

# **WESTPAC CARD TRACKER**

**14 SEPTEMBER 2023.**

**WESTPAC INSTITUTIONAL BANK**

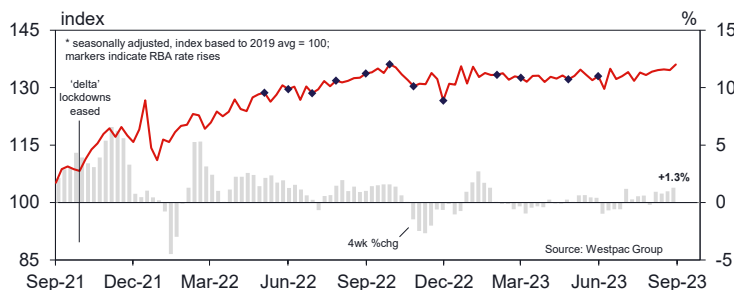


# Card activity continues to show slight lift in momentum



- The **Westpac Card Tracker Index\*** has continued to firm over the first half of September, rising 1.3pts to 136.1. While the more gradual gains in July-August were driven by rising fuel prices and temporary bursts in spend relating to the FIFA Women's World Cup, the latest rise is mainly coming from an improvement in discretionary goods spend. Quarterly momentum has lifted and is now consistent with nominal spending growth tracking in the 0.5-1%qtr range.
- The category detail shows continued gains in essential goods, some slowing in discretionary services but a much slower pace of decline for discretionary goods. Within this last segment, housing-related activity finally looks to be stabilising after recording a large decline since the start of the year.
- Conditions are starting to diverge markedly by state, with card activity posting a clear lift in NSW and SA, about flat in Qld but still declining in WA and Vic, the latter at a relatively rapid -1.3% quarterly pace. The divergence is even starker in per capita terms, quarterly growth ranging from +1% in NSW to -1.9% in Vic. The more granular detail shows the outperformance in NSW is centred on travel, hospitality while the relative weakness in Vic is centred on 'other discretionary services' and durables.
- It should be remembered that shifts in card activity are also influenced by price changes and population growth. As such, while growth momentum has improved, at 0.5-1%qtr, it remains consistent with declining per capita spend in real (inflation-adjusted) terms.

## 1. Westpac Card Tracker Index\*



\* revised measure - see p9 or more details on changes to the Index.

*“... latest rise is being driven by a reduced drag from discretionary goods spend.”*

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 p9 for a detailed explanation.

This report is produced by Westpac Economics.

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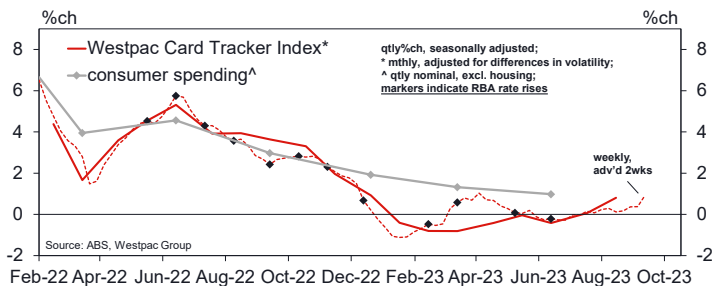
This issue was finalised on 14 September 2023.

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# Spending headwinds starting to ease?

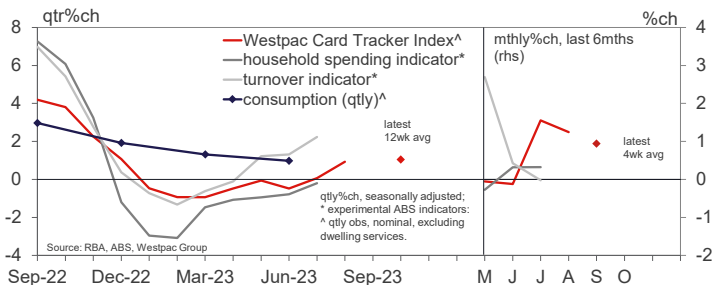


## 2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. After dipping into slight negative through June-July, the growth pulse has moved back into slight positive in Aug lifting to around 1%qtr in the latest week.
- Other monthly indicators produced by the ABS are also showing signs of a lift (Chart 3). The household spending indicator improved notably over the three months to July, the quarterly pace of decline slowing to -0.2%. The tax-based turnover indicator showed even more of a turnaround, the quarterly pace lifting to +1.3%. National accounts estimates confirm a difficult quarter for consumers in Q2, real spend stalling flat and incomes still under pressure. See [here](#) for more.

## 3. Consumer spending: selected indicators



qtrly%ch	Q4	Q1	Q2	latest
<b>Westpac Card Tracker*</b>	<b>1.1</b>	<b>-0.9</b>	<b>-0.5</b>	<b>1.0</b>
<b>Other indicators (nominal)</b>				
Household spending*	-1.2	-1.5	-0.8	-0.2
Turnover*	0.4	-0.6	1.3	1.3
<b>Consumer spending (qtrly)#</b>				
Nominal	1.9	1.3	1.0	n.a.
Real	0.2	0.2	0.0	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 p9 for more details.

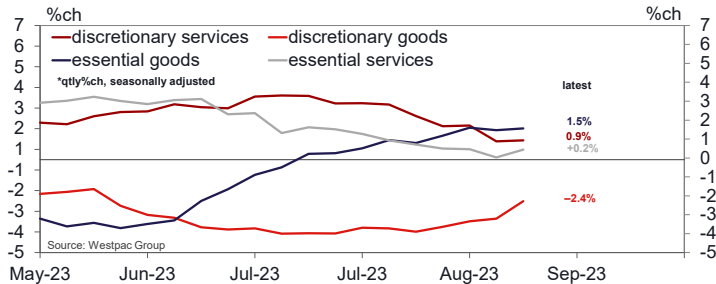
\* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

# Discretionary goods stabilising. NSW lifts, Vic still weak.

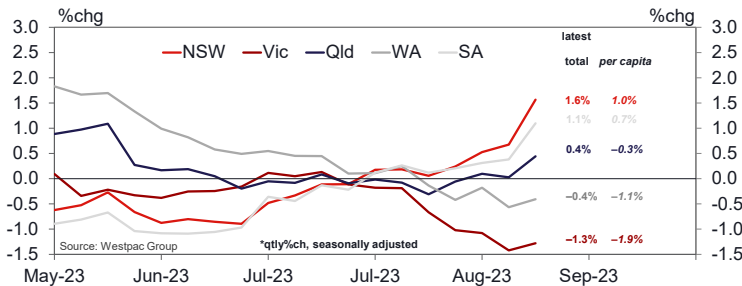


## 4. Card activity by major category



- As noted, the major category split shows a significant moderation in weakness around discretionary goods, the quarterly pace of decline in this segment moderating from the -3.5% pace seen through most of July and August to -2.4% currently. Notably, housing-related card spend has posted a solid rise over the last four weeks (see p6 for more detailed charts).
- By state, the last two weeks have seen a big lift in momentum in NSW and a solid rise in SA, with activity continuing to weaken in Vic. Strength in NSW centres on services spend. In SA it is also coming from vehicle-related activity. Vic's underperformance is mainly coming from (non hospitality) discretionary services and durables spend.

## 5. Card activity by state



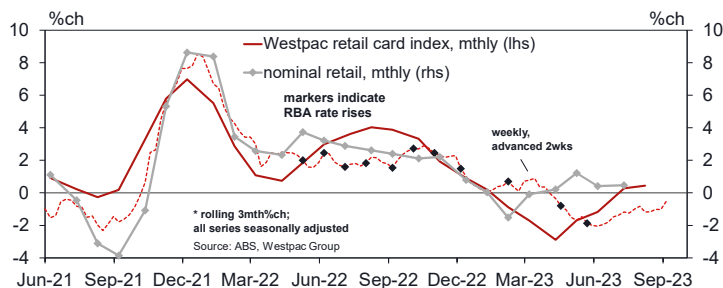
	Jun	Jul	Aug	9/9
<b>Westpac Card Tracker</b>	<b>133.9</b>	<b>136.0</b>	<b>137.7</b>	<b>136.1</b>
<b>By category</b>				
- discretionary	135.5	138.4	139.0	134.7
- essential	131.8	131.7	133.2	133.9
<b>By state</b>				
- NSW	129.1	129.6	130.8	137.1
- Vic	136.3	135.0	138.2	138.1
- Qld	144.5	146.2	146.9	149.5
- WA	140.7	141.8	142.4	146.7
- SA	140.3	141.9	142.2	143.9

All indexes based on the value of spending-related transactions, seasonally adjusted, 2019 avg=100, see p9 for more details incl. classifications; ^ based on month to date.  
Sources: ABS, Westpac Group

# Non-food retailers finally improving. Hospitality softens.

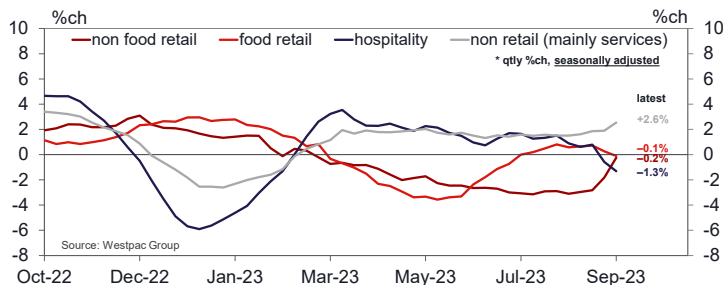


## 6. Card activity: retail



- Retail components continue to see a more mixed performance with card activity still recording declines on a quarterly basis, the latest weekly pace running at -0.5%qtr.
- The detail shows some improvement in non-food retail – consistent with the stabilisation in durable goods spend – partially offset by a renewed weakening in hospitality retail. The latter likely reflects the cycling of several major events – the FIFA Women's World Cup in particular. Food retail has also softened in recent weeks.
- Official retail figures for August will be released on September 28. The card data suggests the 3mth pace of growth has held steady, implying another solid monthly gain for the August month.

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



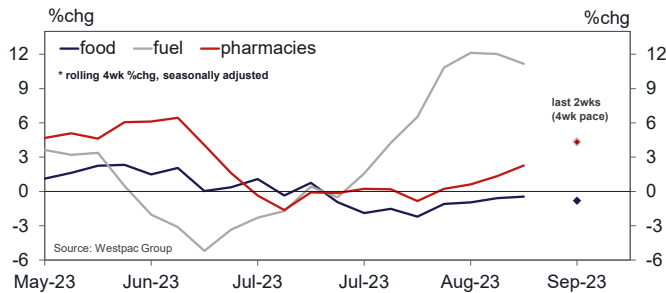
	Jun	Jul	Aug	9/9
<b>By retail/non retail</b>				
Retail card index	139.8	140.2	141.2	137.0
- qtrly %ch	-1.2	0.3	0.4	-0.5
- qtrly, ann %ch	1.8	0.8	-0.2	-0.3
Non-retail card index	127.4	131.4	133.8	136.1
<b>ABS retail sales</b>				
- %ch	-0.8	0.5	n.a.	n.a.
- ann %ch	2.3	2.1	n.a.	n.a.
- qtrly %ch	0.4	0.5	n.a.	n.a.
- qtrly ann %ch	3.5	2.8	n.a.	n.a.

All indexes based on the value of spending-related transactions, seasonally adjusted. 2019 avg=100, see p9 for more details; \* based on month to date.  
Sources: ABS, Westpac Group

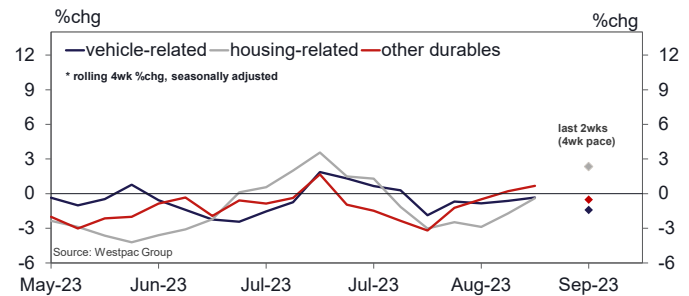
# Detailed charts



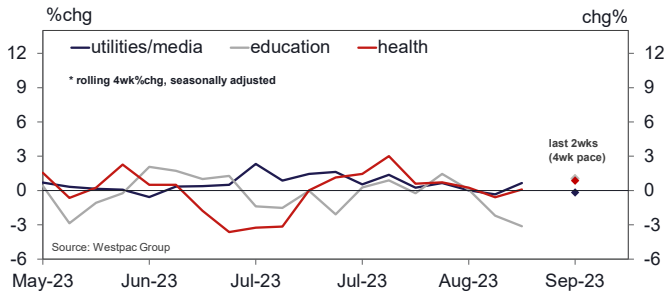
## 8. Card activity: essential goods



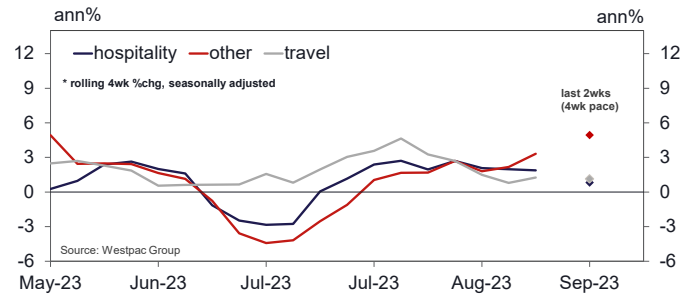
## 9. Card activity: discretionary goods



## 10. Card activity: essential services



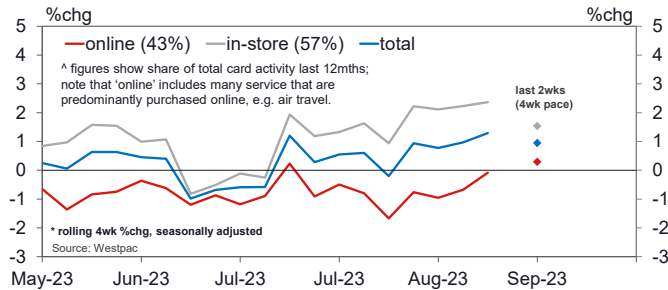
## 11. Card activity: discretionary services



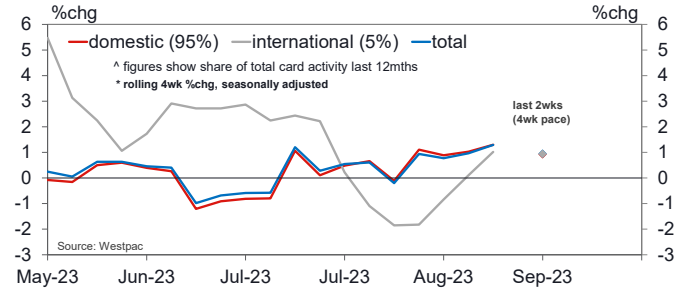
# Detailed charts



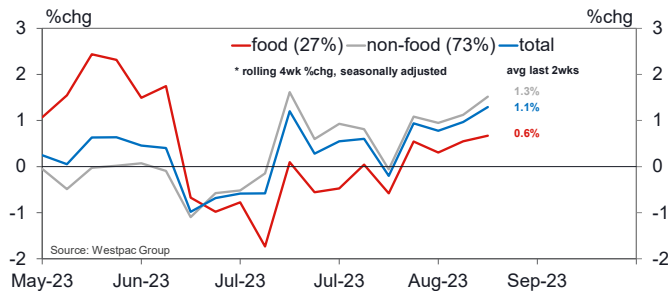
## 12. Card activity: online vs in-store



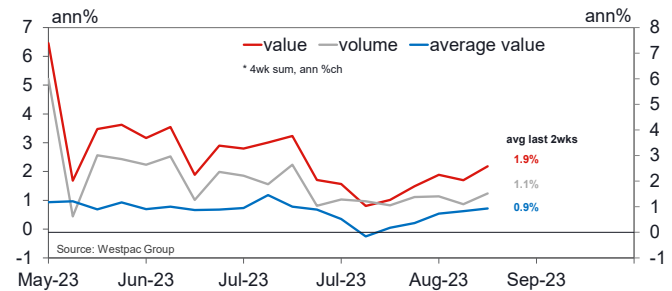
## 13. Card activity: domestic vs international



## 14. Card activity: food vs non-food



## 15. Card activity: value vs volume (ann%ch)



# Westpac card indicators\*



	2021		2022		2023						week ending:					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	Aug	19/8	26/8	2/9	9/9	
Westpac Card Tracker Index	107.1	119.4	121.7	129.1	134.5	136.0	134.7	134.1	133.9	136.0	137.7	134.6	134.8	134.6	136.1	
qtlly%ch	-4.3	11.4	1.9	6.1	4.2	1.1	-0.9	-0.5	-0.5	0.1	0.9	0.2	0.4	0.4	1.0	
qtlly, ann%ch	3.2	12.1	11.0	15.4	25.6	13.9	10.7	3.8	3.8	2.9	2.2	2.2	2.2	2.1	2.3	
By category																
- discretionary	102.5	116.9	120.8	130.9	136.7	135.9	135.6	135.5	135.5	138.4	139.0	133.0	133.0	132.9	134.7	
- essential	114.8	119.6	123.4	127.1	129.4	132.1	132.5	132.4	131.8	131.7	133.2	133.2	132.8	133.0	133.9	
services	86.4	101.2	106.8	122.2	129.2	127.4	129.3	132.3	132.6	137.6	138.1	133.7	133.1	133.7	135.6	
- discretionary services	79.9	97.6	104.9	123.9	132.1	129.0	130.6	133.7	134.2	139.6	140.9	134.5	134.4	135.2	136.8	
- essential services	105.3	112.8	112.5	116.6	120.4	123.7	125.3	127.4	127.8	130.9	129.6	131.1	128.6	128.7	131.5	
goods	125.6	131.4	133.5	136.4	139.5	139.8	137.9	136.8	136.4	135.8	137.1	132.5	132.8	132.3	133.4	
- discretionary goods	129.4	137.4	136.8	140.2	143.3	141.4	139.2	138.7	138.6	138.1	138.5	131.1	131.2	130.1	132.1	
- essential goods	119.5	123.5	128.4	131.8	133.8	136.8	135.8	134.4	133.7	131.5	134.7	134.2	134.8	135.0	135.0	
retail*	123.0	131.6	133.0	137.0	142.3	143.6	141.2	139.5	139.8	140.2	141.2	136.2	136.2	136.1	137.0	
qtlly%ch	0.2	7.0	1.1	3.0	3.9	0.9	-1.7	-1.2	-1.2	0.3	0.4	-1.2	-1.0	-1.0	-0.5	
qtlly, ann%ch	2.5	8.8	9.3	11.6	15.7	9.1	6.1	1.8	1.8	0.8	-0.2	-0.1	-0.1	-0.4	-0.3	
By state																
- NSW	98.9	117.3	119.7	127.2	130.2	132.0	131.0	129.7	129.1	129.6	130.8	129.2	129.8	129.8	131.7	
- Vic	104.7	119.5	122.4	130.6	136.2	135.0	132.7	134.7	136.3	135.0	138.2	132.9	133.0	131.3	132.4	
- Qld	116.9	123.1	127.1	135.8	139.9	143.2	144.4	144.7	144.5	146.2	146.9	143.4	142.6	143.1	143.7	
- WA	116.6	122.9	125.3	129.8	134.1	141.2	142.3	141.0	140.7	141.8	142.4	142.2	140.3	139.8	141.1	
- SA	116.2	124.9	126.5	134.5	137.8	143.0	142.3	140.9	140.3	141.9	142.2	138.9	137.8	138.6	138.3	

All indexes based on the value of spending-related transactions, seasonally adjusted by Westpac, 2019 avg=100. See p9 for more details.  
 \*composite based on transactions in retail categories; \*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%.

All measures are adjusted for regular seasonality. Weekly estimates are generated using the US Bureau of Labor's MoveReg weekly seasonal adjustment program. Note that in some cases, high levels of volatility during the COVID period mean it is not possible to produce seasonally adjusted estimates for some historical periods.

Also, note that previous versions of this report used different approaches to seasonal adjustment and measurement more generally. This means Index reads will not be comparable. See the 'About the Westpac card data indicators' sections from earlier reports to view 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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