

# **WESTPAC CARD TRACKER**

**8 JUNE 2023.**

**WESTPAC INSTITUTIONAL BANK**

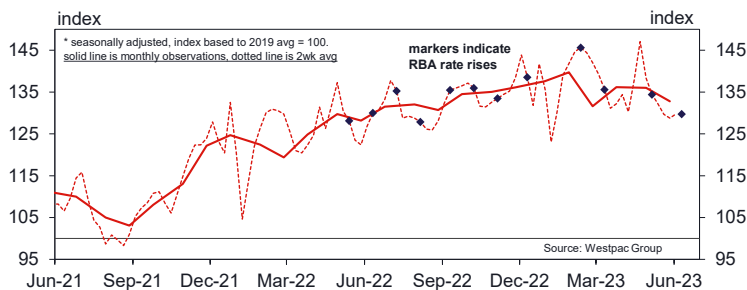


# Card activity points to weaker Q2



- The **Westpac Card Tracker Index** showed a slight turnaround in the first week of June, rising 2pts to 132.5 over the two weeks to June 3, but in the context of a clear weakening since March. Adjusting for regular seasonal variations, quarterly growth momentum remains firmly in negative territory, suggesting the stalling evident in Q1 may be followed by an outright contraction in Q2.
- The weakening is broad-based. Both discretionary and essential categories showed slowing annual growth through the month of May that has carried into the first week of June. This weakening has been more pronounced for retail categories with our estimates suggesting food retail, hospitality and non food retail segments are all tracking significant quarterly declines. Meanwhile, non retail spend as a whole also looks to be weakening. 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. Annual growth in card activity remains notably weaker in NSW (slightly negative in per capita terms) and Vic) but much firmer in Qld and WA. The more granular category detail shows continued slowing in food-related spending and hospitality, particularly coming off the back of a period of higher food related inflation. Fuel spending in particular experienced an average two week decline of -9.1% on the week of June 3.
- Official ABS estimates show consumer spending posted a 0.2% increase in real, inflation-adjusted terms in Q1. This was slightly better than the card tracker guidance. Part of the difference is likely due to when travel-related activity is recorded (at payment in the tracker vs when travel is undertaken in the national accounts). With this effect likely to be less pronounced in Q2, the weak signals from the card tracker are of some concern.

## 1. Westpac Card Tracker Index



*“... stalling evident in Q1 may be followed by an outright contraction in Q2.”*

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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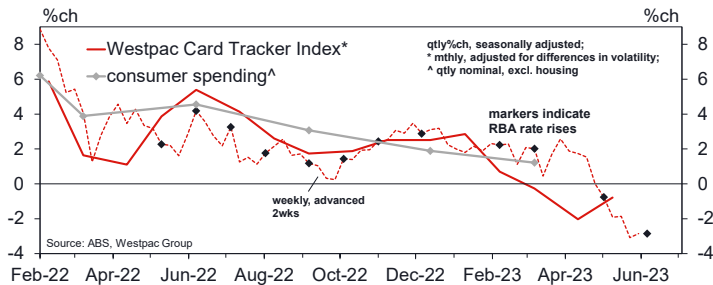
This issue was finalised on 9 June 2023.

If you would like more insights into your sector or your own business from this and other Westpac data please visit [Westpac DataX](https://www.westpac.com.au/datax) or contact [datax@westpac.com.au](mailto:datax@westpac.com.au).

# Growth momentum remains firmly negative

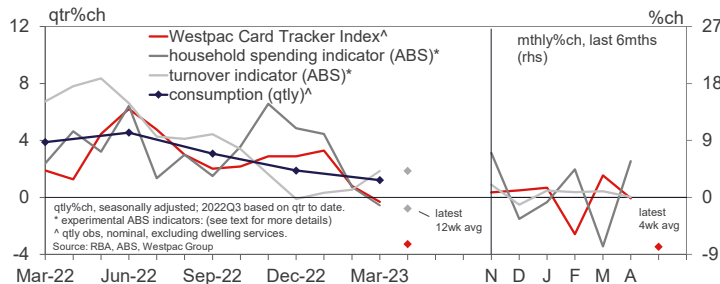


## 2. Card activity and spending: growth momentum



- 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. As at early June, the tracker is heading for a larger 1% decline Q2 as a whole.
- Official ABS estimates for Q1 showed consumption up just 0.2%qtr, discretionary spend contracting 1%qtr and underperforming essentials for the first time since the delta lock-downs in 2021. Nominal spend (including price moves) rose 1.2% – coming in above the guidance from our tracker having underperformed in Q4. A large part of this divergence is likely to the way travel-related activity is recorded: at the time of payment/booking in the tracker vs when travel is undertaken in the national accounts (see [here](#) for more on the full Q1 GDP result).

## 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>-1.0</b>	<b>-3.3</b>
<b>Other indicators (nominal)</b>				
Household spending*	4.9	-0.6	n.a.	-0.8
Turnover*	-0.1	2.0	n.a.	1.9
<b>Consumer spending (qtlly)#</b>				
Nominal	1.9	1.2	n.a.	n.a.
Real	0.2	0.2	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.

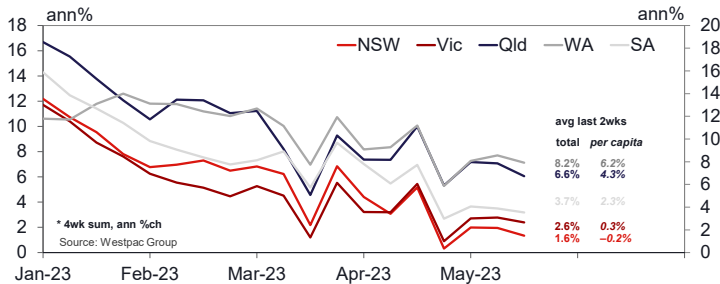
\* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

# NSW recording annual declines in per capita activity

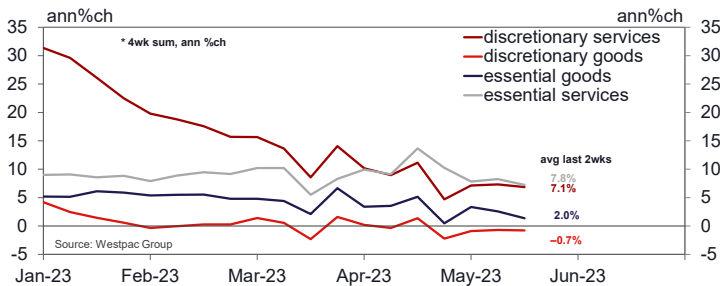


## 4. Card activity by State



- Growth in card activity weakened across all states. While seasonally adjusted measures are not available, annual growth rates have come off a recent peak in mid-April – with particularly marked slowdowns in the seven weeks since then in NSW (around 5.5ppts) and SA (by over 6ppts). Growth is tracking below population growth in NSW, but is still notably firmer in Qld and WA.
- By major category, discretionary services are still showing the biggest slowing in annual growth. Within essentials, fuel has seen a more pronounced slowdown since the start of the year although some of this reflects ‘cycling’ of reopening and price-related boosts in early 2022. Discretionary services continue to see outright declines, centred on hospitality and travel-related activity.

## 5. Card activity by major category



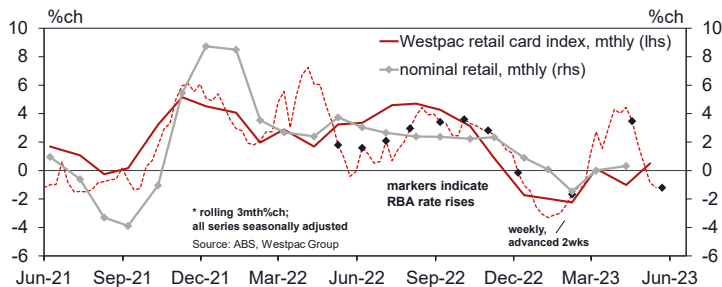
	Mar	Apr	May	3/6
<b>Westpac Card Tracker*</b>	<b>136.2</b>	<b>136.0</b>	<b>133.1</b>	<b>132.5</b>
<b>By category (not seasonally adjusted)</b>				
– discretionary	135.0	129.1	134.2	132.5
– essential	136.7	126.8	133.8	127.1
<b>By state (not seasonally adjusted)</b>				
– NSW	131.1	124.3	130.2	127.3
– Vic	134.9	127.9	134.1	130.8
– Qld	144.3	138.0	142.8	138.8
– WA	143.4	135.3	141.6	135.8
– SA	142.5	134.7	140.7	137.7

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

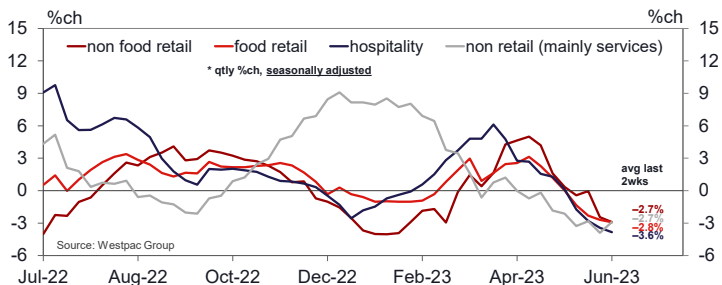
# Retail weak across the board



## 6. Card activity: retail



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



- All retail segments posted declines through late May and early June. Our retail card index has fallen further below the 140 range, now sitting at 138.3. The non-retail card index also fell to a level of 126.6 in the latest week.
- The detail shows food retail, hospitality, non retail and non food retail all posting falls in the 2.7-3.6% range in quarterly seasonally adjusted terms. Only non-retail (mainly services) has managed to post a slight reversal since the past two weeks but is still showing quarterly growth firmly in negative territory.
- Official ABS data showed retail sales stalled flat in the April month, slight gains for non-food retail offset by declines across both basic food and hospitality. Note that the timing of Easter and ANZAC day may have provided some support to retail in April (see [here](#) for more).

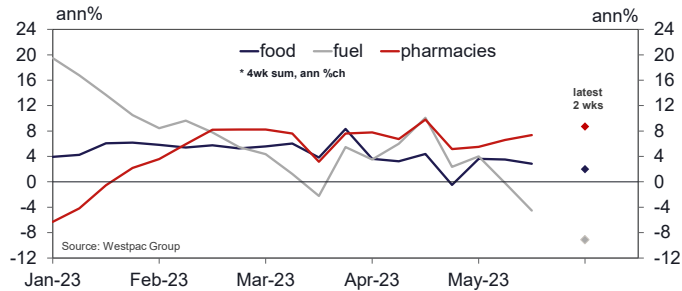
	Mar	Apr	May	3/6
<b>By retail/non retail</b>				
Retail card index*	139.5	141.2	141.3	138.3
– qtrly %ch	0.1	-1.0	0.5	-3.2
– qtrly, ann %ch	6.0	4.6	3.8	3.2
Non-retail card index	132.5	130.2	123.9	126.6
<b>ABS retail sales</b>				
– %ch	0.4	0.0	n.a.	n.a.
– ann %ch	5.4	4.2	n.a.	n.a.
– qtrly %ch	0.0	0.3	n.a.	n.a.
– qtrly ann %ch	6.4	5.3	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

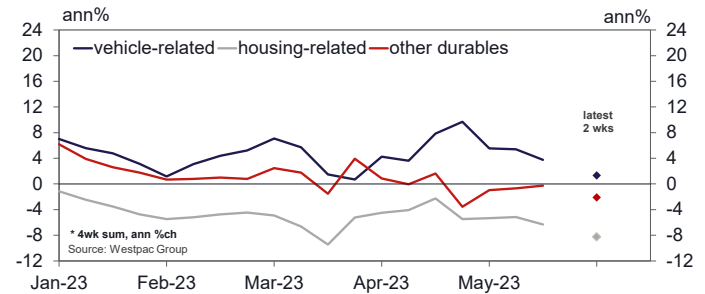
# Detailed charts



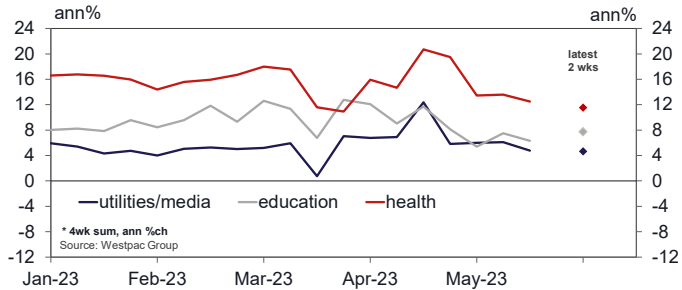
## 8. Card activity: essential goods



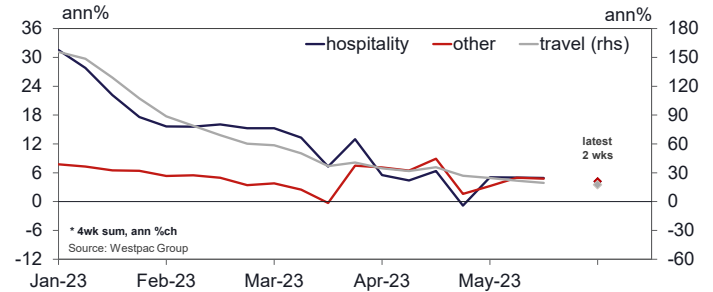
## 9. Card activity: discretionary goods



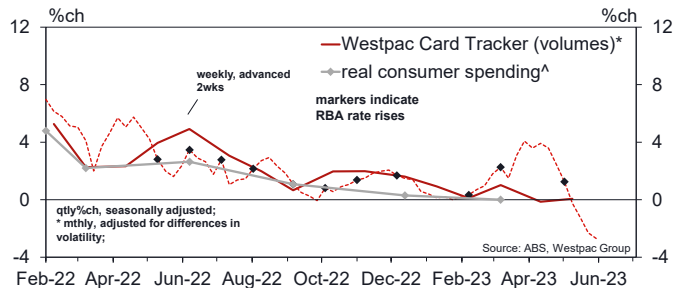
## 10. Card activity: essential services



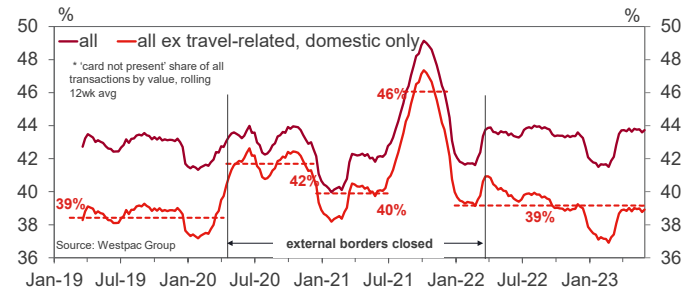
## 11. Card activity: discretionary services



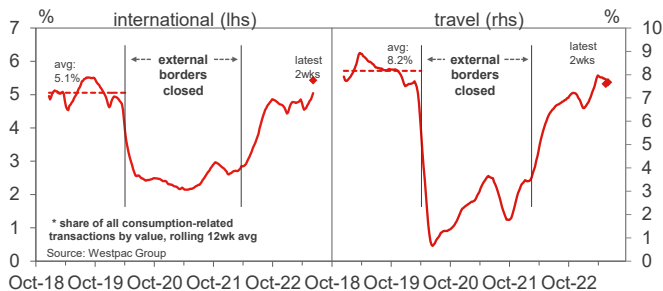
## 12. Card activity and spending: growth momentum, vols



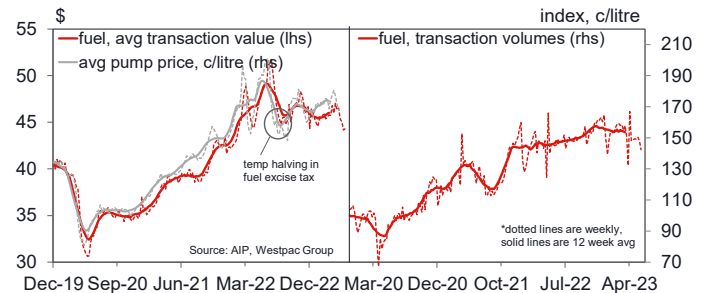
## 13. Card transactions: international share



## 14. Card transactions: international and travel share



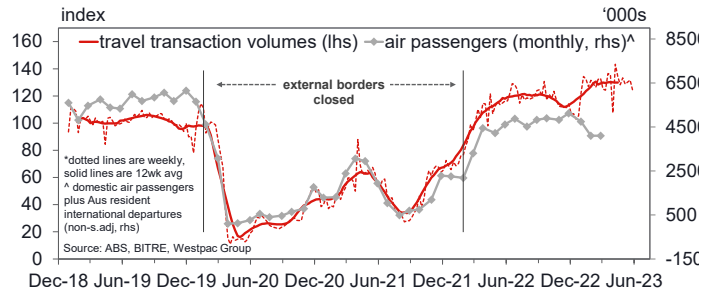
## 15. Card transactions: petrol vs pump prices



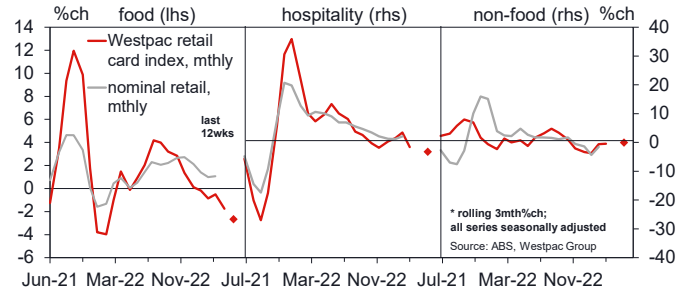
# Detailed charts



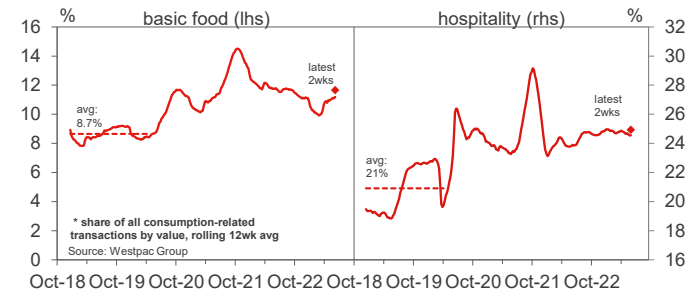
## 16. Card transactions: travel vs passenger flights



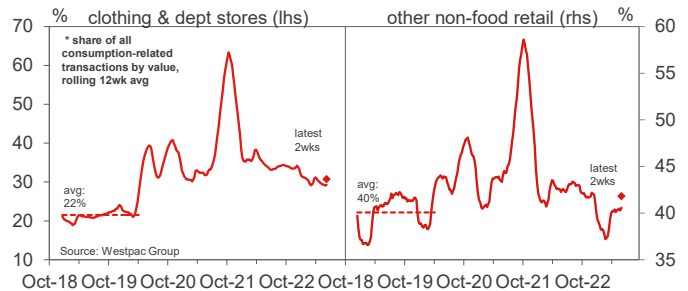
## 17. Card transactions: food, hospitality, non-food retail



## 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^	13/5	20/5	27/5	3/6
Westpac Card Tracker Index	112.2	105.4	120.0	122.2	129.8	132.4	136.2	135.8	136.2	136.0	133.1	128.8	130.6	126.9	132.5
qtly%ch	2.1	-6.1	13.9	1.9	6.2	2.0	2.9	-0.3	-0.3	-2.3	-0.9	-2.2	-2.1	-3.6	-3.3
qtly, ann%ch	23.7	3.3	11.3	11.2	15.7	25.7	13.6	11.1	11.1	8.0	5.9	6.6	6.4	5.7	4.9
By category (not seasonally adjusted)															
- discretionary	108.9	100.2	127.3	115.1	127.6	134.4	146.3	130.0	135.0	129.1	134.2	130.7	133.3	128.3	132.5
- essential	109.3	116.4	123.6	121.1	123.9	130.9	136.1	130.2	136.7	126.8	133.8	130.5	133.4	130.0	127.1
services	98.7	86.2	103.8	106.5	120.1	128.9	130.1	129.0	136.6	126.5	133.2	128.6	133.3	128.0	129.2
- discretionary services	95.7	78.2	101.7	104.4	122.1	130.3	133.1	130.1	136.4	130.1	133.0	128.4	133.4	127.5	129.8
- essential services	107.7	109.9	110.2	113.1	114.1	124.8	121.3	125.7	137.3	115.6	134.0	129.0	133.0	129.3	127.2
goods	117.8	122.9	145.0	126.4	131.6	136.8	153.4	130.9	134.7	129.8	134.7	132.4	133.4	129.8	131.8
- discretionary goods	124.0	125.7	157.0	127.5	133.9	139.1	161.4	129.7	133.4	127.9	135.6	133.3	133.3	129.2	135.6
- essential goods	110.1	119.5	130.1	124.9	128.6	133.9	143.3	132.4	136.4	132.2	133.7	131.3	133.5	130.4	127.0
retail^	123.5	123.7	129.3	133.1	137.5	143.4	140.9	141.1	139.5	141.2	141.3	138.4	140.5	135.9	138.3
qtly%ch	1.7	0.2	4.5	2.9	3.3	4.3	-1.7	0.1	0.1	-1.0	0.5	-0.9	-1.2	-2.8	-3.2
qtly, ann%ch	14.4	2.7	8.6	9.5	11.3	15.9	8.9	6.0	6.0	4.6	3.8	4.1	4.3	3.9	3.2
By state (not seasonally adjusted)															
- NSW	108.4	98.9	124.8	114.7	124.6	130.2	139.6	125.9	131.1	124.3	130.2	126.5	129.1	125.3	127.3
- Vic	108.1	103.1	127.1	119.4	127.9	133.3	143.8	129.6	134.9	127.9	134.1	131.5	133.6	128.6	130.8
- Qld	113.8	117.8	131.7	120.8	131.6	140.7	151.6	138.2	144.3	138.0	142.8	141.0	142.7	136.7	138.8
- WA	111.3	117.7	129.4	119.5	127.1	135.1	147.6	136.5	143.4	135.3	141.6	136.3	142.3	137.5	135.8
- SA	114.2	117.3	132.0	121.0	131.0	138.8	150.0	136.7	142.5	134.7	140.7	136.5	139.8	135.1	137.7
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															

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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