

Australian consumer spending lifts in June

SYDNEY, July 20 (Xinhua) -- The stimulus from the Reserve Bank's cash rate cuts and the government's household assistance package has boosted spending in Australia, according to the Commonwealth Bank's Business Sales Indicator (BSI) report released on Friday. The BSI rose by 2.5 percent in June, following a 2.1 percent increase in May. The June BSI recorded the sixth increase in sales in the past eight months. Spending was up 10.1 percent in June from a year earlier, the biggest annual gain in more than four years, the bank said. The BSI is a key measure of economy-wide spending, reflecting Australia's spending trends. It tracks the value of credit and debit card transactions processed through the bank system and represents about 30 percent of the Australian market spending. Commonwealth Bank's Local Business Banking Executive General Manager Matt Comyn said the results showed that consumers in Australia were taking tentative steps in the right direction. "Small surges in consumer sentiment can result in spending increases, which is what we have seen throughout the year, and again in the June results," he said in a statement. "While these improvements are gaining traction, consumer confidence still remains fragile." Craig James, Chief Economist of the Bank's broking subsidiary CommSec and author of the BSI report said the June results suggested that consumers were willing to spend their money. "The improvement in household budgets has enticed consumers to spend more freely, and businesses across an array of sectors have benefited," he said in the statement. The Reserve Bank of Australia cut the cash rate by half a percent in May and a quarter of a percent in June, before leaving it unchanged at 3.5 percent at its July board meeting.