

WESTPAC CARD TRACKER

4 AUGUST 2023.

WESTPAC INSTITUTIONAL BANK

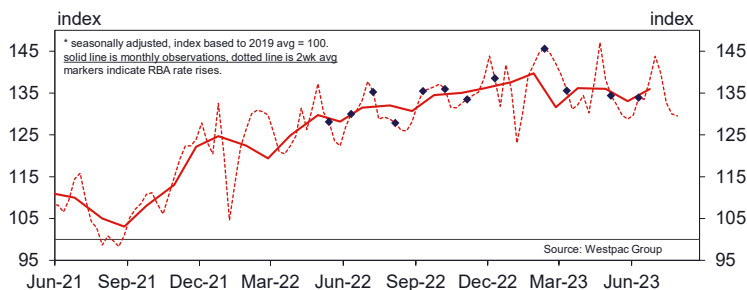


Card activity remains subdued



- The **Westpac Card Tracker Index** dipped slightly over the second half of July, moving 1pt lower to 127.9, to be roughly on a par with the levels seen this time last year – annual growth about flat and quarterly reads continuing to show a contraction.
- The picture from the category and state detail remains largely the same, weakness concentrated in goods and in the big eastern states, NSW and Vic. In annual growth terms, the last two weeks has seen some card activity for discretionary services but a renewed weakening for discretionary goods, momentum unchanged for essentials (firm for services, weak for goods). State performances have shown little or no change, NSW and Vic still seeing outright declines in per capita card activity on an annual basis.
- In this report we again take a closer look at activity by transaction size, this time focussing on cafes and restaurants. Predictably, the category has a very heavy clustering in the <\$100 range, which accounts for 97% of all transactions by volume and 78% by value. Larger value transactions likely capture group meals, extending to venue higher for events, such as weddings, at the top end of the range. These segments show much bigger seasonal peaks in Dec, Christmas functions clearly a factor.
- COVID disruptions were much larger for medium and high value transactions. Growth-wise, all segments have retraced sharply over the nine months to Jun. For ‘event-related’ spend however this may be partly due to cycling a post-COVID catch-up phase.

1. Westpac Card Tracker Index



“... annual growth about flat and quarterly reads continuing to show a 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.

This report is produced by Westpac Economics.

Matthew Hassan, Senior Economist

Email: economics@westpac.com.au

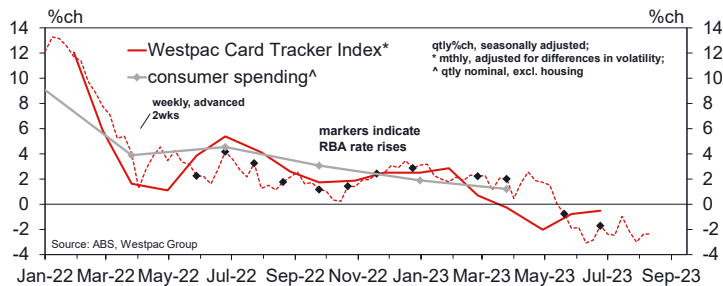
This issue was finalised on 4 August 2023.

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Consumer weakness extending into Q3

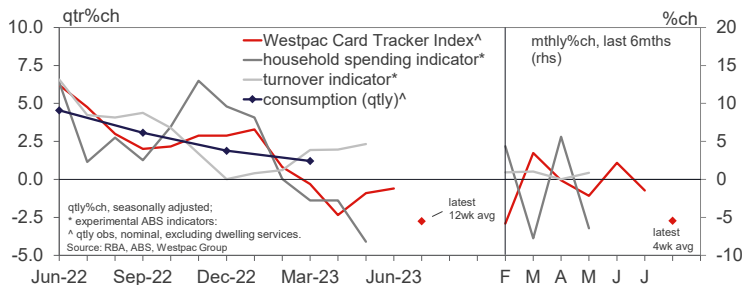


2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. As noted previously, the tracker showed a 0.6%qtr decline for Q2 in seasonally adjusted terms. That compares to a 0.3%qtr decline in Q1 and a 2.9%qtr gain in Q4.
- The weekly profile continues to show the weak finish to Q2 carrying into Q3, with a quarterly pulse holding in the -2-3%qtr range throughout July.
- May updates to other monthly indicators produced by the ABS were mixed, the household spending indicator very weak but the tax-based turnover indicator holding up. June updates will be released on Aug 8 and 9 respectively.

3. Consumer spending: selected indicators



qtrly%ch	Q4	Q1	Q2	latest
Westpac Card Tracker*	2.9	-0.3	-0.6	-2.8
Other indicators (nominal)				
Household spending*	4.8	-1.4	n.a.	-1.4
Turnover*	0.0	1.9	n.a.	2.0
Consumer spending (qtrly)#				
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.

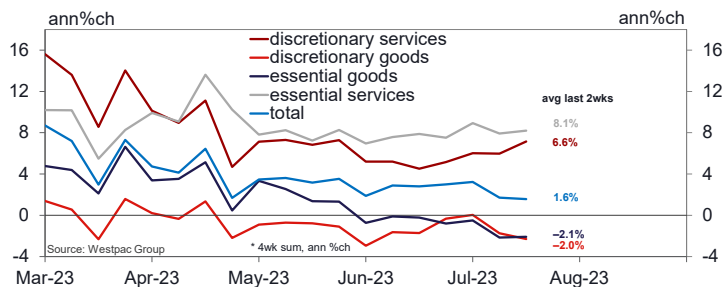
* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

Goods spend continues to soften

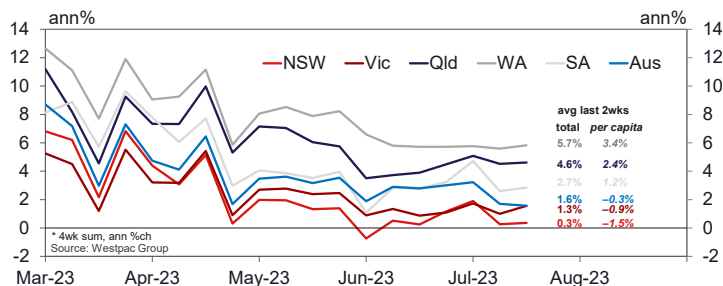


4. Card activity by major category



- The major category breakdown shows weakness continues to centre on goods, where activity is seeing outright declines of around 2%yr. Services activity has been much steadier with annual growth in the 6.5-8%yr range.
- The last two weeks has seen a renewed softening in discretionary goods largely offset by a pick-up in discretionary services. Within the latter, we take a closer look at cafe & restaurant transaction on p6.
- The state detail shows little change, per capita activity continuing to see outright declines on an annual basis in NSW and Vic but holding up much better in Qld and WA.

5. Card activity by state



	May	Jun	Jul [^]	29/7
Westpac Card Tracker*	133.1	136.0	134.0	127.9
By category (not seasonally adjusted)				
– discretionary	134.2	133.3	137.6	131.6
– essential	133.8	126.9	134.0	134.3
By state (not seasonally adjusted)				
– NSW	130.2	126.7	131.2	127.5
– Vic	134.1	131.4	135.3	130.5
– Qld	142.8	140.8	147.1	143.1
– WA	141.6	138.0	145.1	142.5
– SA	140.7	137.0	144.2	140.8

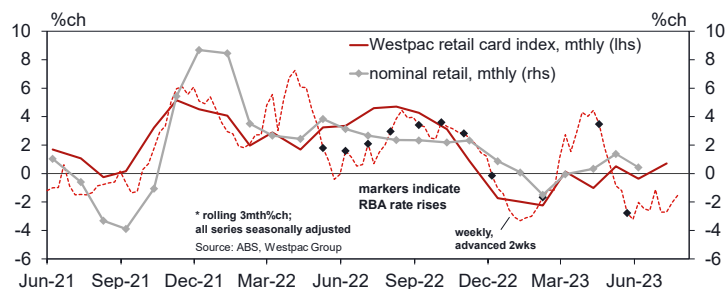
All indexes based on the value of spending-related transactions, 2019 avg=100, see p10 for more details incl. classifications. * Headline index is seasonally adjusted, all other indexes are unadjusted; [^]month to date.

Sources: ABS, Westpac Group

Retail activity continues to contract

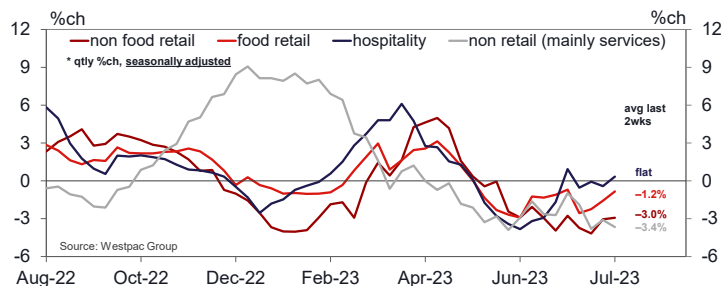


6. Card activity: retail



- Our retail card index shows a similar picture to our headline index, weekly readings continuing to declining sales. The index nudged 0.9pts higher to 137.2 over the second but continues to point to a softening over a rolling 3mth basis. The detail shows hospitality is the only retail segment seeing growth although the weakness in food retail appears to be easing somewhat.
- The official retail sales figures for June showed a weak finish to the quarter, sales down 0.8% mthly retracing all of May's surprise 0.7% gain. Sales volumes declined 0.5% qtr, marking a third consecutive quarterly decline, only the second time three quarter decline recorded since 1983 and the largest per capita decline over a nine month period outside of the COVID shock (see [here](#) and [here](#) for more).

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



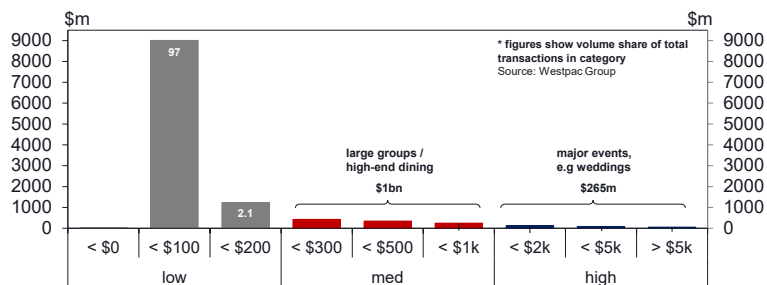
	May	Jun	Jul [*]	29/7
By retail/non retail				
Retail card index*	141.3	139.3	141.7	138.1
- qtrly %ch	0.5	-0.4	0.7	-1.5
- qtrly, ann %ch	3.8	2.2	0.8	0.8
Non-retail card index	123.9	132.3	125.4	117.1
ABS retail sales				
- %ch	0.8	-0.8	n.a.	n.a.
- ann %ch	4.1	2.3	n.a.	n.a.
- qtrly %ch	1.2	0.4	n.a.	n.a.
- qtrly ann %ch	4.6	3.5	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; ^{*}avg month to date. Sources: ABS, Westpac Group

Cafes & restaurants: activity well off last year's highs



8. Card activity, cafes & restaurants by transaction size



– This report continues our recent theme of exploring the more granular card data breakdowns by transaction size ranges (see [here](#), [here](#) and [here](#)). Our focus this time is on the 'cafes and restaurants' category, mainly seen as 'bellwether' for shifts in 'small ticket' discretionary spending.

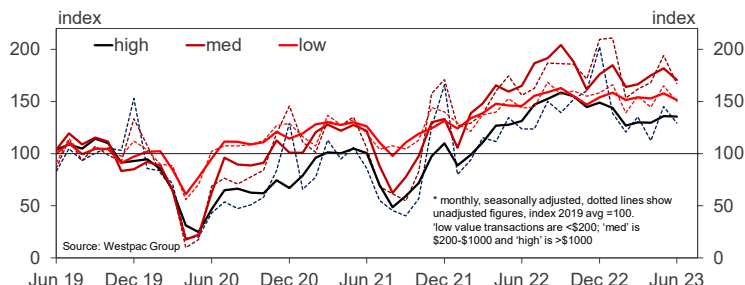
– Chart 8 shows the distribution of cafes and restaurants card activity across different transaction bands, broadly classed into 'low' (<\$200), 'medium' (\$200-\$1000) and 'high' (>\$1000).

– Not surprisingly, transactions in the 'low' category dominate, those under \$100 accounting for 97% of all transactions by volume and 78% by value. These will be capturing high frequency purchases, such as daily coffees or individual purchases of food.

– Larger value transactions likely capture group meals, extending to venue higher for events, such as weddings, at the top end of the range. These segments show much bigger seasonal peaks in Dec, Christmas functions clearly a factor.

– Chart 9 shows how card activity has evolved across the broad transaction size categories. COVID disruptions were much larger for medium and high value transactions. Growth-wise, all segments have retraced sharply over the nine months to Jun. On a quarterly, seasonally adjusted basis, high value transactions have declined 12.5% between Sep and Jun, medium value transactions are down 9.4% and low value transactions down 3.2%. The more pronounced falls for larger value segments may reflect some cycling of post-COVID catch-ups for 'event-related' activity.

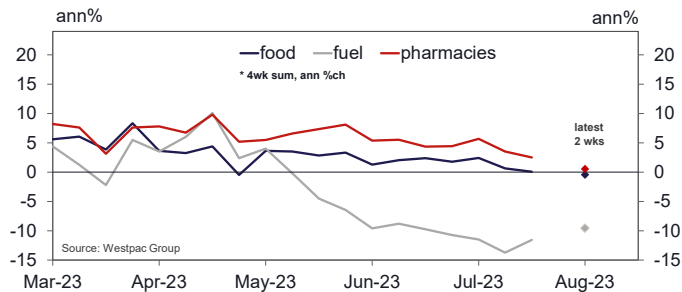
9. Card activity, cafes & restaurants: by value



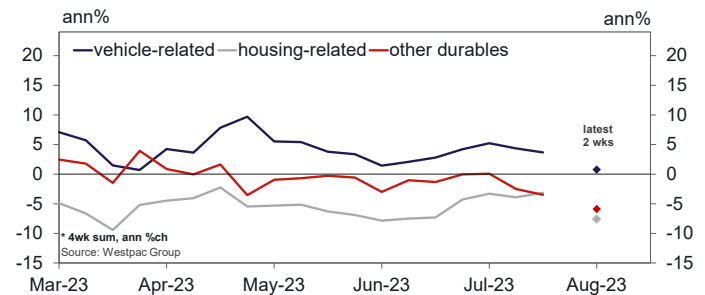
Detailed charts



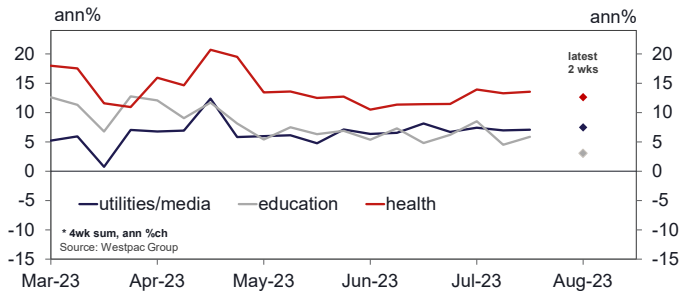
10. Card activity: essential goods



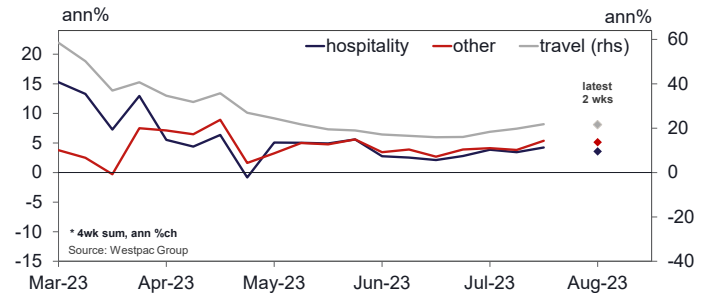
11. Card activity: discretionary goods



12. Card activity: essential services



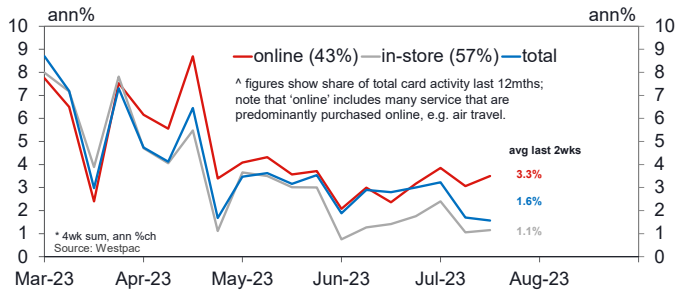
13. Card activity: discretionary services



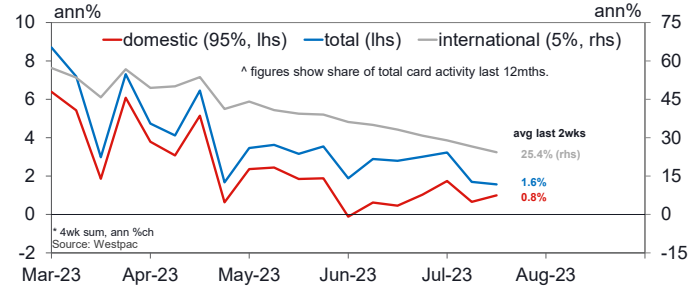
Detailed charts



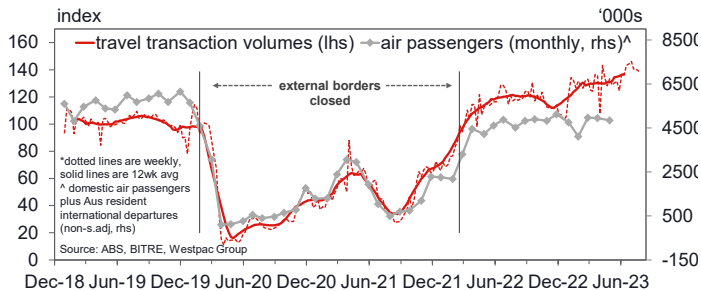
14. Card activity: online vs in-store



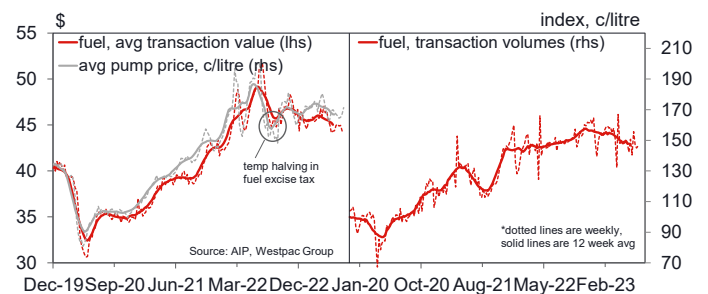
15. Card activity: domestic vs international



16. Card transactions: travel vs passenger movements



17. Card transactions: petrol vs pump prices



Westpac card indicators*



	2021			2022			2023			week ending:						
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	May	Jun	Jul*	8/7	15/7	22/7	29/7	
Westpac Card Tracker Index	112.2	105.4	120.0	122.2	129.8	132.4	136.2	135.8	133.1	136.0	134.0	136.4	129.0	131.1	127.9	
qtly%ch	2.1	-6.1	13.9	1.9	6.2	2.0	2.9	-0.3	-0.9	-0.6	-0.2	-2.5	-3.5	-2.7	-2.8	
qtly, ann%ch	23.7	3.3	11.3	11.2	15.7	25.7	13.6	11.1	5.9	4.0	2.9	3.2	3.3	3.1	2.9	
By category (not seasonally adjusted)																
– discretionary	108.9	100.2	127.3	115.1	127.6	134.4	146.3	130.0	134.2	133.3	137.6	140.8	132.3	134.2	131.6	
– essential	109.3	116.4	123.6	121.1	123.9	130.9	136.1	130.2	133.8	126.9	134.0	127.9	128.7	135.4	134.3	
services	98.7	86.2	103.8	106.5	120.1	128.9	130.1	129.0	133.2	130.8	139.8	140.3	134.8	139.1	134.4	
– discretionary services	95.7	78.2	101.7	104.4	122.1	130.3	133.1	130.1	133.0	132.7	140.4	144.4	136.4	137.6	132.4	
– essential services	107.7	109.9	110.2	113.1	114.1	124.8	121.3	125.7	134.0	125.1	138.0	128.4	129.8	143.6	140.2	
goods	117.8	122.9	145.0	126.4	131.6	136.8	153.4	130.9	134.7	131.2	133.4	132.7	127.8	130.8	131.1	
– discretionary goods	124.0	125.7	157.0	127.5	133.9	139.1	161.4	129.7	135.6	134.0	134.5	136.8	127.6	130.3	130.7	
– essential goods	110.1	119.5	130.1	124.9	128.6	133.9	143.3	132.4	133.7	127.8	132.1	127.7	128.2	131.4	131.5	
retail^	123.5	123.7	129.3	133.1	137.5	143.4	140.9	141.1	141.3	139.3	141.7	141.2	137.2	138.9	138.1	
qtly%ch	1.7	0.2	4.5	2.9	3.3	4.3	-1.7	0.1	0.5	-0.4	0.7	-2.7	-2.7	-2.0	-1.5	
qtly, ann%ch	14.4	2.7	8.6	9.5	11.3	15.9	8.9	6.0	3.8	2.2	0.8	1.0	1.4	1.1	0.8	
By state (not seasonally adjusted)																
– NSW	108.4	98.9	124.8	114.7	124.6	130.2	139.6	125.9	130.2	126.7	131.2	131.4	126.0	129.5	127.5	
– Vic	108.1	103.1	127.1	119.4	127.9	133.3	143.8	129.6	134.1	131.4	135.3	136.3	130.6	132.9	130.5	
– Qld	113.8	117.8	131.7	120.8	131.6	140.7	151.6	138.2	142.8	140.8	147.1	146.9	141.3	145.4	143.1	
– WA	111.3	117.7	129.4	119.5	127.1	135.1	147.6	136.5	141.6	138.0	145.1	144.1	138.6	143.7	142.5	
– SA	114.2	117.3	132.0	121.0	131.0	138.8	150.0	136.7	140.7	137.0	144.2	142.8	138.5	143.4	140.8	

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; * July is based on 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.

Westpac Economics directory



Sydney

Level 2, 275 Kent Street
Sydney NSW 2000
Telephone (61-2) 8254 8720
Facsimile (61-2) 8254 6907

Bill Evans

Chief Economist
Global Head of Economics & Research

Andrew Hanlan

Senior Economist

Matthew Hassan

Senior Economist

Justin Smirk

Senior Economist

Elliot Clarke

Senior Economist

Ryan Wells

Economist

Auckland

Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand
Telephone (64-9) 336 5671
Facsimile (64-9) 336 5672

Michael Gordon

Acting Chief Economist, New Zealand

Satish Ranchhod

Senior Economist

Paul Clark

Industry Economist

Nathan Penny

Senior Agri Economist

London

Camomile Court,
23 Camomile St,
London EC3A 7LL
United Kingdom

Singapore

12 Marina View
#27-00, Asia Square Tower 2
Singapore, 018961

New York

39th Floor
575 Fifth Avenue
New York, 10017 USA

Publication enquiries, Westpac Economics, economics@westpac.com.au

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