

# **WESTPAC CARD TRACKER**

**27 SEPTEMBER 2023.**

**WESTPAC INSTITUTIONAL BANK**

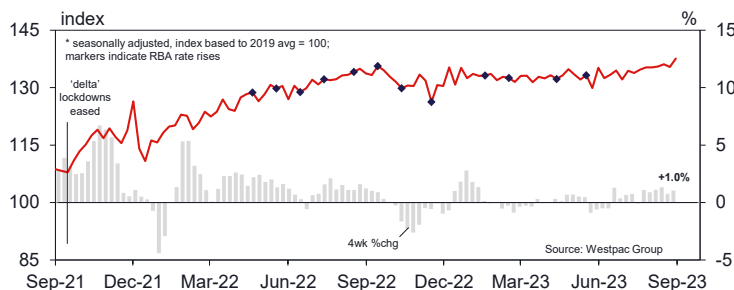


# Australian consumers sparking back to life?



- The **Westpac Card Tracker Index**\* has continued to lift over the last two weeks, rising a further 1.5pts to 137.6. The Index is now up 6% from its mid-June low. Notably, whereas earlier gains were mainly due to higher fuel prices and temporary spending relating to the FIFA Women's World Cup, the rise since mid-August has been more evenly spread. Quarterly momentum is now consistent with nominal spending growth in the 1.5–2%qtr range.
- It is now just over fifteen weeks since the last RBA rate hike, and while consumers may still be down in the dumps [sentiment-wise](#), the constant hits to household cash flows have come to an end. The improved tone from card activity suggests spending has freed up a little although it remains more consistent with a stabilisation than a return to sustained gains, especially in real, per capita terms.
- The broad category breakdown shows the lift is coming from stronger growth in discretionary services, modest gains for essential services and a reduced drag from falling activity in the discretionary goods category. The detail still shows prominent gains for fuel and hospitality but with half a dozen other categories also contributing positively since mid-August.
- State performances show a widening divergence with card activity rising strongly in NSW; tracking steady gains in SA and Qld but the pace of declines accelerating in WA and Vic. The divergence in per capita quarterly growth has widened and now ranges from +1.6% in NSW to -2.3% in Vic. The weakness in Vic is particularly unsettling given signs that pandemic savings are being run down more quickly in the state (see our latest [Coast-to-Coast](#) report for more).

## 1. Westpac Card Tracker Index\*



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

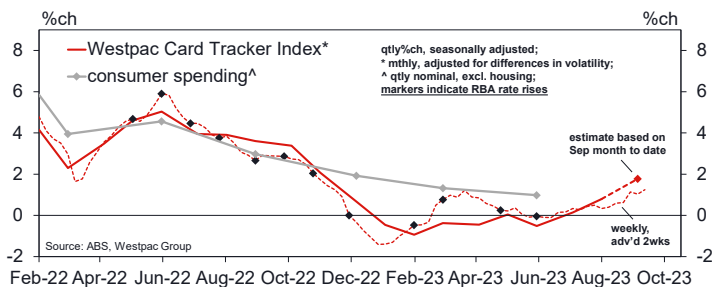
*“... while consumers may still be down in the dumps ... the constant hits to household cash flows have come to an end.”*

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 27 September 2023.

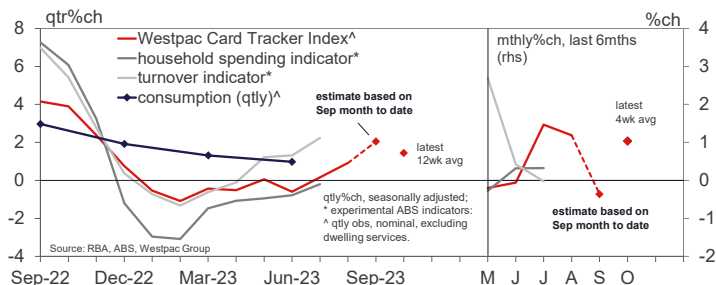
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## 2. Card activity and spending: growth momentum



- 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 from the weekly reads has lifted into the 1-1.25% range but with the monthly profile date tracking closer to a 1.75% pace. Note that the monthly estimates adjust for the timing of weeks (which often straddle month-ends) and use a monthly seasonal adjustment rather than weekly.
- As noted previously, other monthly indicators produced by the ABS are also showing signs of a lift as at July (Chart 3). August updates are due in coming weeks, the household spending indicator out on Oct 5 and the tax turnover data out on Oct 11. Our current forecasts for Q3 have a 1.2%qtr rise in nominal spending and a slightly improved 0.3%qtr gain in real, inflation-adjusted terms.

## 3. Consumer spending: selected indicators



qtrly%ch	Q4	Q1	Q2	latest
<b>Westpac Card Tracker*</b>	<b>0.8</b>	<b>-0.4</b>	<b>-0.6</b>	<b>1.4</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.

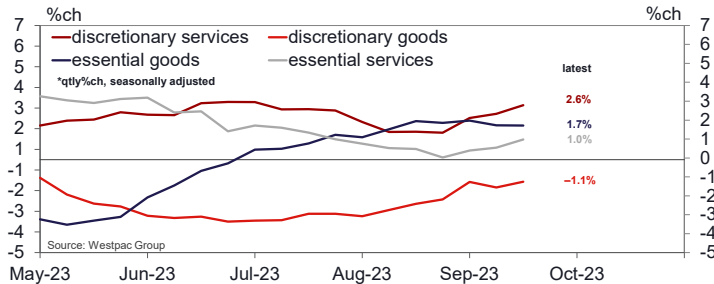
\* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

# Broad improvement by category but diverging state trends

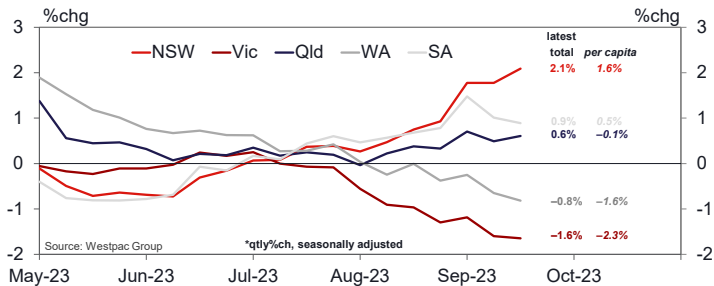


## 4. Card activity by major category



- The category and state detail continue to show very interesting trends. Discretionary services have seen a further lift in growth to 2.6%qtr, while essential services has lifted from flat at the start of September to 1%qtr. The weakness in discretionary goods has moderated, declines running at around -1%qtr vs -2.5-3%qtr through June-August (see p6 for more detailed charts).
- NSW is the clear stand-out by state, growth accelerating sharply since mid-August and running at its fastest pace since November last year. At the other extreme, card activity is contracting materially in Vic, the quarterly declines running at the fastest pace since the delta lock-downs 1.6%qtr. The nature of the weakness in Vic warrants further investigation.

## 5. Card activity by state



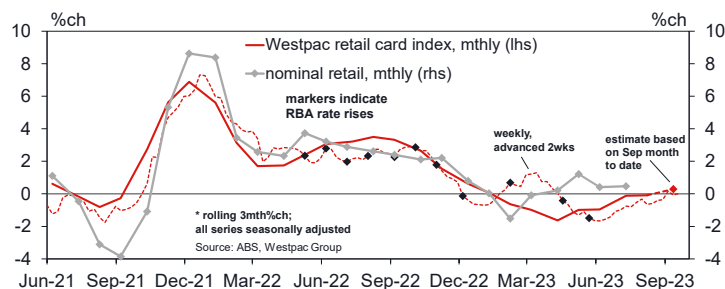
	Jul	Aug	Sep*	23/9
<b>Westpac Card Tracker</b>	<b>136.2</b>	<b>137.8</b>	<b>137.3</b>	<b>137.6</b>
<b>By category</b>				
– discretionary	137.2	138.8	136.3	135.8
– essential	132.0	133.6	135.1	137.1
<b>By state</b>				
– NSW	129.9	131.3	130.8	133.1
– Vic	134.7	137.8	136.9	131.0
– Qld	146.0	146.5	145.4	145.2
– WA	141.9	142.3	141.8	142.3
– SA	142.2	142.5	143.0	141.8

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

# Retail flat, hospitality gains but weakness elsewhere

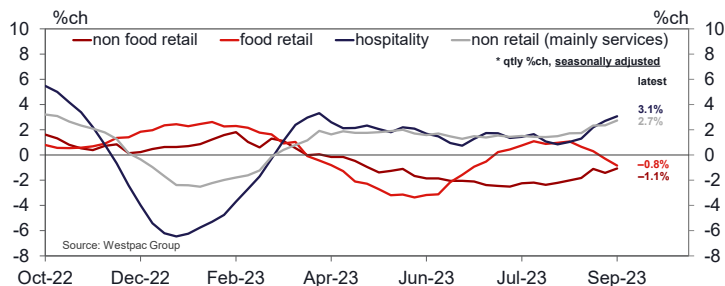


## 6. Card activity: retail



- Retail components continue to see a more mixed performance with card activity about flat overall on a quarterly basis.
- The detail shows strong gains in hospitality retail have been offset by a decline in basic food (pointing to some substitution between eating out and self-catering) with non food retail still recording declines, albeit at a slower pace than a few months ago. Note that historical estimates have been revised slightly due to improved seasonally adjusted estimates for segments that were heavily impacted by COVID disruptions..
- Official retail figures for August will be released on September 28, a day after we go to press. The card data suggests the data should show a solid monthly gain of around 1%.

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



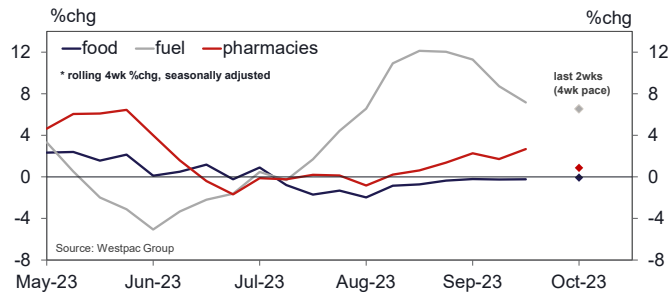
	Jul	Aug	Sep*	23/9
<b>By retail/non retail</b>				
Retail card index	140.4	140.7	140.7	139.9
– qtly %ch	-0.1	-0.1	0.3	0.0
– qtly, ann %ch	0.9	-0.2	-1.0	-0.9
Non-retail card index	131.6	134.7	133.7	136.1
<b>ABS retail sales</b>				
– %ch	0.5	n.a.	n.a.	n.a.
– ann %ch	2.1	n.a.	n.a.	n.a.
– qtly %ch	0.5	n.a.	n.a.	n.a.
– qtly ann %ch	2.8	n.a.	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

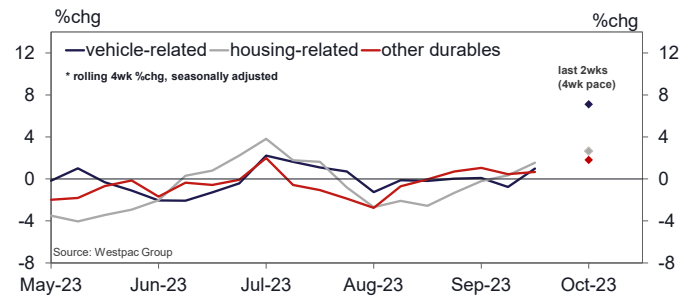
# Detailed charts



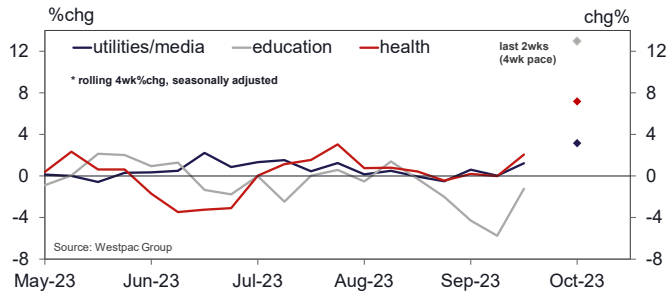
## 8. Card activity: essential goods



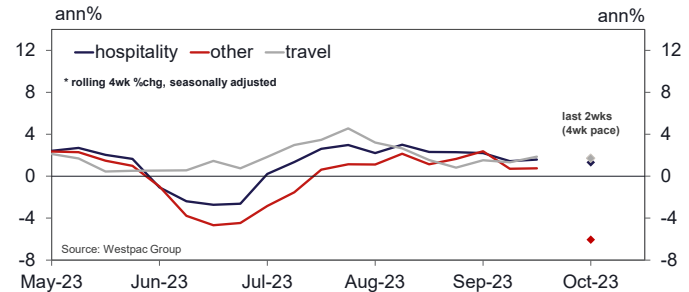
## 9. Card activity: discretionary goods



## 10. Card activity: essential services



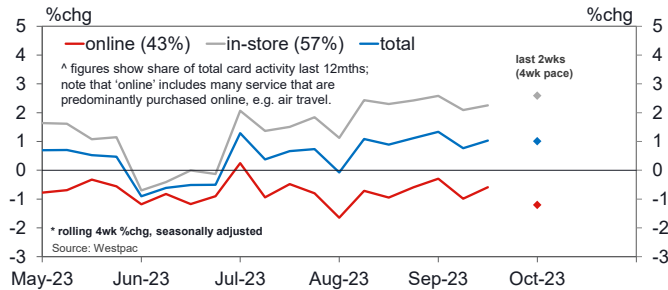
## 11. Card activity: discretionary services



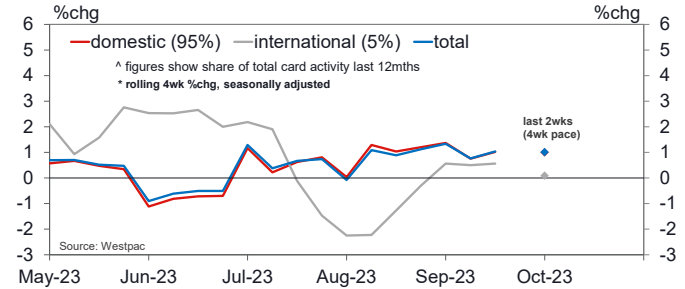
# Detailed charts



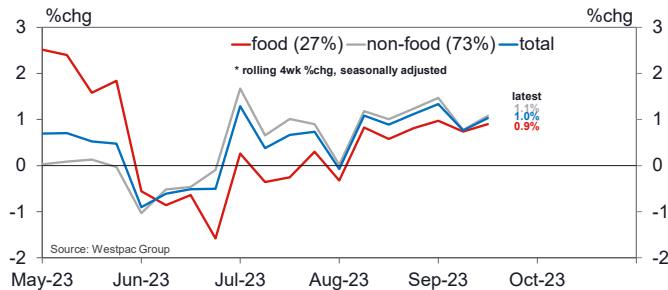
## 12. Card activity: online vs in-store



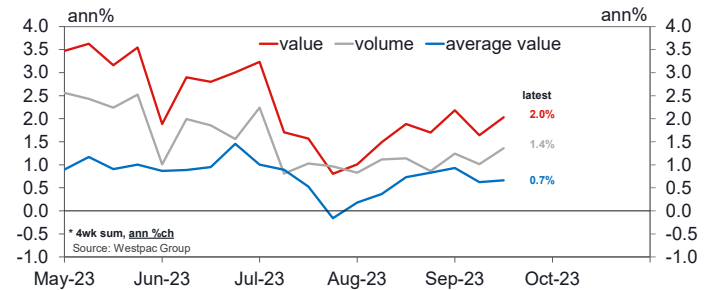
## 13. Card activity: domestic vs international



## 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	Jul	Aug	Sep^	2/9	9/9	16/9	23/9
<b>Westpac Card Tracker Index</b>	<b>107.3</b>	<b>119.1</b>	<b>122.3</b>	<b>129.4</b>	<b>134.7</b>	<b>135.8</b>	<b>135.2</b>	<b>134.4</b>	<b>136.2</b>	<b>137.8</b>	<b>137.3</b>	<b>135.5</b>	<b>136.1</b>	<b>135.4</b>	<b>137.6</b>
qtly%ch	-4.2	11.0	2.7	5.8	4.2	0.8	-0.4	-0.6	0.2	0.9	2.0	0.7	1.3	1.2	1.4
qtly, ann%ch	3.3	11.2	11.7	15.5	25.6	14.0	10.6	3.9	3.0	2.3	1.8	2.2	2.3	1.8	1.9
<b>By category</b>															
- discretionary	102.2	117.4	120.5	130.9	136.4	136.4	135.3	135.4	137.2	138.8	136.3	133.7	134.5	133.1	135.8
- essential	114.8	119.5	123.3	127.2	129.5	132.0	132.4	132.6	132.0	133.6	135.1	133.6	134.2	134.6	137.1
services	86.3	101.8	107.1	121.2	129.0	128.5	129.6	130.9	136.7	137.4	135.9	133.0	134.1	132.2	135.7
- discretionary services	79.6	98.4	105.3	122.6	131.6	130.4	131.2	131.9	138.0	139.7	136.9	134.5	135.2	132.9	135.3
- essential services	105.4	112.8	112.6	116.6	120.5	123.6	125.4	127.4	131.1	130.0	132.2	128.4	130.6	129.7	137.2
goods	125.5	131.3	133.5	136.6	139.5	139.5	138.0	137.2	136.2	137.0	137.5	134.3	134.6	134.9	136.7
- discretionary goods	129.4	137.5	136.7	140.2	143.3	141.5	139.1	138.7	137.9	138.2	137.4	132.8	133.6	133.3	136.5
- essential goods	119.6	123.7	128.0	132.0	133.9	136.6	135.8	134.5	132.1	135.0	136.9	136.1	135.9	137.0	137.0
retail*	122.7	131.2	133.4	137.5	142.0	142.9	141.5	140.2	140.4	140.7	140.7	138.1	138.5	138.9	139.9
qtly%ch	-0.3	6.9	1.7	3.1	3.3	0.6	-1.0	-1.0	-0.1	-0.1	0.3	-0.4	0.2	-0.1	0.0
qtly, ann%ch	2.6	8.8	9.1	11.7	15.8	9.0	6.1	2.0	0.9	-0.2	-1.0	-0.3	-0.2	-0.8	-0.9
<b>By state</b>															
- NSW	99.0	117.2	119.7	127.1	130.6	131.8	130.9	129.7	129.9	131.3	130.8	130.6	131.5	130.9	133.1
- Vic	105.0	120.5	121.4	130.4	135.9	136.3	131.9	134.5	134.7	137.8	136.9	131.6	131.9	130.7	131.0
- Qld	116.8	123.3	127.2	135.5	139.8	143.4	144.5	144.4	146.0	146.5	145.4	144.4	144.0	142.6	145.2
- WA	116.5	123.1	124.5	129.8	134.1	140.9	141.5	141.1	141.9	142.3	141.8	140.7	141.0	139.3	142.3
- SA	116.3	124.9	126.4	134.5	138.1	142.8	142.1	141.0	142.2	142.5	143.0	139.8	138.8	139.5	141.8

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; small revisions to previous estimates are due to seasonal adjustment changes and rounding effects.

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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