Media Release

For release: 19 March 2012

Small business sales show momentum maintained in February

Small Business Sales Trends – Highlights

- Small business sales increased by 9.0% y/y in February 2012
- All year on year growth rates this month have been boosted by around 3.5%, due to an additional trading day in February 2012 (a result of the leap year)
- Non-retail small business sales increased by 11.3% y/y in February
- Retail-related small business sales increased 5% y/y in February – an improvement in recent times, but still relatively soft given the leap year effect
- Growth in services-related businesses remained relatively strong, including in restaurants (+10.1% y/y) and travel and entertainment (+12.1% y/y)
- Continued divergence between growth rates in the resources states versus the non-resources states remained in evidence, with WA (+11.8% y/y), Queensland (+8.8% y/y) and the NT (+10.8% y/y) showing the strongest growth rates
- Regional and rural small businesses continue to slightly outperform metro businesses

ANZ today released its monthly Small Business Sales Trends report which showed small business sales increased by 9.0% year on year (y/y) in February 2012, boosted by around 3.5% due to an additional trading day in February. Small business sales growth has now been positive since May 2011.

ANZ General Manager of Small Business Nick Reade said: "Small business sales are starting to show solid growth, with improvements evident across most categories of spending this month, even allowing for the additional trading day in February.

"Non-retail and services sectors were again the standout performers. Business services and trades have been the major contributors, with overall non-retail sales growth over the past year of 11.3% y/y (or around 8% when adjusted for trading day effects).

"While the retail sector achieved sales growth of 5% y/y this month it does remain relatively weak when you take into account the effects of the leap year and additional day of trade which accounts for about 3.5% of the growth.

"Sales in the clothing and fashion sector grew by 3.3%, although when accounting for the leap year effect, sales are flat. However given the well documented struggles clothing and fashion stores have had over the past 6-12 months, we're hopeful that even flat growth this month means the tide is starting to turn from the negative growth rates seen last year.

"Overall we're optimistic that small businesses are starting to improve however the sector is not out of the woods yet and we are hopeful that the momentum seen early this year will continue into 2012," Mr Reade said.

Ivan Colhoun, Head of ANZ Australian Economics and Property Research, said: "Small business sales are looking better in 2012 relative to last year, albeit with the same divergences showing across the states and sectors. Small businesses in NSW and Queensland have been flood affected again this summer, although thankfully not to the extent we saw last year."

"The pre-Christmas period was disappointing but January and February's sales growth, even allowing for the leap year effect, might be starting to show the benefits of two RBA rate cuts late last year. The pick-up in small business sales growth in January, which was maintained into February, is consistent with a range of other data indicators that are pointing to a slightly better start to 2012.

"Beneath this improvement, however, we still do see a gap between sales growth of retail-related small businesses and non-retail related ones. Relative to last year, business services and travel and entertainment services were the best performers among the non-retail businesses, while restaurants are continuing to record strong sales growth.

"Across the states, the resources economies of Western Australia, Queensland and the Northern Territory again outperformed the other states. In the other, non-resources states, small business sales growth generally improved, but remained weaker than in the mining-based states with the ACT and Tasmania particularly weak. This divergence between the resources states and non-resources states is a pattern we are seeing in a range of aggregate data, including the ANZ Job Advertisement Series and the ABS Retail Sales data," 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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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

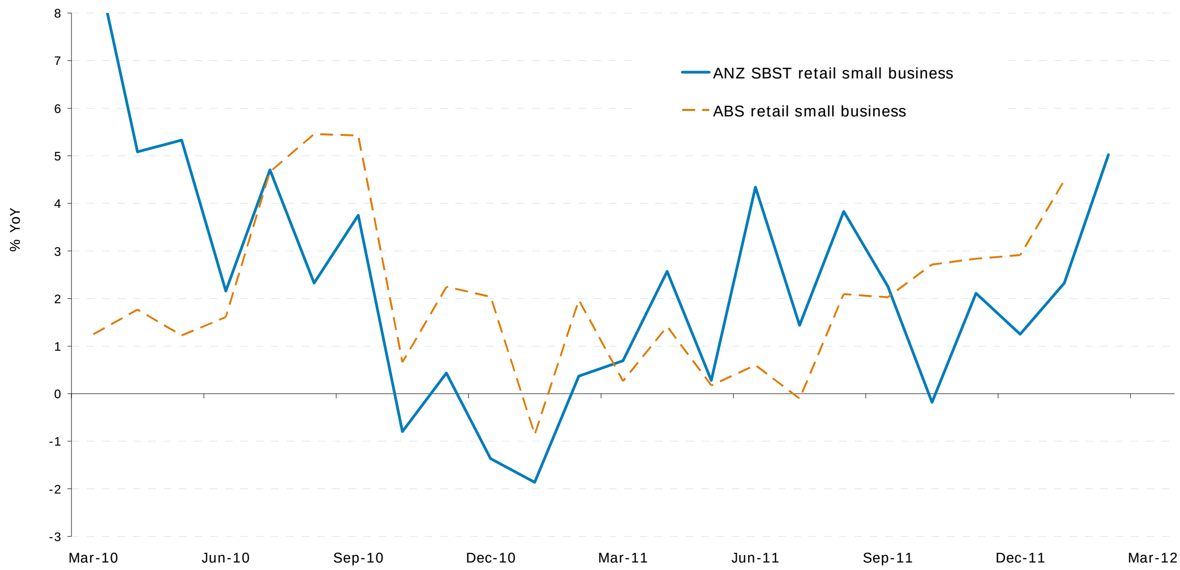
ANZ Small Business Sales Trends is part of ANZ's commitment to its small business customers. Other recent initiatives to help support small businesses include:

- 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

Small business growth – comparison with ABS retail trade survey*



*ABS retail trade survey, small retailers' sales values, not seasonally adjusted.

Growth summary – all small businesses

y/y %	**Feb-12**	**2012 Year to Date**	**2011 year**
By Industry Group:			
Retail related	5.0	3.7	1.4
Non-retail and services	11.3	9.5	1.7
By Location:			
Metro	8.7	6.8	1.2
Regional and rural	9.6	8.1	2.3
Total Small Business	**9.0**	**7.2**	**1.6**

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

Small Business Sales Trends

Industry detail – small businesses

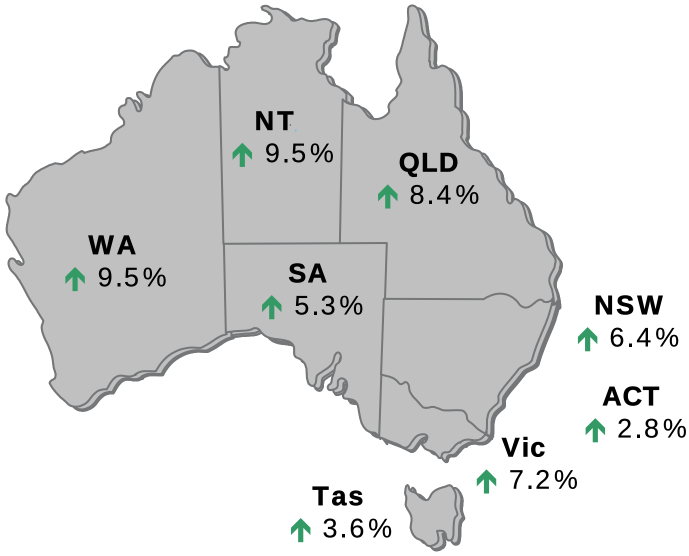
y/y %	Feb-12	2012 Year to Date	2011 year
Retail related:			
Appliances and Electrical	-0.3	0.0	-0.9
Clothing and fashion	3.3	1.7	-3.1
Home-wares and furniture	6.4	1.9	-1.3
Other food outlets	5.3	4.9	6.1
Other retail	6.2	5.1	2.7
Restaurants	10.1	10.2	9.2
Total Retail Related	**5.0**	**3.7**	**1.4**
Non-Retail Related:			
Automotive	13.6	12.0	4.3
Business services	14.4	12.2	-1.2
Miscellaneous	10.6	7.2	1.6
Personal services	9.7	8.5	1.4
Trade	11.0	7.7	1.4
Travel & Entertainment	12.1	9.5	1.8
Total Non-Retail	**11.3**	**9.5**	**1.7**
Total Small Business	**9.0**	**7.2**	**1.6**

Source: Aggregated ANZ cards and merchant transaction data. Not adjusted for inflation or market share.
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 on year annual growth, 2012 Year to Date



Year on year growth, February 2012

y/y %	Feb-12	2012 Year to Date	2011 year
New South Wales	8.7	6.4	1.1
Victoria	9.3	7.2	2.7
Queensland	8.8	8.4	1.7
Western Australia	11.8	9.5	1.8
South Australia	7.2	5.3	2.7
Tasmania	4.6	3.6	-2.4
ACT	2.8	2.8	-2.8
NT	10.8	9.5	-1.8
Total Small Business	**9.0**	**7.2**	**1.6**

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