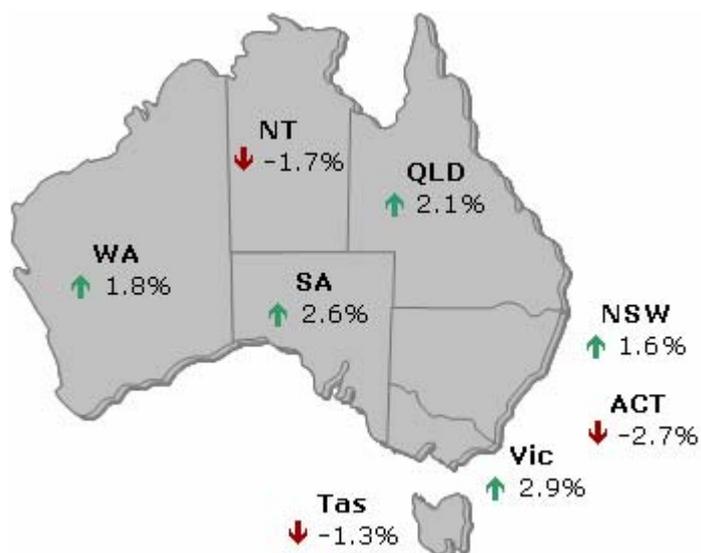
Travel & entertainment – Travel agents, caravan parks, movie theatres, video stores, amusements, luggage sales



Small Business Sales Trends

State detail – small businesses

Year to date annual growth, October 2011



Y/Y %	Oct 2011	2011 YTD	Oct 2010
New South Wales	4.3	1.6	-5.9
Victoria	1.2	2.9	-2.9
Queensland	5.2	2.1	-6.6
Western Australia	0.8	1.8	-3.2
South Australia	2.2	2.6	-2.2
Tasmania	-0.1	-1.3	-7.3
ACT	-3.9	-2.7	-2.7
NT	-0.1	-1.7	1.0
All small business	2.8	1.9	-4.6

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