

WESTPAC CARD TRACKER

31 MARCH 2023.

WESTPAC INSTITUTIONAL BANK

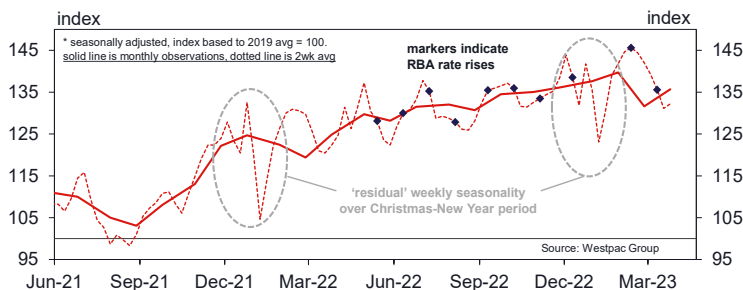


Consumption-related card activity down in Q1



- The **Westpac Card Tracker Index** rose slightly over the second half of March, lifting 2.2pts from 131.0 to 133.2. Despite this, the latest update continues to point to a material slowing in nominal spending, our preliminary estimates suggesting consumption-related card activity recorded a 0.4%qtr contraction in seasonally adjusted terms over Q1 as a whole.
- Momentum-wise, the latest update is a bit more mixed. The last two weeks and the March month as a whole both look to have seen some improvement, particularly in retail segments. However, both moves are broadly within the range of volatility so the shifts should be taken with a grain of salt, pending more confirmation from updates in the next few weeks. That said, the next few weekly updates will be impacted by the Easter and ANZAC day public holidays which add an additional layer of ‘noise’ to card activity.
- The detail shows activity in service segments continues to outstrip goods by a wide margin, discretionary services leading the way. The firmer read over the last two weeks has centred on retail segments, hospitality in particular, with some lift in vehicle-related, health and education spend – offset by a continued slowing in fuel spend and declines in housing-related categories. By state, the improvement has centred on the big eastern states but these continue to lag growth in WA and SA.
- Looking ahead, ABS household spending and turnover indicators for Feb, due mid-Apr, should provide further corroboration of the weak start to 2023 with the Q1 CPI due late in the month providing a clearer guide to the price-volume mix. The full Q1 wash-up for retail sales will be released on May 9 with the full expenditure estimates for Q1 out with the national accounts on June 7.

1. Westpac Card Tracker Index



“... preliminary estimates suggesting consumption-related card activity recorded a 0.4%qtr contraction ...”

The **Westpac Card Tracker** presents indicators based on the millions of credit and debit card transactions processed by Westpac every day. The measures are a timely guide to shifts in spending. See p10 for a full explanation.

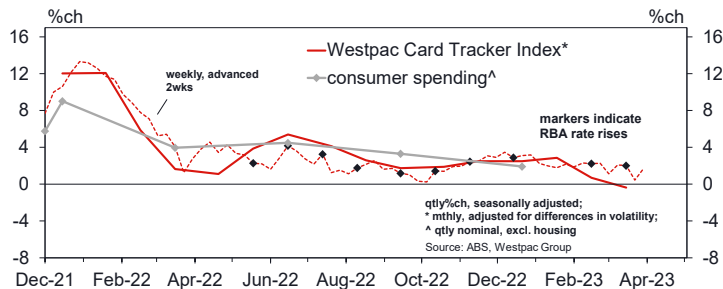
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This issue was finalised on 31 March 2023.

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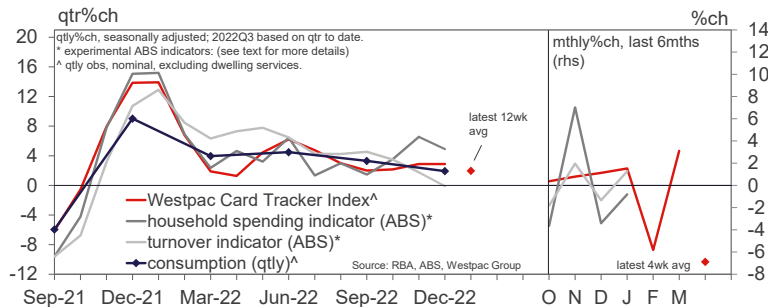
Mixed finish to a weak quarter



2. Card activity and spending: growth momentum



3. Consumer spending: selected indicators



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the quarterly national accounts. We now have card activity up to the week ending March 25. Based on this, total consumer-related card activity appears to be down about 0.4%qtr for Q1 as a whole, a clear weakening on the 2.9%qtr gain in Q4.
- Official estimates showed a 1.9%qtr gain in nominal spend in Q4 with a weak gain of just 0.3%qtr in real, inflation-adjusted terms (see [here](#) for more). Retail sales figures for Jan-Feb are also consistent with a moderation in 2023, albeit with a choppy month to month profile. Feb updates of the ABS household spending and turnover indicators – due Apr 12 – should provide further confirmation of a slowing in wider spending growth (see Chart 3).

qtly%ch	Q3	Q4	Q1	latest
Westpac Card Tracker*	2.0	2.9	-0.4	2.0
Other indicators (nominal)				
Household spending*	1.5	4.9	n.a.	4.5
Turnover*	4.5	-0.1	n.a.	0.3
Consumer spending (qtly)#				
Nominal	3.3	1.9	n.a.	n.a.
Real	1.1	0.3	n.a.	n.a.

All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p10 for more details.

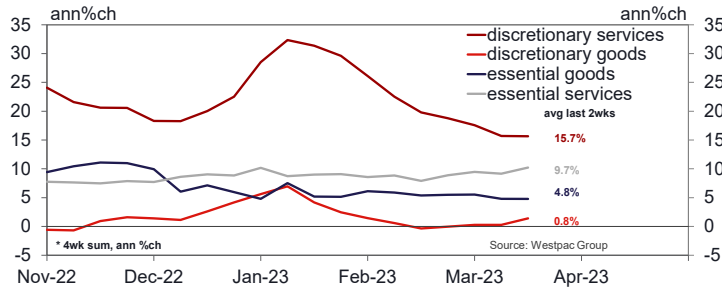
* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

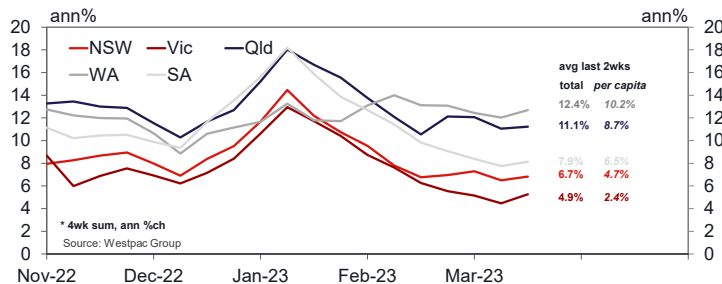
Services continue to outstrip goods



4. Card activity by major category



5. Card activity by state



- Annual growth rates show little change in the mix of activity at a major category level. Discretionary services continues to post much stronger gains, annual growth holding at 15.7%yr. Spending on essential services is also quite strong at 9.7%yr, showing a gentle lift since Feb. Goods categories continue to show more subdued gains, discretionary goods improving a touch to +0.8%yr and growth in essential goods spend steady at 4.8%yr. The more granular detail shows lifts in vehicle-related, health and education spend but a continued softening in fuel and declines in housing-related segments.
- By state, annual growth has lifted off recent lows in Vic, NSW and Qld but remains relatively, both compared to the last six months and to inter-state peers.

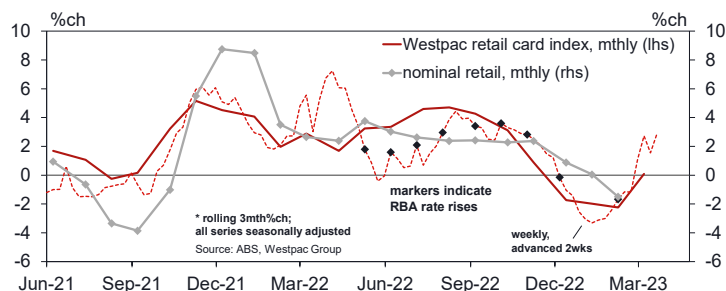
	Jan	Feb	Mar	25/3
Westpac Card Tracker*	137.6	139.7	131.6	133.2
By category (not seasonally adjusted)				
- discretionary	134.4	120.5	134.7	132.4
- essential	128.4	125.5	137.1	134.3
By state (not seasonally adjusted)				
- NSW	128.6	118.1	131.1	128.9
- Vic	131.7	122.1	134.8	132.0
- Qld	140.8	129.6	144.1	141.7
- WA	138.0	128.1	143.3	140.6
- SA	138.7	128.9	142.3	139.6

All indexes based on the value of spending-related transactions, 2019 avg=100, see p10 for more details incl. classifications. * Headline index is seasonally adjusted, all other indexes are unadjusted.
Sources: ABS, Westpac Group

A 'mini-revival' for retail, centred on hospitality

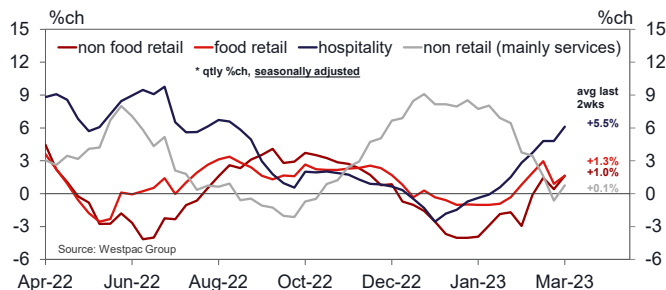


6. Card activity: retail



- Our retail card index has held relatively steady over the last 2wks, edging 1.7pts lower to 135.2. This is still in the context of an improving quarterly growth pulse, coming off very weak reads through Jan-Feb.
- The detail shows a clear lift in hospitality spend, which looks to be up around 5.5%qtr. Other segments are up but with a choppy performance over the last 4wks, food and non-food retail outperforming non-retail segments, albeit with the latter showing signs of stabilising after a material slowdown since late last year.
- Official ABS figures showed a subdued 0.2% gain in retail sales in Feb (see [here](#) for more). Sales were down 1.5%qtr on a rolling 3mth basis, broadly in line with the signal from the card tracker.

7. Card activity: broad groups



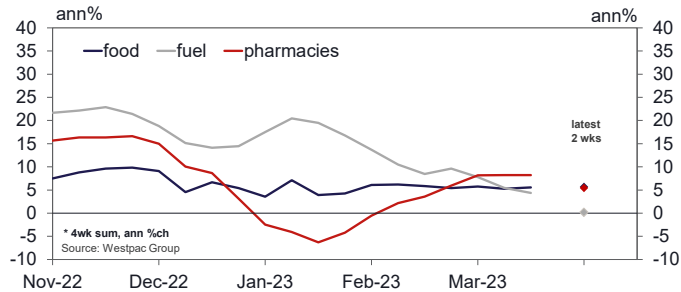
	Jan	Feb	Mar	25/3
By retail/non retail				
Retail card index*	145.2	138.6	139.3	135.2
– qtrly %ch	-2.0	-2.2	0.1	2.9
– qtrly, ann %ch	7.5	6.6	6.0	5.9
Non-retail card index	133.6	123.8	131.7	131.4
ABS retail sales				
– %ch	1.8	0.2	n.a.	n.a.
– ann %ch	7.5	6.4	n.a.	n.a.
– qtrly %ch	0.0	-1.5	n.a.	n.a.
– qtrly ann %ch	7.5	7.1	n.a.	n.a.

All indexes based on the value of spending-related transactions, 2019 avg=100, see p10 for more details. Retail card index seasonally adjusted using ABS series. All other indexes are not seasonally unadjusted. Sources: ABS, Westpac Group

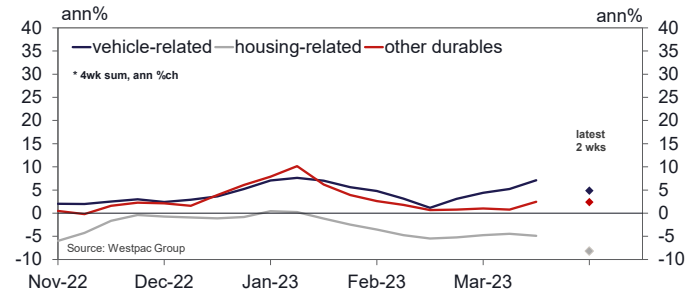
Detailed charts



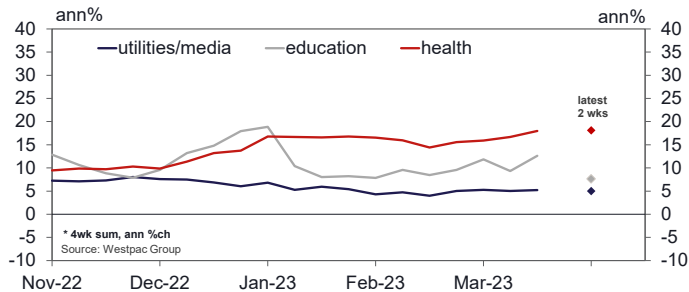
8. Card activity: essential goods



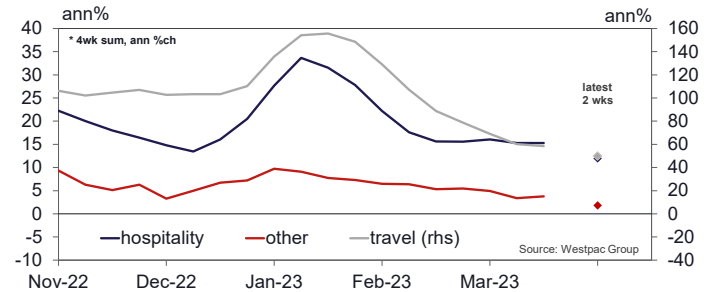
9. Card activity: discretionary goods



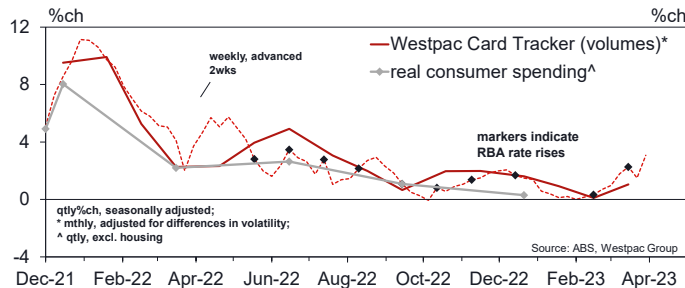
10. Card activity: essential services



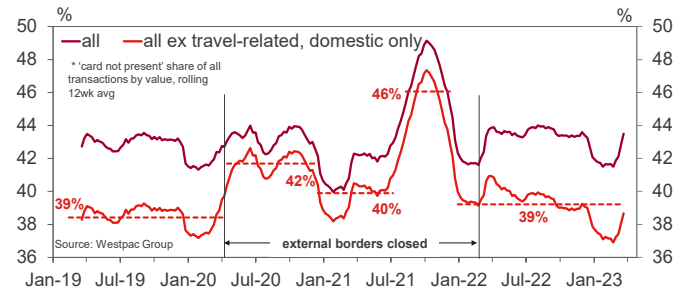
11. Card activity: discretionary services



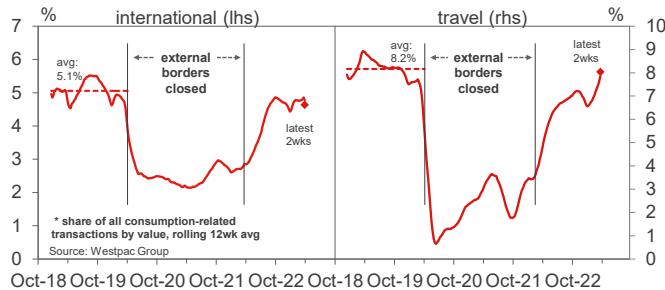
12. Card activity and spending: growth momentum, vols



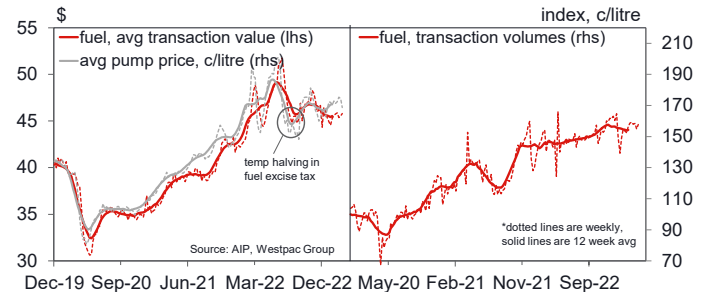
13. Card transactions: international share



14. Card transactions: international and travel share



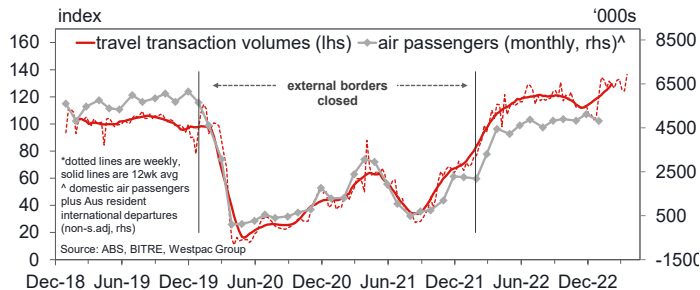
15. Card transactions: petrol vs pump prices



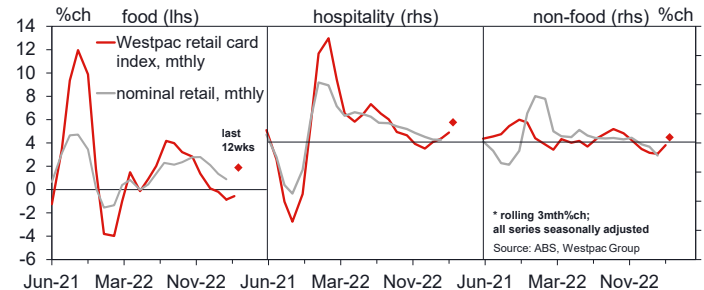
Detailed charts



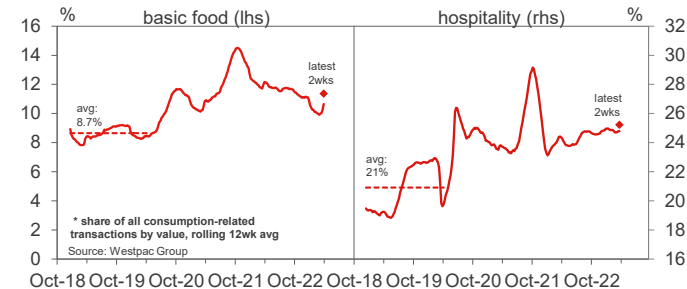
16. Card transactions: travel vs passenger flights



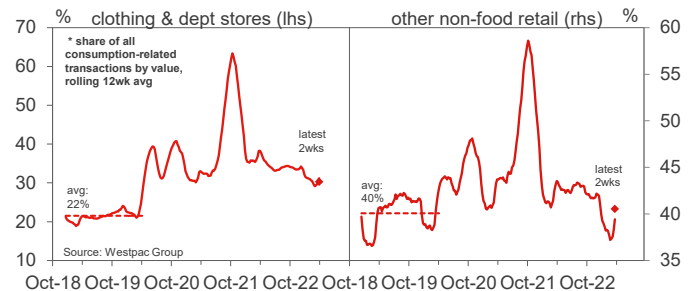
17. Card activity: retail segments and non retail



18. Card transactions: online share, food retail



19. Card transactions: online share, non-food retail



Westpac card indicators*



	2021				2022				2023				week ending:			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	Mar^	4/3	11/3	18/3	25/3	
Westpac Card Tracker Index	109.9	112.2	105.4	120.0	122.2	129.8	132.4	136.2	139.7	131.6	135.7	140.1	131.0	131.2	133.2	
qtly%ch	1.9	2.1	-6.1	13.9	1.9	6.2	2.0	2.9	3.3	0.8	-0.4	2.4	2.3	0.5	2.0	
qtly, ann%ch	8.9	23.7	3.3	11.3	11.2	15.7	25.7	13.6	12.0	11.6	11.0	11.6	12.0	12.0	11.2	
By category (not seasonally adjusted)																
- discretionary	103.5	108.9	100.2	127.3	115.1	127.6	134.4	146.3	134.4	120.5	134.7	138.1	129.3	131.7	132.4	
- essential	108.5	109.3	116.4	123.6	121.1	123.9	130.9	136.1	128.4	125.5	137.1	137.7	134.3	133.2	134.3	
services	95.2	98.7	86.2	103.8	106.5	120.1	128.9	130.1	128.6	121.9	137.1	140.2	131.0	134.8	134.1	
- discretionary services	90.9	95.7	78.2	101.7	104.4	122.1	130.3	133.1	134.3	119.8	136.5	138.0	129.9	135.3	134.3	
- essential services	108.3	107.7	109.9	110.2	113.1	114.1	124.8	121.3	111.5	128.3	139.4	146.7	134.2	133.4	133.5	
goods	113.8	117.8	122.9	145.0	126.4	131.6	136.8	153.4	135.4	122.6	134.4	136.1	131.1	130.0	132.1	
- discretionary goods	118.0	124.0	125.7	157.0	127.5	133.9	139.1	161.4	134.5	121.3	132.8	138.3	128.6	127.6	130.1	
- essential goods	108.6	110.1	119.5	130.1	124.9	128.6	133.9	143.3	136.5	124.2	136.4	133.3	134.3	133.0	134.6	
retail^	121.5	123.5	123.7	129.3	133.1	137.5	143.4	140.9	145.2	138.6	139.3	143.3	136.9	134.3	135.2	
qtly%ch	2.0	1.7	0.2	4.5	2.9	3.3	4.3	-1.7	-2.0	-2.2	0.1	1.1	2.7	1.5	2.9	
qtly, ann%ch	16.1	14.4	2.7	8.6	9.5	11.3	15.9	8.9	7.5	6.6	6.0	6.4	6.6	6.8	5.9	
By state (not seasonally adjusted)																
- NSW	103.2	108.4	98.9	124.8	114.7	124.6	130.2	139.6	128.6	118.1	131.1	132.4	126.7	128.3	128.9	
- Vic	105.8	108.1	103.1	127.1	119.4	127.9	133.3	143.8	131.7	122.1	134.8	138.1	130.7	130.9	132.0	
- Qld	109.6	113.8	117.8	131.7	120.8	131.6	140.7	151.6	140.8	129.6	144.1	146.3	139.3	140.6	141.7	
- WA	107.3	111.3	117.7	129.4	119.5	127.1	135.1	147.6	138.0	128.1	143.3	146.9	136.1	141.6	140.6	
- SA	110.8	114.2	117.3	132.0	121.0	131.0	138.8	150.0	138.7	128.9	142.3	146.2	138.9	136.8	139.6	

All indexes based on the value of spending-related transactions, 2019 avg=100. See p10 for more details. Headline and retail indexes are seasonally adjusted. All other indexes are not seasonally adjusted.

*composite based on transactions in retail categories, seasonally adjusted using ABS series; based on figures for month to date.

Sources: ABS, Westpac Group

About the Westpac card data indicators



The indicators presented in this report are based on the millions of credit and debit card transactions processed by Westpac every day. Transactions covering over ten million merchants are classified into over 700 categories. These are in turn grouped into higher level aggregates that provide a timely guide to wider economic trends.

The main focus of these indicators is consumer spending. Where possible, we have sought to exclude 'non spending' transactions such as: money transfers; tax payments; loan repayments; charitable donations; and superannuation contributions.

It should also be noted that these indicators will also be affected by shifts between card and non card transactions. This may be a significant factor during the COVID-19 pandemic – health concerns about the use of physical cash are likely seeing higher use of cards, particularly where contact-less transactions are available. Transaction flows also include reversals/refunds which have been a significant phenomenon in areas such as travel.

All transaction data is compiled at a highly aggregated level so that individual customer or merchant data is never revealed.

Index construction

The key metrics used in this report are indexes of spending-related card activity where the base of 100 is average activity in 2019. As an example, if transaction flows are 5% above their average level in 2019, the index read for the period is 105. If flows in a subsequent period are 8% above the average level in 2019, the index read for this period is 108. Growth between the two periods can be calculated simply as the change between the two index reads, i.e. 2.9%.

For our headline measure, activity is adjusted for regular seasonality using historical card data from the RBA. All other indexes are based on non-seasonally adjusted data and should be treated with additional caution. We will seek to produce seasonally adjusted versions of these indexes as more data becomes available.

Note that previous versions of this report used an alternative index measure that was based on spending compared to the same period in 2019, relative to the baseline eleven week period immediately prior to the introduction of social restrictions in 2020. See the 'About the Westpac card data indicators' sections from these reports for more detail.

Classifications

Note that the measures and classifications used for card data and this report do not align completely with those used in official ABS statistics on retail sales and consumer spending. There are a range of differences including around both coverage and classification. As such, the card data should be treated as broadly indicative.

The transaction data is grouped into 29 categories that are then combined into four main as follows:

Discretionary goods: durable goods, clothing and vehicle-related.

Discretionary services: recreation, gambling, professional services, hotels, restaurants and cafes, airlines, car rental, travel agencies and transport.

Essential goods: food, fuel and pharmacies.

Essential services: utilities, education and healthcare.

The report also uses two additional classifications:

Retail/non retail: based on the extent to which categories cover sales that are in scope for the [ABS retail survey](#).

COVID group: based on a classification Westpac developed to assess the impact of the Coronavirus (see [here](#) for more). 'Most exposed' is travel, tourism, hospitality and recreational services; 'big ticket' is vehicles and major household items; 'stock-piling' is food, pharmaceuticals and healthcare; 'residual' is all other categories combined.

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- i. Chinese Wall/Cell arrangements;
- ii. physical separation of various Business/Support Units;
- iii. Strict and well defined wall/cell crossing procedures;
- iv. a "need to know" policy;
- v. documented and well defined procedures for dealing with conflicts of interest;
- vi. reasonable steps by Compliance to ensure that the Chinese Wall/Cell arrangements remain effective and that such arrangements are adequately monitored.

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