



Media Release

For release: 21 July 2011

Small business sales hold up through winter

- Small business sales improved in June, to be 6.6% higher year on year
- This is the second consecutive month of positive sales growth for small businesses y/y, after almost a year of decline
- Small businesses in the trades and business services segment e.g. accountants/legal services continue to out-perform those in retail
- Small businesses in NSW appear to be recording better performance in recent months (+7.1% y/y in June), and Victoria remains the out-performer again in small business sales this month (+8.4% y/y in June).

ANZ today released its Small Business Sales Trends monthly report which shows an improvement in June small business sales (up 6.6% higher y/y). This growth is again led by the non-retail and services sector, and follows last month's increase in small business sales of 3.1% y/y.

The data is based on the value of credit and Eftpos transactions processed through ANZ systems and 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.

ANZ Head of Australian Economics & Property Research, Ivan Colhoun said: "The data suggests trading conditions for small businesses recorded further improvement in June, in contrast to anecdotal evidence of the performance of major retailers in recent months."

"Last month's trend of stronger growth in the non-retail and services small business segments continued (+8.0% y/y), compared with those in retail (+4.4% y/y), where clothing and fashion small businesses had another tough month (-0.5% y/y in June). However, small homewares, furniture, and food businesses appear to have experienced some relief this month (up 5.4% and 8.1% y/y).

"Interestingly, food outlets have shown a healthy growth rate which may reflect some lingering food inflation, since the data shows growth in nominal sales. The same may also be true of small business restaurants, which recorded relatively strong growth in June (+9.4% y/y) and for 2011 to date (+8.8% y/y average).

"The best performing industry segments were again the business services, such as accountants, legal services (+8.8% y/y) and trades (+9.3% y/y). Automotive small businesses also had a good month (+11.4% y/y) although earlier sales disruptions in the automotive supply chain due to the Japanese earthquake may have played a role in this sudden sales spike. Small hotels and motels also appear to be outperforming the retailers, with relatively higher year to date average growth (3.9% y/y) although anecdotal evidence suggests wide variations across geographies for small accommodation providers at present.

"In terms of state-based sales, growth has been stronger in South Australia and Victoria in 2011 to date (+1.9% and +1.6% respectively). Victoria's performance reflects its relatively stronger population, employment and housing construction rates. Small business sales in Western Australia and Queensland also look to be improving, in line with the recent pick-up in activity more generally in those states.

NSW small businesses appear to have experienced a welcome improvement in sales growth in recent months (June +7.1% y/y) but turnover remains lower for 2011 to date (-0.2% y/y year to date average)," said Mr Colhoun.

Gary Parkin, ANZ State Manager Small Business said: "We've now seen two months of consecutive improvement in the small business sector which is an encouraging sign for an industry which has been feeling the pinch for a while now.

"The data provides great insight into the nature of growth and there continues to be signs that retail is still lagging, particularly with more spending now happening on non-retail, services and food. While the growth improvement does give us hope, we need to be watchful for how it will play out over the second half of the year."

"Our focus in ANZ small business is on supporting our customers through the cyclical nature of the economy and making sure their businesses are sustainable and can navigate their way through," said Mr Parkin.

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Notes for editors:

About ANZ Small Business Sales Trends

ANZ Small Business Sales Trends uses data from credit and debit card transactions through ANZ 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 Australia's Best Value Small Business Bank 2010 by CANSTAR CANNEX
- Awarded CANSTAR CANNEX Innovation Excellence award for 'ANZ Business Insights'.

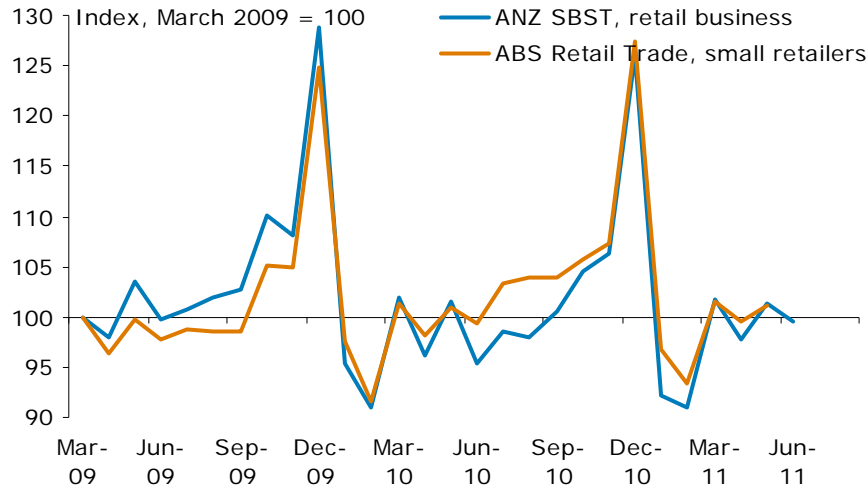
Business owners can see how they compare with ANZ Business Insights

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, original nominal data, not seasonally adjusted or deflated.

Monthly growth summary – all small businesses

Y/Y % per month	June 2011	2011 YTD average	2010 average
- Retail related small business	4.4	0.4	-2.4
- Non-retail and services small business	8.0	-1.0	-1.1
- Metro small business	6.4	0.2	-3.1
- Regional and rural small business	7.0	1.1	-1.2
All small business	6.6	0.5	-1.6

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



Small Business Sales Trends

Industry detail – small businesses

Y/Y % per month	June 2011	2011 YTD average	2010 average
Appliances and electrical	4.0	-0.9	-5.9
Automotive	11.4	0.8	-2.2
Business services	8.8	0.8	0.1
Clothing and fashion	-0.5	-3.9	-6.6
Homewares and furniture	5.4	-1.1	-3.6
Hotels and motels	6.7	3.9	-1.6
Other food outlets	8.1	4.6	3.3
Other retail	4.5	0.9	-1.6
Personal services	5.3	-0.2	-0.2
Restaurants	9.4	8.8	5.0
Trade	9.3	2.7	-1.9
Travel and entertainment	6.8	-0.1	-1.1
All small business	6.6	0.5	-1.6

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,

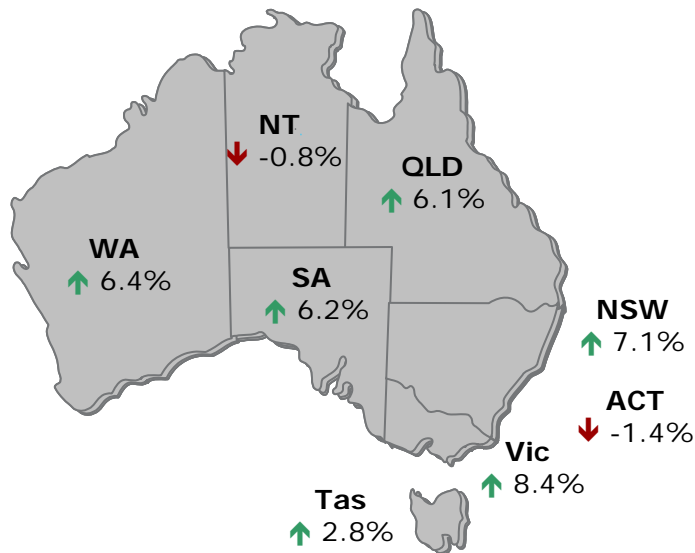
Travel & entertainment – Travel agents, caravan parks, movie theatres, video stores, amusements, luggage sales



Small Business Sales Trends

State detail – small businesses

Year-on-year growth, June 2011



Y/Y % per month	June 2011	2011 YTD average	2010 average
ACT	-1.4	-4.3	-0.9
NSW	7.1	-0.2	-2.8
NT	-0.8	-3.8	1.0
QLD	6.1	0.5	-3.4
SA	6.2	1.9	-0.6
Tasmania	2.8	-1.5	-0.7
Victoria	8.4	1.6	0.5
WA	6.4	0.7	-0.8

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