



Media Release

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New ANZ report highlights two-speed economy impacting small business

- Small business sales improved in April, up 0.6% year on year but remain weak
- Regional small businesses performing better than metro areas
- Extended Easter break has impact on small business sales
- Victoria, South Australia and Queensland showing strongest growth in April
- Retail-related small business sales improved relative to last April, but remained weak, implying another difficult trading month for broader retailing in April

ANZ today released a new monthly economic report showing small businesses in rural and regional Australia are experiencing better trading conditions than businesses in metro areas, reflecting the two-speed nature of the Australian economy and the differential impact strong commodity prices and rising interest rates are having on regional versus metro areas.

The ANZ Small Business Sales Trends series shows growth in regional and rural small businesses was up 1.9% y/y compared to relatively flat growth (-0.1% y/y) in capital cities. The data is based on the value of credit and Eftpos transactions processed through ANZ systems and ANZ cards transactions processed through other systems for businesses at least two years old with 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:

"This data is important because it provides an early indication of the ABS's monthly retail trade survey, which is published in early June. Our data has consistently tracked the ABS numbers but allows greater scope for analysis by state and by category of retailer for small business."

"The data shows trading conditions have improved slightly for Australian small businesses in April, but overall sales growth remains relatively weak at just 0.6% y/y growth.

"The strongest sales growth in April (y/y) was recorded in services such as hotels and motels, restaurants, travel and entertainment, and trades, which is probably a result of the unusually long Easter holiday this year.

"Conversely, small business sales contracted in April (y/y) for business services, clothing and fashion retailers and personal services.

"April YTD average monthly figures reveal the effects of import price deflation in a number of categories, with negative YTD average monthly growth for appliances, automotive, clothing and homewares. The data for April, however, tentatively suggest that some of these deflationary pressures may be beginning to ease, with less negative year-on-year results in most categories.

"Currently small businesses in rural and regional locations are experiencing relatively better trading conditions than businesses in metro areas (+1.9% year on year versus -0.1% year on year, respectively). This likely reflects the general two-speed nature of the Australian economy, with regional areas in general benefiting more from the

commodities boom and metropolitan centres arguably more impacted by the Reserve Bank's restrictive monetary policy.

"Across states, the best sales growth for small businesses existing for two years or more was in Victoria and South Australia through the first four months of 2011 (+0.8% and +0.7% YTD average monthly growth year on year). All other states showed average monthly contraction, with ACT and Tasmania small businesses suffering the most (-4.4% and -3.4% YTD average monthly growth year on year) and Queensland and WA faring relatively less poorly (-0.4% and -1.2% YTD average monthly growth year on year)," said Mr Colhoun.

ANZ General Manager Small Business Banking, Nick Reade, said: "Australian small businesses are still doing it tough. While it's pleasing to see some growth returning to the sector there are still some areas doing it significantly harder than others."

"With costs continuing to rise it will be even more important for businesses to manage their cash flow in a fairly stagnant growth environment. Currency exposed categories will also need to look at their business models given the high Australian dollar, which shows no real signs of abating," said Mr Reade.

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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 all sales for small businesses. The survey is limited to small businesses that have been accepting card payments for at least 24 months. Small businesses are defined as having estimated total turnover under \$5m p.a. The series begins in March 2009 and is not sufficiently long to allow seasonal adjustment for the calculation of trend growth. The data is nominal or current dollars – i.e. it has 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'.

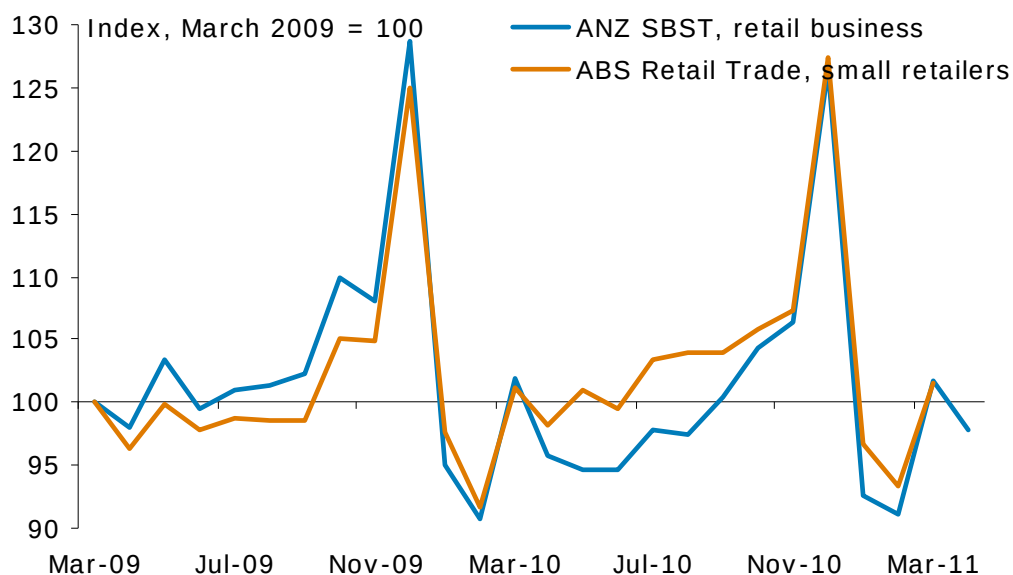
Business owners can see how they compare with ANZ Business Insights

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



Small business sales growth

YoY % per month	April 2011	2011 YTD average	2010 average
- Retail related small business	2.1	0.0	-3.1
- Non-retail and services small business	-0.3	-1.0	-1.8
- Metro small business	-0.1	-0.8	-3.4
- Regional and rural small business	1.9	-0.3	-2.1
All small business	0.6	-0.6	-2.3

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



Small Business Sales Trends

Industry detail – small business sales growth

YoY % per month	April 2011	2011 YTD average	2010 average
Appliances and electrical	0.6	-1.0	-4.8
Automotive	0.8	-1.6	-3.2
Business services	-3.1	-1.8	1.6
Clothing and fashion	-1.2	-4.4	-7.4
Homewares and furniture	0.5	-1.3	-4.4
Hotels and motels	8.3	5.6	-2.8
Other food outlets	6.0	4.3	1.6
Other retail	2.0	0.2	-2.3
Personal services	-2.8	-1.6	-1.7
Restaurants	12.4	9.2	5.5
Trade	3.4	1.5	-2.3
Travel and entertainment	3.2	-0.4	-1.2
All small business	0.6	-0.6	-2.3

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,

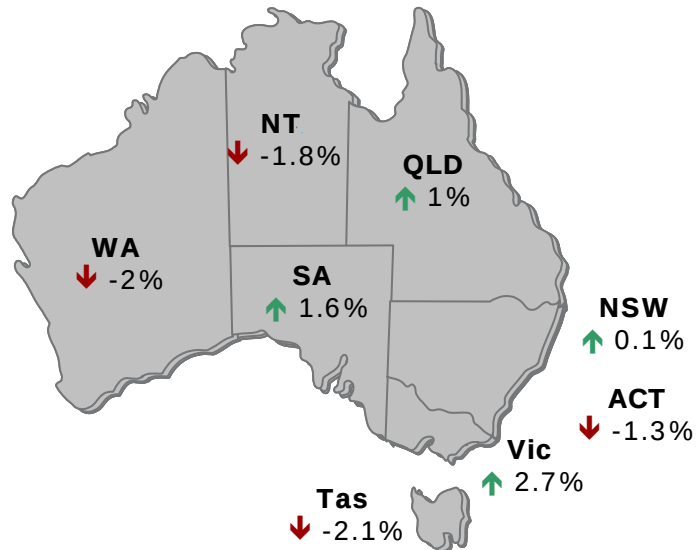
Travel & entertainment – Travel agents, caravan parks, movie theatres, video stores, amusements, luggage sales



Small Business Sales Trends

State breakdown – small business sales growth

Year-on-year growth, April 2011



YoY % per month	April 2011	2011 YTD average	2010 average
ACT	-1.3	-4.4	-2.5
NSW	0.1	-1.4	-3.5
NT	-1.8	-2.8	2.0
QLD	0.9	-0.4	-3.6
SA	1.6	0.7	0.0
Tasmania	-2.1	-3.4	-2.5
Victoria	2.7	0.8	-0.8
WA	-2.0	-1.2	-2.0

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