

# **WESTPAC CARD TRACKER**

**14 DECEMBER 2023.**

**WESTPAC INSTITUTIONAL BANK**

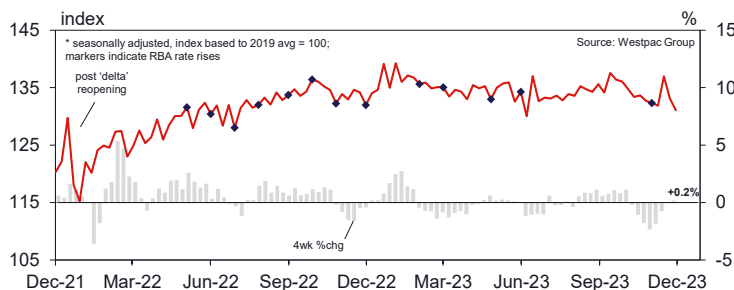


# Card activity falls back after brief Black Friday boost



- The **Westpac Card Tracker Index**\* fell 5.9pts over the two weeks to December 9, unwinding all of the Black Friday boost in late November. At 131.1 the latest index read is the second lowest seen since July 2022.
- The Index is showing a clearer loss of momentum. Even with the Black Friday boost, the quarterly pace of growth has almost stalled flat in early December. Much still depends on the remaining lead-in to Christmas and subsequent Boxing Day sales. However, the weekly profile to date suggests much of the initial strength may have been due to consumers bringing forward purchases to take advantage of price discounts and that we are now starting to see the corresponding drop off. That would in turn be entirely consistent with a consumer facing intense income pressures.
- The detail continues to show weakness centred on discretionary services spend, and in NSW and Victoria. Non-food discretionary card activity during 'Cyber-week' was down slightly on the same week in 2022. However, the detail shows online retailers still posted a small gain and picked up market share.
- Any lingering doubts about conditions across Australia's consumer sector were dispelled by the Q3 national accounts. Spending flat-lined in the quarter in real, inflation-adjusted terms, annual growth dropping to just 0.4%yr. Incomes also came in weaker than expected, with households drawing more heavily on savings just to hold the line on spending, a dynamic that now has less scope to continue. The Westpac card data suggests Q4 is not looking any better and may instead end up being worse spending-wise.

## 1. Westpac Card Tracker Index\*



\* see p10 or more details on the Index construction.

## *“The Index is showing a clearer loss of momentum ...”*

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 detailed explanation.

This report is produced by Westpac Economics.

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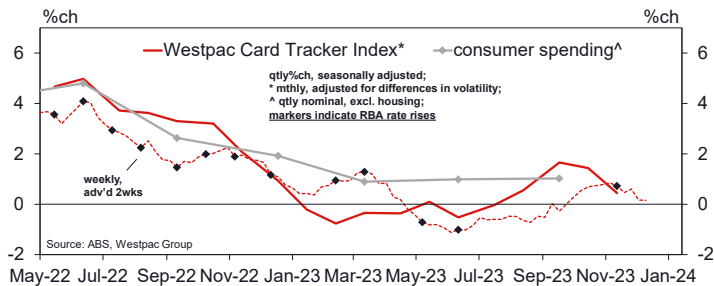
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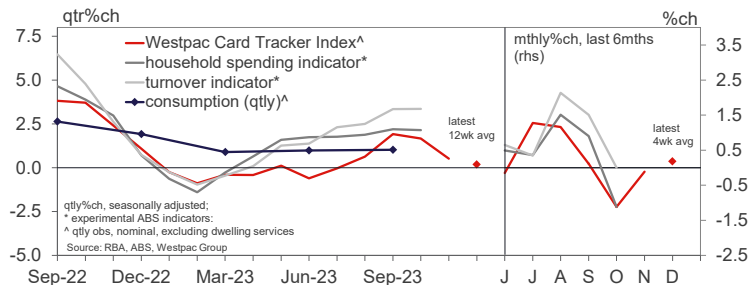
# Momentum stalls, real spend likely declining



## 2. Card activity and spending: growth momentum



## 3. Consumer spending: selected indicators



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. After dipping into negative mid year, the growth pulse lifted through Aug-Sep, sustaining into Oct but falling away again since. Latest weekly reads have quarterly momentum in the 0-0.25qtr range. With price inflation tracking around 0.7%qtr, this points to a material decline in spending in real, inflation-adjusted terms. With population growth also tracking at 0.7%qtr, the per capita decline is over 1%qtr.
- As noted, the [Q3 national accounts](#) showed real spending flat in the quarter and only up 0.4%yr (the table below shows spending excluding housing costs). Oct updates of the ABS's household spending and turnover indicators were broadly in line with the Westpac Card Tracker. Nov updates are due mid-to-late Jan.

qly%ch	Q1	Q2	Q3	latest
<b>Westpac Card Tracker*</b>	<b>-0.4</b>	<b>-0.6</b>	<b>1.9</b>	<b>0.2</b>
<b>Other indicators (nominal)</b>				
Household spending*	-0.3	1.7	2.2	2.2
Turnover*	-0.4	1.4	3.3	3.4
<b>Consumer spending (qly)#</b>				
Nominal	0.9	1.0	1.0	n.a.
Real	0.0	0.0	-0.1	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.

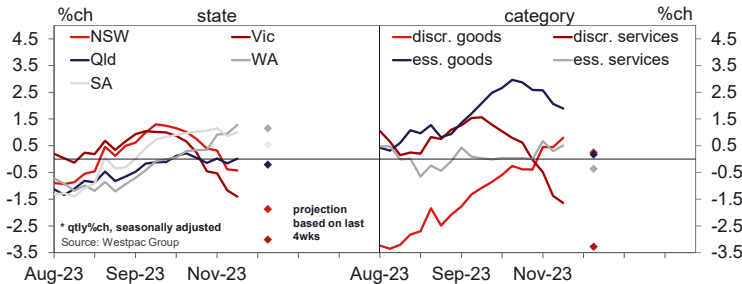
\* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

# Sharp falls for discretionary services, NSW and Vic

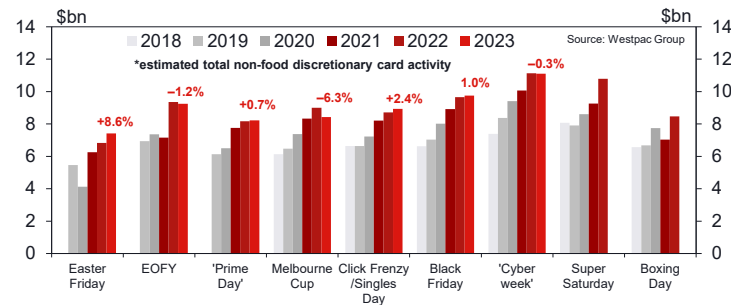


## 4. Card activity by state, major category



- The category and state detail continue to show weakness more pronounced in discretionary services categories, especially hospitality, with the declines centred on NSW and Victoria.
- Improving activity in discretionary goods categories has offset this to some extent but this support looks to be fading. The initial improvement here was a stabilisation after significant declines over the year to mid-2023 with an added boost coming from Black Friday sales that now looks to be unwinding. Whether that is followed by stabilisation or renewed weakening is unclear.
- In non-seasonally adjusted terms, non-food discretionary card activity was down slightly for 'cyber week', 0.3% below the same week in 2022.

## 5. Card activity: sales periods compared



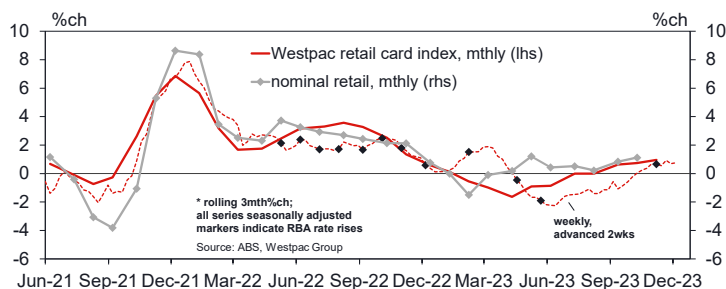
	Sep	Oct	Nov*	9/12
<b>Westpac Card Tracker</b>	<b>137.7</b>	<b>136.2</b>	<b>136.0</b>	<b>131.1</b>
<b>By category</b>				
- discretionary	137.3	135.1	135.7	129.5
- essential	134.6	135.5	134.2	132.4
<b>By state</b>				
- NSW	131.1	130.2	130.5	125.9
- Vic	136.5	132.8	134.6	128.1
- Qld	145.8	145.4	145.9	140.5
- WA	143.2	145.2	146.1	140.1
- SA	143.7	144.1	146.3	138.1

All indexes based on the value of spending-related transactions, seasonally adjusted, 2019 avg=100, see p10 for more details incl. classifications. Sources: ABS, Westpac Group

# Retail segments not seeing the same softening

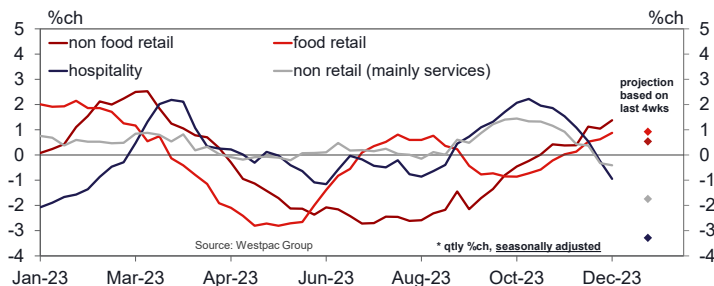


## 6. Card activity: retail



- Retail components of card activity continue to hold up better than non retail segments. A large part of this reflects a steadier performance for basic food which accounts for about 40% of total retail sales. Non food retail is also seeing gains but momentum is now slowing again as the boost from Black Friday sales rolls out. As seen more broadly, hospitality components of retail are seeing sharp declines but not enough to offset the gains in other retail segments.
- This divergent performance should be remembered when official retail sales estimates come to be released
  - these are unlikely to reflect the extent of weakness across the wider consumer. Preliminary ABS estimates for Nov retail sales are due Jan 9.

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



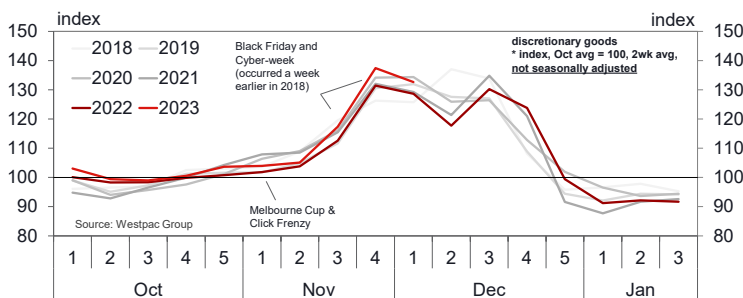
	Sep	Oct	Nov	9/12
<b>By retail/non retail</b>				
Retail card index	142.0	141.7	142.2	135.4
- qtlly%ch	0.6	0.7	0.9	0.8
- qtlly, ann%ch	-0.6	-0.8	-0.5	-0.9
Non-retail card index	133.0	130.0	129.2	127.0
<b>ABS retail sales</b>				
- %ch	0.9	-0.2	n.a.	n.a.
- ann%ch	2.0	1.2	n.a.	n.a.
- qtlly%ch	0.8	1.1	n.a.	n.a.
- qtlly ann%ch	1.9	1.6	n.a.	n.a.

All indexes based on the value of spending-related transactions, seasonally adjusted. 2019 avg=100, see p10 for more details.  
Sources: ABS, Westpac Group

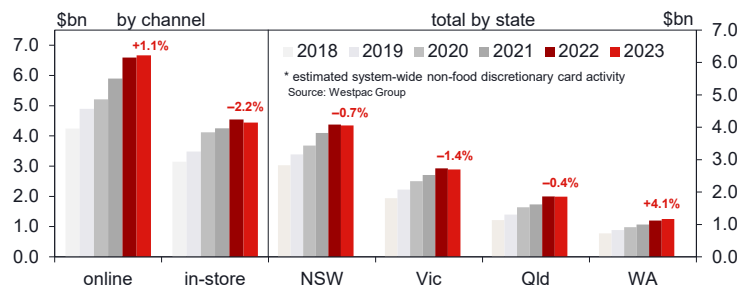
# An okay 'Cyber-week' for online retailers



## 8. Christmas sales periods: 2023 vs history



## 9. Cyber-week activity by channel, state

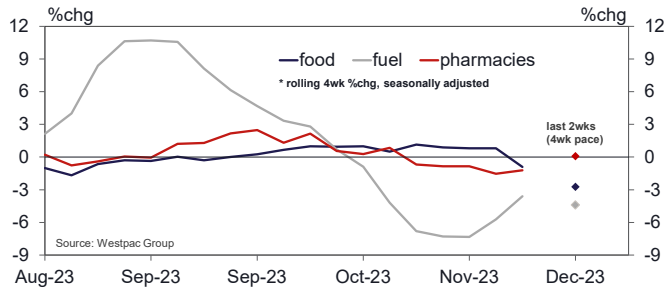


- Our last report looked at how the lead-in to Christmas was tracking compared to previous years, focusing on 'Black Friday' sales, the unofficial start of the sales high season. This report updates for the two weeks since, focusing on performances during 'Cyber-week', a major sales event for online retailers.
- Chart 8 shows how 'discretionary goods' card activity has evolved compared to previous years in non seasonally adjusted terms. After posting a solid 11.7% rise over the Black Friday week – a stronger start than in the previous five years – sales surged a further 17.1% in 'Cyber-week'. While that is a strong gain on paper it is more in line with the ramp-up in previous years and has been followed by a more pronounced softening in the week after.
- Zeroing-in on the 'Cyber-week' detail, chart 9 shows how non-food discretionary card activity performed across online and in-store channels and by state. Nationally, online card activity was up 1.1% vs the same week in 2022, a gain but likely reflecting a decline in underlying 'volumes' given the material rise in prices over the last year. By comparison, in-store sales were down 2.2% on last year. While neither segment performed well, the results show online retail has continued to gain market share, accounting for 60% of transactions in the week compared to 59.2% in 2022 and 57% back in 2018.
- In terms of total non-food discretionary card activity, the state breakdown shows a material decline in Vic compared to last year, smaller dips in NSW and Qld but a robust gain in WA, where consumers do not appear to be experiencing anything like the weakness showing through in the major eastern states.

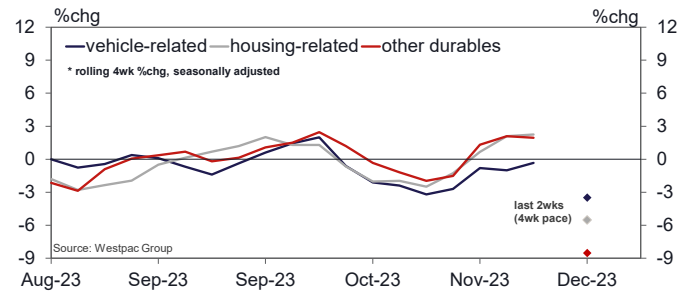
# Detailed charts



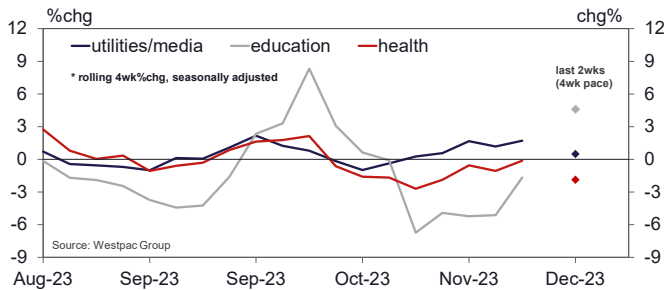
## 10. Card activity: essential goods



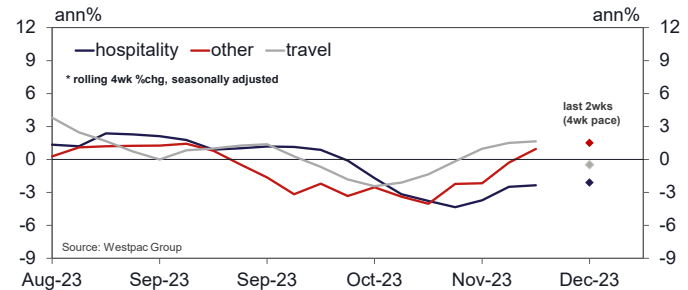
## 11. Card activity: discretionary goods



## 12. Card activity: essential services



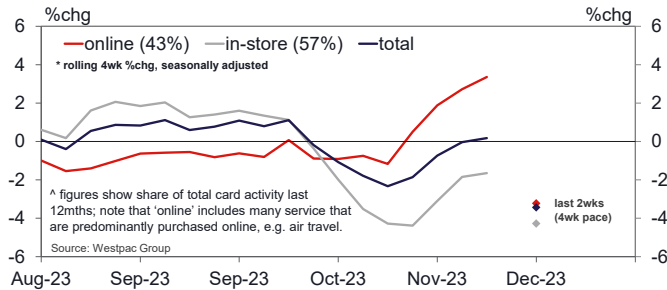
## 13. Card activity: discretionary services



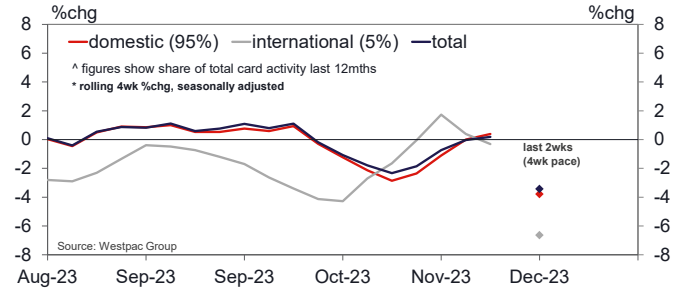
# Detailed charts



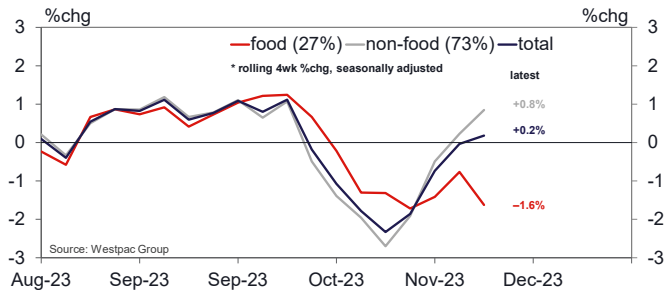
## 14. Card activity: online vs in-store



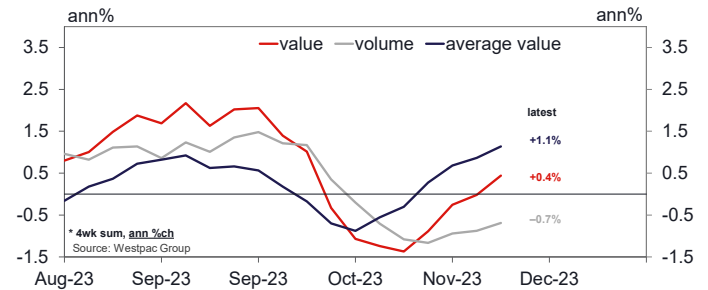
## 15. Card activity: domestic vs international



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



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





# Westpac card indicators\*



	2021	2022			2023				week ending:						
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	Nov	18/11	25/11	2/12	9/12
<b>Westpac Card Tracker Index</b>	<b>119.1</b>	<b>122.4</b>	<b>129.5</b>	<b>134.4</b>	<b>135.9</b>	<b>135.3</b>	<b>134.5</b>	<b>137.1</b>	<b>137.7</b>	<b>136.2</b>	<b>136.0</b>	<b>131.9</b>	<b>137.0</b>	<b>133.1</b>	<b>131.1</b>
qtlly%ch	11.3	2.7	5.8	3.8	1.1	-0.4	-0.6	1.9	1.9	1.7	0.5	0.5	0.7	0.2	0.2
qtlly, ann%ch	11.3	11.6	15.5	25.6	14.0	10.6	3.9	2.0	2.0	1.0	0.4	0.1	0.2	0.0	0.0
<b>By category</b>															
- discretionary	117.5	120.8	130.9	136.0	136.6	135.6	135.4	137.5	137.3	135.1	135.7	130.4	136.5	132.3	129.5
- essential	119.6	123.4	127.2	129.4	132.0	132.4	132.6	133.3	134.6	135.5	134.2	132.8	135.2	133.0	132.4
services	101.9	107.5	121.5	128.0	128.7	130.1	131.3	135.5	134.4	130.9	129.2	127.2	129.7	127.8	128.7
- discretionary services	98.5	105.7	123.1	130.5	130.6	131.7	132.5	137.1	136.0	131.4	129.2	127.5	129.4	127.6	128.7
- essential services	112.8	112.7	116.6	120.3	123.6	125.5	127.4	130.3	130.3	129.9	129.5	126.4	130.8	128.5	128.7
goods	131.4	133.6	136.7	139.3	139.5	138.1	137.3	137.2	138.6	138.3	138.4	134.8	141.8	136.8	132.1
- discretionary goods	137.6	136.7	140.2	143.2	141.5	139.1	138.8	138.6	139.3	138.5	141.1	133.9	145.2	138.0	130.5
- essential goods	123.9	127.9	132.3	133.7	136.7	135.8	135.0	134.6	137.2	138.8	137.0	135.9	137.4	135.2	134.2
retail*	131.1	133.3	137.5	142.0	142.9	141.5	140.3	141.1	142.0	141.7	142.2	137.7	144.1	139.6	135.4
qtlly%ch	6.9	1.7	3.2	3.3	0.6	-1.0	-0.9	0.6	0.6	0.7	0.9	0.6	0.9	0.7	0.8
qtlly, ann%ch	8.8	9.1	11.8	15.7	9.0	6.1	2.0	-0.6	-0.6	-0.8	-0.5	-1.0	-0.8	-0.8	-0.9
<b>By state</b>															
- NSW	117.6	119.6	127.2	130.2	132.1	130.9	129.7	130.6	131.1	130.2	130.5	126.4	130.4	128.0	125.9
- Vic	119.3	124.7	130.5	134.3	136.0	134.9	133.8	135.7	136.5	132.8	134.6	128.5	134.0	130.1	128.1
- Qld	123.4	127.2	135.6	139.7	143.5	144.4	144.5	146.1	145.8	145.4	145.9	142.7	147.2	142.3	140.5
- WA	122.7	125.0	129.9	134.8	140.6	141.8	141.3	143.0	143.2	145.2	146.1	141.5	146.8	143.2	140.1
- SA	124.8	126.4	134.5	138.2	142.7	142.1	141.1	142.9	143.7	144.1	146.3	141.3	144.6	142.9	138.1

All indexes based on the value of spending-related transactions, seasonally adjusted by Westpac, 2019 avg=100. See p10 for more details.

\*composite based on transactions in retail categories; seasonal adjustment and rounding may result in small revisions to previously published estimates.

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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