

# **WESTPAC CARD TRACKER**

**25 MAY 2023.**

**WESTPAC INSTITUTIONAL BANK**

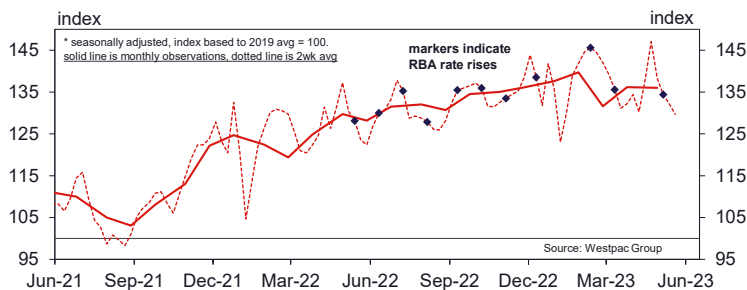


# Card activity weakens again through May



- The **Westpac Card Tracker Index** continues to point to a further weakening in consumer demand. The Index declined 5.0pts to 130.6 over the two weeks to May 20, showing a continued downturn from the brief holiday-related bounce in early April. Adjusting for regular seasonal variations, quarterly growth momentum in consumer-related card activity is now firmly in negative territory, having been about flat in the March quarter.
- The detail shows a broad-based slowing in annual growth, across both discretionary and essential categories, and across both goods and services. Where seasonally adjusted estimates are available, these suggest the further weakening since March has also been broadly based but more pronounced for hospitality and somewhat milder for non-food segments of retail which is seeing quarterly growth hold about flat. Note that all estimates are in 'nominal' terms and thus include price-driven variations.
- By state, all jurisdictions have recorded a further material slowing in annual growth rates, albeit with a slightly milder moderation in Vic which was coming from a slightly weaker starting point. Notably, annual growth in card activity has dipped into negative for NSW and Vic but remains much firmer, in the 4-5% range, in Qld and WA. The more granular category detail shows more material annual growth slowdowns for travel and hospitality, (both of which are cycling last year's reopening booms), education, 'other durables', basic food and pharmacies. Annual growth remains positive except for housing-related and 'other durables' which are seeing consistent declines in the 0-5% range.
- ABS estimates of wider Q1 consumer spending are due June 7. These are expected to be a little more resilient than the weak signal coming from card activity due to technical and coverage differences. However, Q2 risks are clearly tilting to the downside.

## 1. Westpac Card Tracker Index



*“... quarterly growth momentum ... now firmly in negative territory.”*

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.

This report is produced by Westpac Economics.

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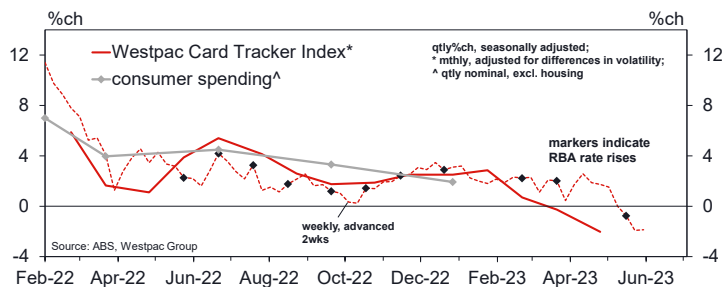
This issue was finalised on 25 May 2023.

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# Quarterly momentum now firmly negative

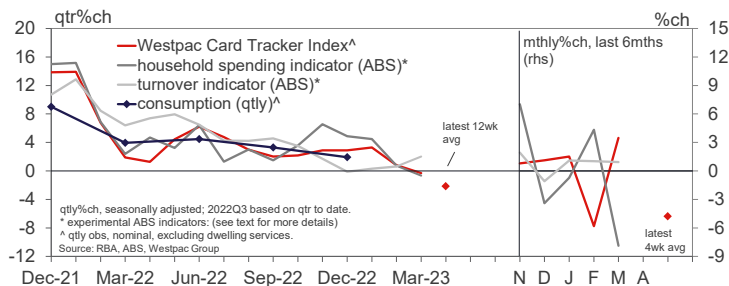


## 2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. Card activity declined 0.3%qtr in Q1 in seasonally adjusted terms – a sharp slowdown on the 2.9%qtr gain in Q4.
- Just over half-way through Q2, the card tracker is heading for a slightly larger 0.6% decline for the quarter as a whole, the latest rolling 12wk change weaker still, running at -2.1%qtr.
- Official spending estimates for Q1 will be released on June 7. The next round of ABS monthly indicators, for April, will also be released in that same week of June. By then we will have three quarters of the Q2 results for card activity and a very good indication of the extent to which consumer spending is weakening.

## 3. Consumer spending: selected indicators



qtlly%ch	Q4	Q1	Q2	latest
<b>Westpac Card Tracker*</b>	<b>2.9</b>	<b>-0.3</b>	<b>-0.6</b>	<b>-2.1</b>
<b>Other indicators (nominal)</b>				
Household spending*	4.9	-0.7	n.a.	n.a.
Turnover*	-0.1	2.0	n.a.	n.a.
<b>Consumer spending (qtlly)#</b>				
Nominal	1.9	n.a.	n.a.	n.a.
Real	0.3	n.a.	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.

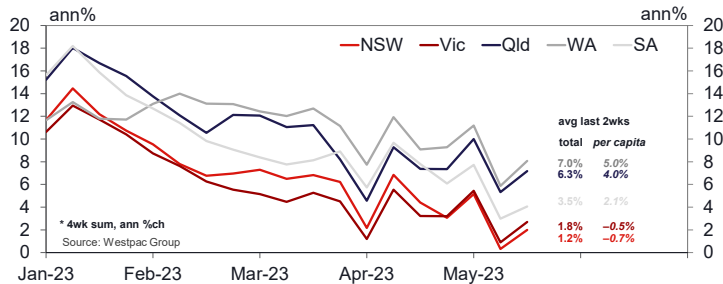
\* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

# Per capita spend down in NSW, Vic, and for goods

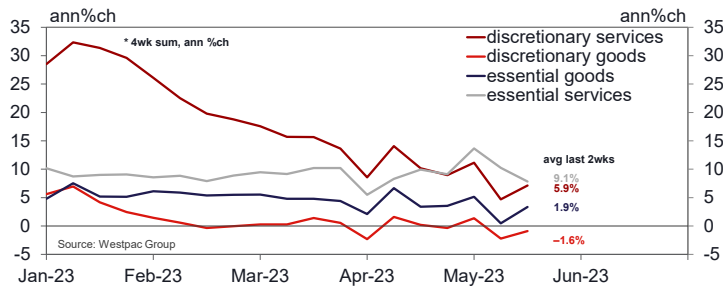


## 4. Card activity by State



- Growth in card activity has weakened across all states. While seasonally adjusted measures are not available, annual growth rates have slowed appreciably since March – by just over 3ppts in Vic (which had weaker growth to begin with) and by 4.4-5.5ppts across the other major states. Growth is now tracking below population growth in NSW and Vic, but notably firmer in SA and at a still healthy 4-5% pace in Qld and WA.
- By major category, discretionary services are still showing the biggest slowing in annual growth terms (but is cycling last year's reopening surge). Discretionary goods spend remains notably weaker with significant declines in spending on housing and 'other durables'. Goods spend in general is declining in per capita terms.

## 5. Card activity by major category



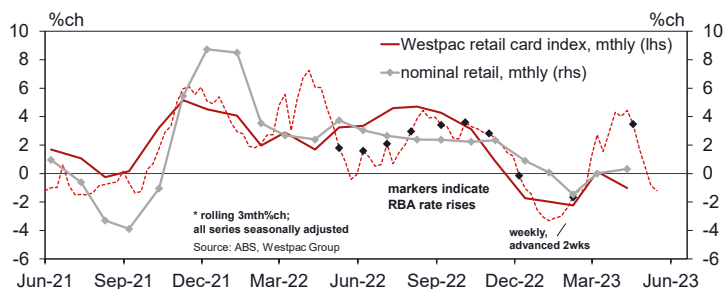
	Mar	Apr	May	20/5
<b>Westpac Card Tracker*</b>	<b>136.2</b>	<b>136.0</b>	<b>134.0</b>	<b>130.6</b>
<b>By category (not seasonally adjusted)</b>				
– discretionary	135.0	129.1	135.2	133.3
– essential	136.7	126.8	135.0	133.4
<b>By state (not seasonally adjusted)</b>				
– NSW	131.1	124.3	131.2	129.1
– Vic	134.9	127.9	135.4	133.6
– Qld	144.3	138.0	144.4	142.7
– WA	143.4	135.3	142.7	142.3
– SA	142.5	134.7	141.8	139.8

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

# Food retail and servcies down, non-food retail flat

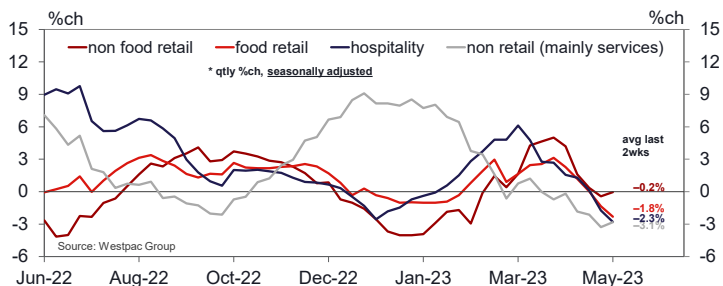


## 6. Card activity: retail



- After a weak performance around the turn of the year, retail segments saw some improvement in activity through March and early May. This now looks to be fading again. Our retail card index has fallen to the low 140s over the last fortnight. The underlying trend still looks to show a slowing quarterly growth momentum, now entering a negative range.
- The detail shows a broad-based slowing with food retail, hospitality and non retail spend (mainly services) all posting sizeable falls in the 1.8-3.1% range in quarterly seasonally adjusted terms. Non-food retail has held up better, holding about flat over the last three months.
- Official ABS data on retail sales for the April month are due shortly after we go to press.

## 7. Card activity: broad retail and non-retail groups



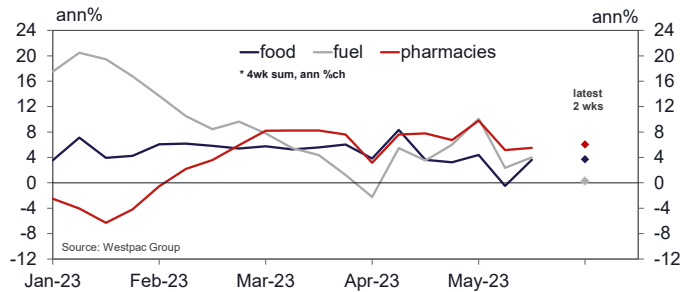
	Mar	Apr	May	20/5
<b>By retail/non retail</b>				
Retail card index*	139.5	141.2	142.4	140.5
– qtly %ch	0.1	-1.0	0.8	-1.2
– qtly, ann %ch	6.0	4.6	4.0	4.3
Non-retail card index	132.5	130.2	124.6	120.0
<b>ABS retail sales</b>				
– %ch	0.4	-0.2	n.a.	n.a.
– ann %ch	5.4	4.3	n.a.	n.a.
– qtly %ch	0.0	0.3	n.a.	n.a.
– qtly ann %ch	6.4	5.4	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

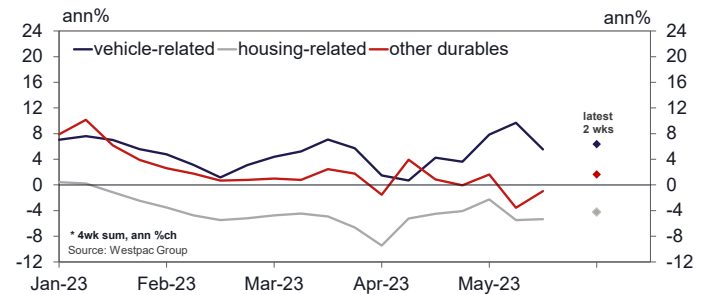
# Detailed charts



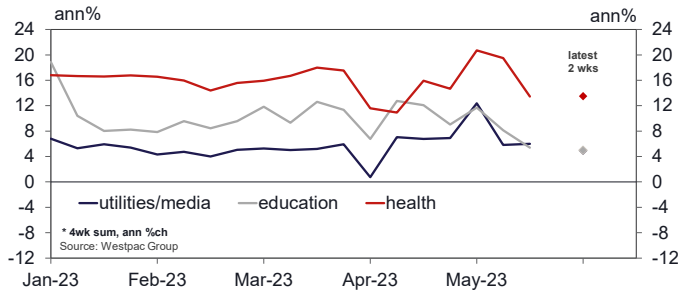
## 8. Card activity: essential goods



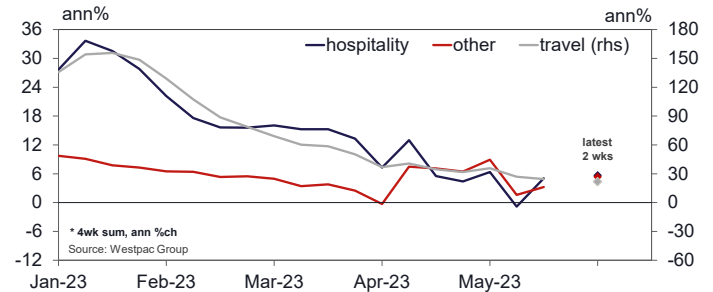
## 9. Card activity: discretionary goods



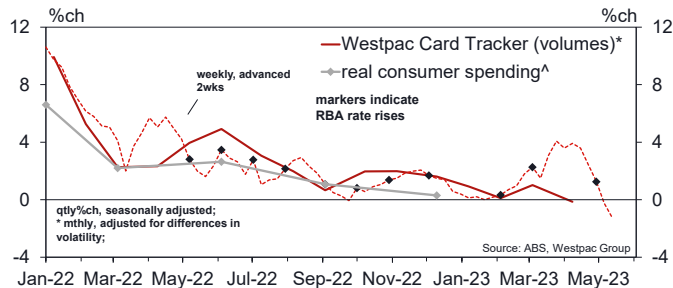
## 10. Card activity: essential services



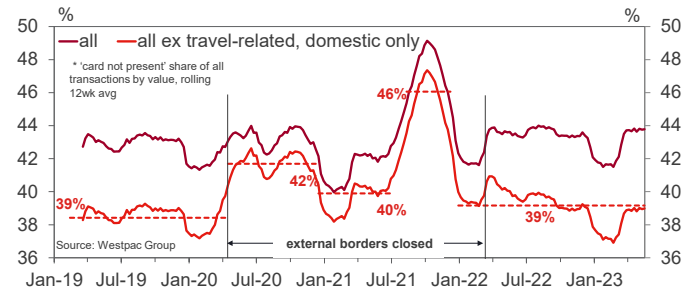
## 11. Card activity: discretionary services



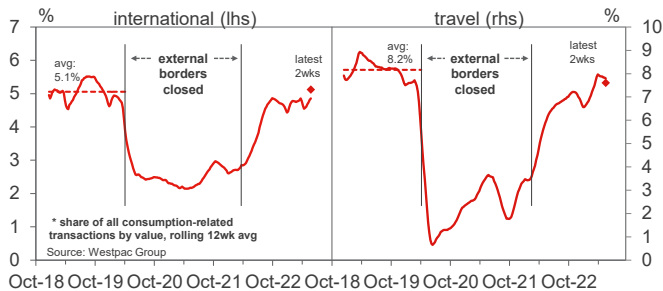
## 12. Card activity and spending: growth momentum, vols



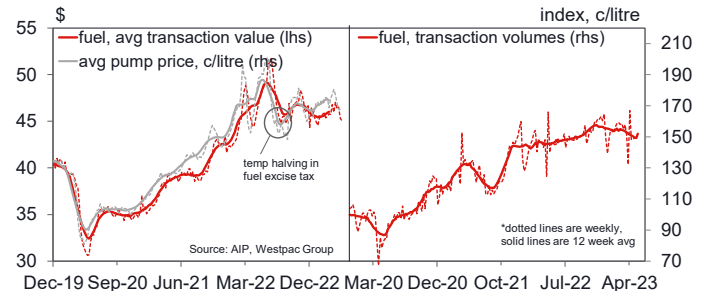
## 13. Card transactions: international share



## 14. Card transactions: international and travel share



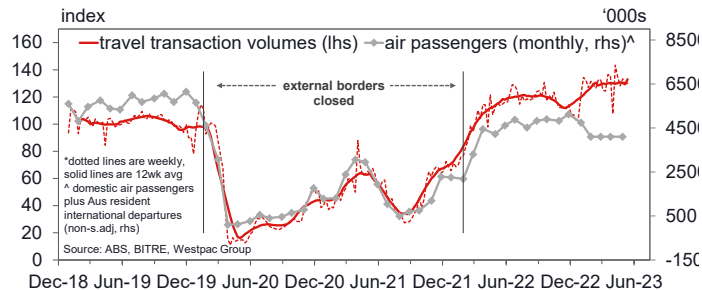
## 15. Card transactions: petrol vs pump prices



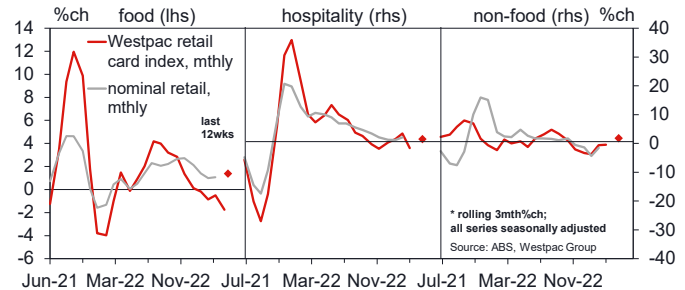
# Detailed charts



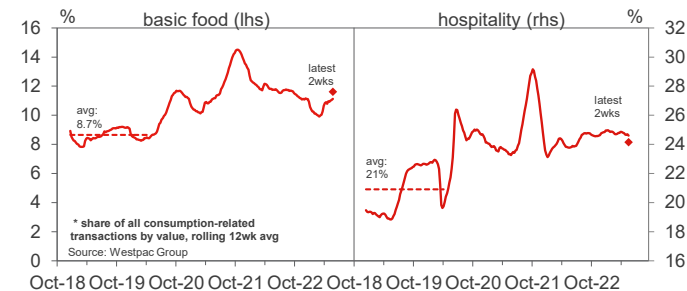
## 16. Card transactions: travel vs passenger flights



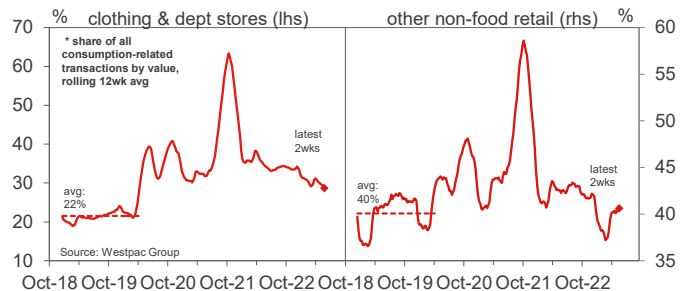
## 17. Card transactions: food, hospitality, non-food retail



## 18. Card transactions: online share, food retail



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





# Westpac card indicators\*



	2021			2022			2023			week ending:					
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Mar	Apr	May^	29/4	6/5	13/5	20/5
<b>Westpac Card Tracker Index</b>	<b>112.2</b>	<b>105.4</b>	<b>120.0</b>	<b>122.2</b>	<b>129.8</b>	<b>132.4</b>	<b>136.2</b>	<b>135.8</b>	<b>136.2</b>	<b>136.0</b>	<b>134.0</b>	<b>133.2</b>	<b>135.6</b>	<b>128.8</b>	<b>130.6</b>
qtly%ch	2.1	-6.1	13.9	1.9	6.2	2.0	2.9	-0.3	-0.3	-2.3	-0.7	0.0	-0.9	-2.2	-2.1
qtly, ann%ch	23.7	3.3	11.3	11.2	15.7	25.7	13.6	11.1	11.1	8.0	6.1	7.9	7.2	6.6	6.4
<b>By category (not seasonally adjusted)</b>															
- discretionary	108.9	100.2	127.3	115.1	127.6	134.4	146.3	130.0	135.0	129.1	135.2	128.7	134.3	130.7	133.3
- essential	109.3	116.4	123.6	121.1	123.9	130.9	136.1	130.2	136.7	126.8	135.0	126.7	133.7	130.5	133.4
services	98.7	86.2	103.8	106.5	120.1	128.9	130.1	129.0	136.6	126.5	134.5	126.1	134.5	128.6	133.3
- discretionary services	95.7	78.2	101.7	104.4	122.1	130.3	133.1	130.1	136.4	130.1	134.2	129.2	133.5	128.4	133.4
- essential services	107.7	109.9	110.2	113.1	114.1	124.8	121.3	125.7	137.3	115.6	135.6	116.9	137.4	129.0	133.0
goods	117.8	122.9	145.0	126.4	131.6	136.8	153.4	130.9	134.7	129.8	135.7	129.5	133.8	132.4	133.4
- discretionary goods	124.0	125.7	157.0	127.5	133.9	139.1	161.4	129.7	133.4	127.9	136.4	128.0	135.3	133.3	133.3
- essential goods	110.1	119.5	130.1	124.9	128.6	133.9	143.3	132.4	136.4	132.2	134.8	131.4	131.9	131.3	133.5
retail^	123.5	123.7	129.3	133.1	137.5	143.4	140.9	141.1	139.5	141.2	142.4	142.1	140.5	138.4	140.5
qtly%ch	1.7	0.2	4.5	2.9	3.3	4.3	-1.7	0.1	0.1	-1.0	0.8	1.8	0.5	-0.9	-1.2
qtly, ann%ch	14.4	2.7	8.6	9.5	11.3	15.9	8.9	6.0	6.0	4.6	4.0	4.7	4.4	4.1	4.3
<b>By state (not seasonally adjusted)</b>															
- NSW	108.4	98.9	124.8	114.7	124.6	130.2	139.6	125.9	131.1	124.3	131.2	124.1	130.8	126.5	129.1
- Vic	108.1	103.1	127.1	119.4	127.9	133.3	143.8	129.6	134.9	127.9	135.4	127.4	133.6	131.5	133.6
- Qld	113.8	117.8	131.7	120.8	131.6	140.7	151.6	138.2	144.3	138.0	144.4	136.7	141.4	141.0	142.7
- WA	111.3	117.7	129.4	119.5	127.1	135.1	147.6	136.5	143.4	135.3	142.7	134.6	141.9	136.3	142.3
- SA	114.2	117.3	132.0	121.0	131.0	138.8	150.0	136.7	142.5	134.7	141.8	134.5	141.6	136.5	139.8

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.

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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