

WESTPAC CARD TRACKER

15 MARCH 2024.

WESTPAC INSTITUTIONAL BANK

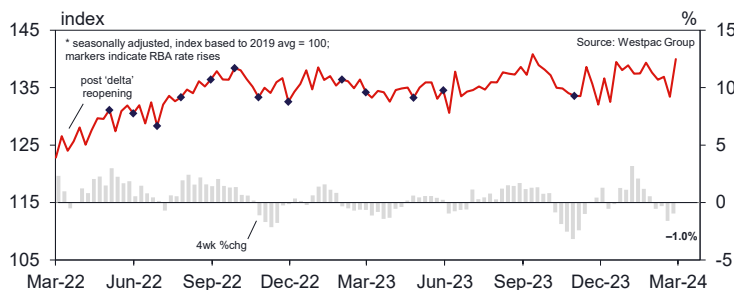


Card activity rebounds but mixed messages on momentum



- The **Westpac Card Tracker Index*** has had a choppy start to March, an initial sharp fall followed by a sharp rebound in week two to be up slightly on the start of the month. At 140, the Index is up 3.1pts from 136.9 in late February. Even with the latest weekly gain, the average read in March is slightly below the average seen in February.
- The volatile profile makes underlying momentum tricky to assess. Our ‘benchmark’ quarterly growth reads point to a stabilisation following the very weak performance through the turn of the year. Monthly and weekly gauges offer a more mixed picture, the former suggesting the recovery is seeing decent gains but the latter looking a little shakier over the last few weeks. If the latest weekly bounce sticks, the overall picture will look better. But the extent of volatility means this is a big if.
- The category and state themes continues to show an improving performance for discretionary services and the big Eastern states of NSW and Vic leading the cycle – these segments and states now contributing positively again to the quarterly growth signal. Growth has also shown a notable lift in the ‘essential services’ category, utilities/media and education the stand-out areas. Some of this may reflect price changes, and the end of energy rebates.
- Official data updates confirm the weak finish for consumer spending in 2023, real consumption declining slightly over the second half of the year and barely up on a year prior – a very weak result given the current pace of population growth. The early signs, based on Westpac card data that now covers 75% of the period, the March quarter of 2024 looks to be tracking a similar result for nominal consumer spending.

1. Westpac Card Tracker Index*



* see p9 or more details on the Index construction.

“... choppy weekly profile makes underlying momentum tricky to assess.”

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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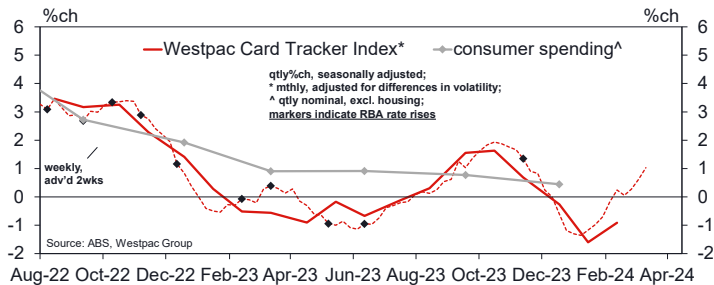
This issue was finalised on 15 March 2024.

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Range of indicators confirming stabilisation

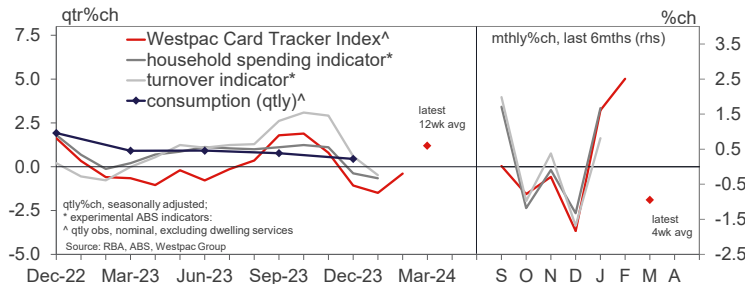


2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. The growth pulse has started to lift out of the hole it fell into through December-January, the latest weekly reads pushing back towards a positive growth pace of around 1%qtr.
- Other timely ABS indicators are confirming the picture from the Westpac card data. Both the ABS household spending and the ABS business turnover indicators showed January bounces coming out of deep declines in Dec. Despite this, the latest quarterly momentum on both measures is still tracking in negative territory. February updates are due on April 4 (household spending) and April 11 (business turnover). Our card data suggest both will show another solid monthly gain, lifting quarterly growth back towards flat.

3. Consumer spending: selected indicators



qtly%ch	Q2	Q3	Q4	latest
Westpac Card Tracker*	-0.8	1.8	-1.1	1.2
Other indicators (nominal)				
Household spending*	1.1	1.1	-0.4	-0.7
Turnover*	1.1	2.6	0.6	-0.5
Consumer spending (qtly)#				
Nominal	0.9	0.8	0.4	n.a.
Real	0.0	-0.4	0.0	n.a.

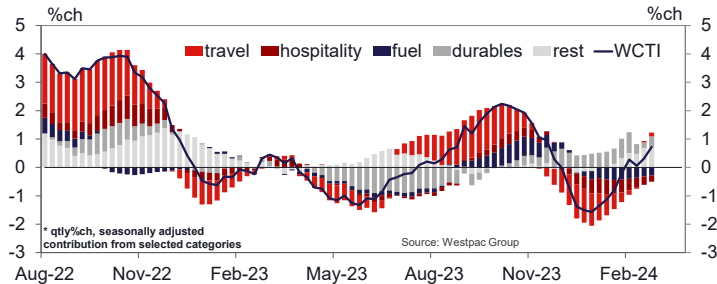
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p9 for more details.
* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

Another price-led rise for essential services?

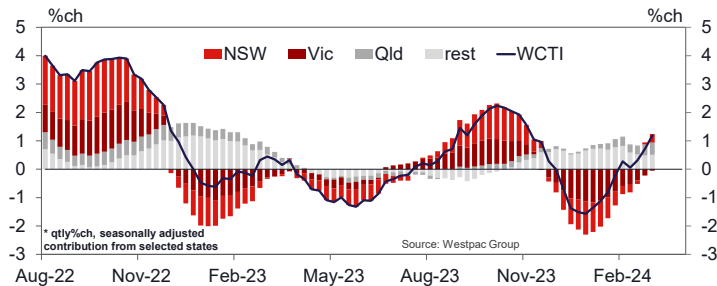


4. Card activity: category contribution to quarterly growth



- The category breakdown continues to show momentum shifts are being led by discretionary services – travel and hospitality in particular. Both have stabilised from their recent contractions, travel even posting slight gains. Durables spend has continued to show steady, slightly positive momentum compared to much of last year, with broad gains across sub-categories. Essential services have seen a notable up-tick in recent months, led by utilities/media and education. Some of this is likely price-related. In particular, many temporary state government energy rebates are rolling off, meaning out of pocket costs will rise for many consumers.
- By state, the cycle continues to be dominated by NSW, Vic, and to a lesser extent Qld.

5. Card activity: state contribution to quarterly growth



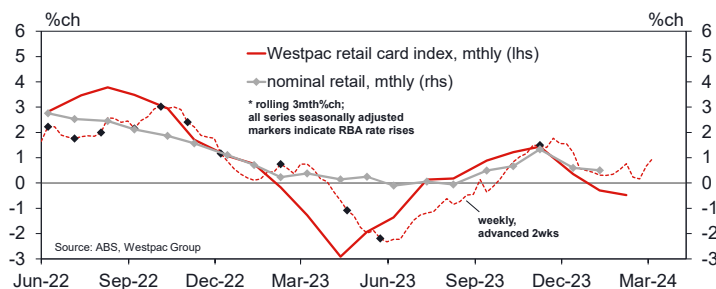
	Dec	Jan	Feb	9/3
Westpac Card Tracker	133.5	135.7	139.1	140.0
By category				
– discretionary	132.3	135.8	138.2	139.0
– essential	129.3	133.8	138.6	139.2
By state				
– NSW	128.7	130.8	133.9	132.1
– Vic	130.1	131.4	136.5	137.7
– Qld	144.8	146.6	149.7	154.1
– WA	144.3	145.7	149.2	155.6
– SA	142.4	143.7	148.4	144.6

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

Retail in better shape

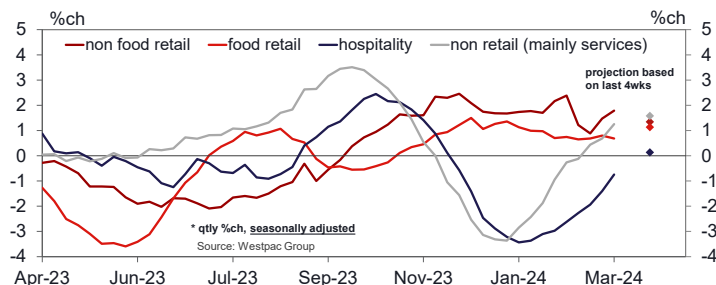


6. Card activity: retail



- Retail components of card activity have shown a slightly better improvement than wider spending over the last 2wks, ‘hospitality’ improving in line with the broader stabilisation in discretionary services and other retail segments – basic food and non-food retail – holding up slightly better than other spending components. Overall momentum has lifted towards 1%qtr with steady growth across non-hospitality segments.
- The preliminary ABS estimate for February retail sales is due to be released on March 28. Recent reads have outperformed our card-based measures – allowing for this, the latest card data would be broadly consistent with another monthly gains for the official measure. Note that the ABS is winding down this survey measure, progressively moving to card-based estimates (see [here](#)).

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



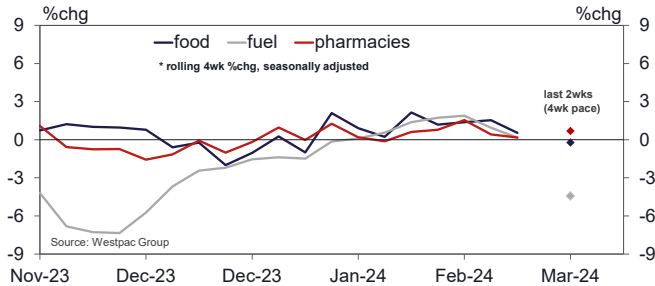
	Dec	Jan	Feb	9/3
By retail/non retail				
Retail card index	139.7	141.5	143.5	145.7
– qtly%ch	0.4	-0.3	-0.5	1.0
– qtly, ann%ch	-1.4	-1.9	-0.8	-0.3
Non-retail card index	126.6	129.2	134.1	134.3
ABS retail sales				
– %ch	-2.1	1.1	n.a.	n.a.
– ann%ch	0.8	1.1	n.a.	n.a.
– qtly%ch	0.6	0.5	n.a.	n.a.
– qtly ann%ch	1.4	1.4	n.a.	n.a.

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

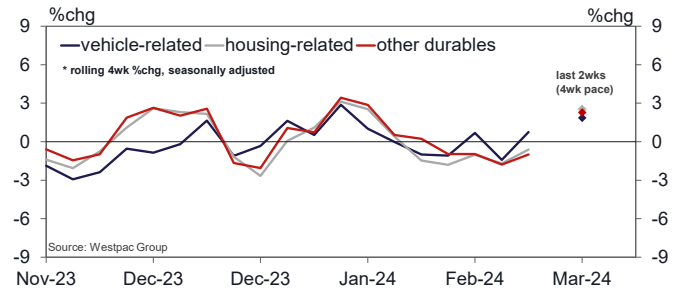
Detailed charts



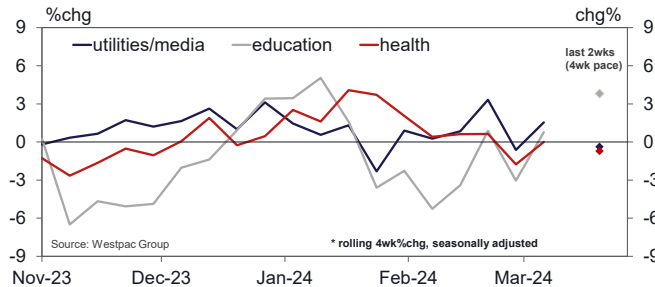
8. Card activity: essential goods



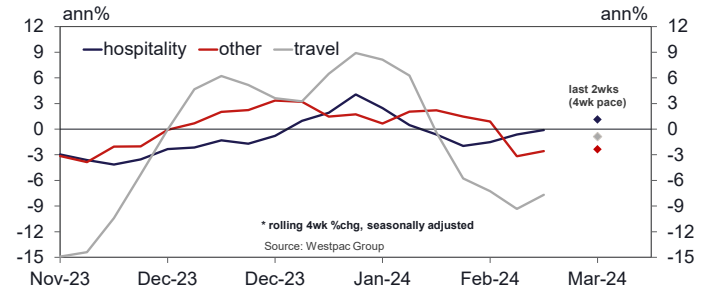
9. Card activity: discretionary goods



10. Card activity: essential services



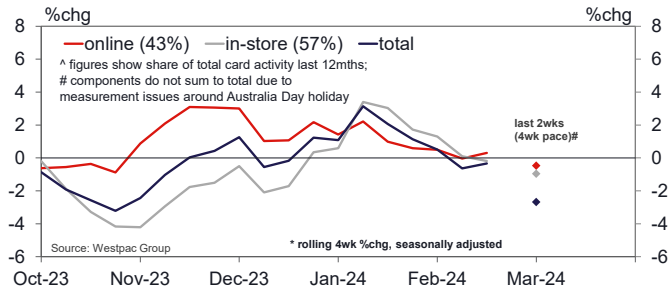
11. Card activity: discretionary services



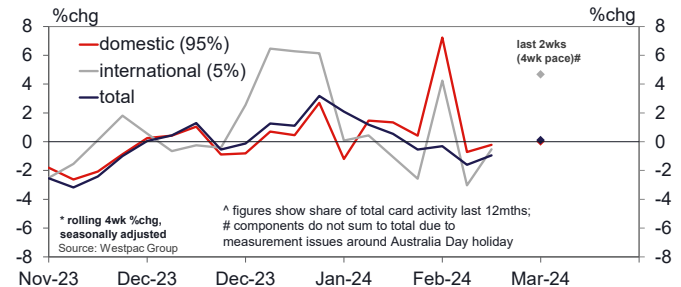
Detailed charts



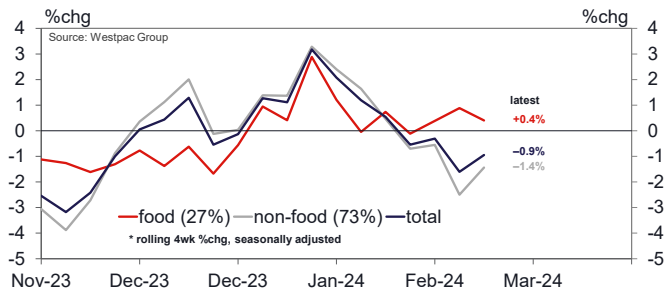
12. Card activity: online vs in-store



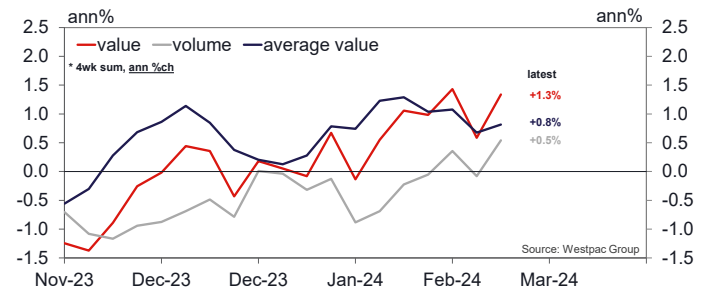
13. Card activity: domestic vs international



14. Card activity: food vs non-food



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



Westpac card indicators*



	2022				2023				2024				week ending:			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Dec	Jan	Feb^	17/2	24/2	2/3	9/3	
Westpac Card Tracker Index	122.6	129.3	134.1	136.3	135.4	134.3	136.8	135.3	133.5	135.7	139.1	136.4	136.9	133.4	140.0	
qtly%ch	2.7	5.5	3.7	1.6	-0.7	-0.8	1.8	-1.1	-1.1	-1.5	-0.4	0.1	0.3	0.7	1.2	
qtly, ann%ch	11.7	15.4	25.6	14.2	10.4	3.9	2.0	-0.7	-0.7	-0.8	0.6	0.6	0.8	0.6	0.8	
By category																
- discretionary	121.3	130.9	135.6	136.6	136.1	135.5	137.2	134.2	132.3	135.8	138.2	134.4	135.4	131.9	139.0	
- essential	123.5	127.1	129.3	132.1	132.6	132.5	133.2	132.8	129.3	133.8	138.6	137.5	136.7	134.0	139.2	
services	107.0	121.7	128.1	129.0	129.5	131.5	135.5	129.1	127.0	131.7	134.1	131.3	132.7	127.9	135.4	
- discretionary services	105.1	123.2	130.7	131.0	130.8	132.7	137.3	129.2	126.7	132.1	134.0	130.5	132.0	127.7	134.0	
- essential services	112.6	116.6	120.2	123.9	125.4	127.3	130.1	129.2	128.2	131.2	134.2	133.5	134.7	128.6	139.6	
goods	133.5	136.6	139.4	139.7	138.0	137.1	137.3	137.2	134.9	136.0	140.4	139.1	138.6	136.6	142.2	
- discretionary goods	137.6	140.5	143.1	141.4	140.0	139.0	138.4	138.2	136.4	139.0	141.7	138.9	139.4	136.7	144.7	
- essential goods	128.3	132.0	133.8	136.6	135.7	134.8	134.8	135.1	130.6	136.4	138.2	139.4	137.7	136.6	139.0	
retail*	133.4	137.2	142.0	143.5	141.7	139.7	141.0	141.5	139.7	141.5	143.5	142.6	142.2	140.4	145.7	
qtly%ch	1.5	2.8	3.5	1.1	-1.3	-1.4	0.9	0.4	0.4	-0.3	-0.5	0.2	0.2	0.7	1.0	
qtly, ann%ch	9.4	11.6	15.7	9.1	6.2	1.9	-0.7	-1.4	-1.4	-1.9	-0.8	-0.8	-0.7	-0.6	-0.3	
By state																
- NSW	120.3	127.3	130.3	132.0	131.5	129.9	130.6	129.8	128.7	130.8	133.9	128.5	128.5	126.5	132.1	
- Vic	122.7	130.9	135.6	135.3	133.4	134.8	135.7	133.0	130.1	131.4	136.5	135.9	135.9	131.3	137.7	
- Qld	127.2	135.6	139.6	143.7	144.4	144.5	146.0	145.3	144.8	146.6	149.7	149.5	151.1	148.6	154.1	
- WA	124.9	130.1	134.7	140.6	141.8	141.5	142.8	144.7	144.3	145.7	149.2	150.7	149.7	143.4	155.6	
- SA	126.9	135.0	137.9	142.4	142.6	141.3	142.6	143.7	142.4	143.7	148.4	142.9	145.6	142.7	144.6	

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; 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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