

# **WESTPAC CARD TRACKER**

**1 MARCH 2024.**

**WESTPAC INSTITUTIONAL BANK**

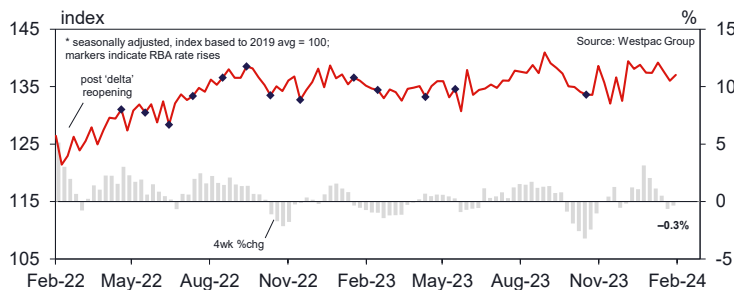


# Card activity a touch softer, momentum about flat



- The **Westpac Card Tracker Index\*** has softened slightly over the second half of February, easing to 127.8 over the week ended February 24 from 128.5 in the second week of the month. That is a firmer level compared to the weakness seen through Nov-Jan, which averaged monthly reads in the 120-125 range, albeit with some spikes around major sales events like Black Friday.
- In growth terms, card activity is holding about flat, representing a stabilisation from the declines seen around year-end. While both Jan and Feb look to have recorded decent gains, the latest weekly reads and the quarterly growth pace – our ‘benchmark’ for underlying trends – are both tracking close to zero. Allowing for price increases and population growth this remains consistent with material declines in real, per capita spend in the order of -1%qtr.
- The category and state themes are largely unchanged, the stabilisation coming mainly from an improvement in the previously weak travel and hospitality segments and in the big eastern states, NSW and Vic – card activity showing steady gains across most other segments and states. The softening over the last two weeks has been around durables, health, education and travel. Against this, retail segments have shown hints of an improvement.
- A closer look at daily transactions in Sydney and Melbourne show a surprisingly small impact from the Taylor Swift Eras tour, with some signs of a small increase in Melbourne but little discernible effect in Sydney. While some of this will be due to major spends occurring well ahead of the events, and to the card data not capture spending by international tourists, the results suggest ‘displaced’ activity and weather effects may also have dampened results.

## 1. Westpac Card Tracker Index\*



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

*“... latest weekly reads and quarterly growth pace ... tracking close to zero.”*

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.

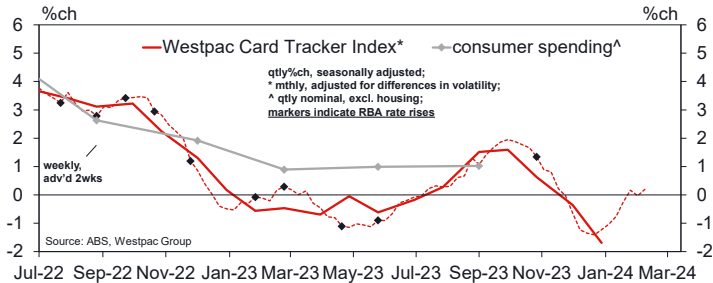
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# Card activity stabilises after weak Christmas-New Year

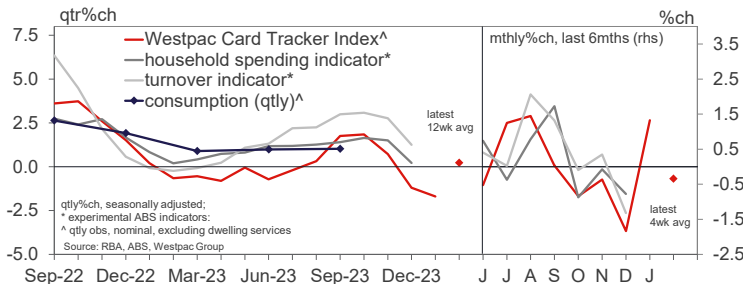


## 2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. The growth pulse fell back into contractionary territory in the final quarter of 2023 but has clearly stabilised in the first two months of 2024. This still implies a significant contraction in real and per capita terms.
- Other timely ABS indicators are likely to confirm this stabilisation in coming weeks with Jan updates due for the ABS household spending indicator (on March 7) and the ABS business turnover indicator (on March 13). Before then, the Q4 national accounts, due March 6, will provide an official estimate of total consumer spending for the quarter. We expect this to again show a soft picture on spending with just a 0.1% rise in the quarter, and GDP growth overall flat (see [here](#) for a full preview).

## 3. Consumer spending: selected indicators



qtrly%ch	Q2	Q3	Q4	latest
<b>Westpac Card Tracker*</b>	<b>-0.7</b>	<b>1.8</b>	<b>-1.2</b>	<b>0.2</b>
<b>Other indicators (nominal)</b>				
Household spending*	1.2	1.4	0.2	0.2
Turnover*	1.3	3.0	1.2	1.2

<b>Consumer spending (qtly)#</b>				
	Q2	Q3	Q4	latest
Nominal	1.0	1.0	n.a.	n.a.
Real	0.0	-0.1	n.a.	n.a.

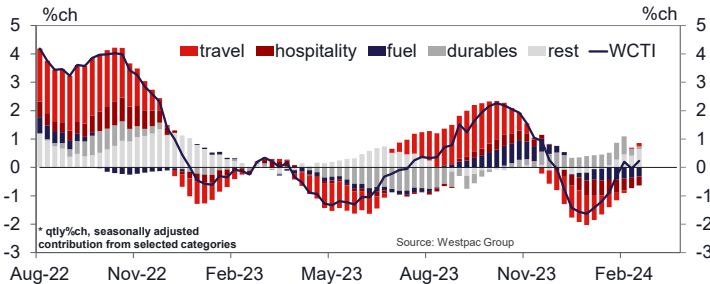
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p10 for more details.  
 \* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

# Discretionary services, NSW and Vic leading the cycle

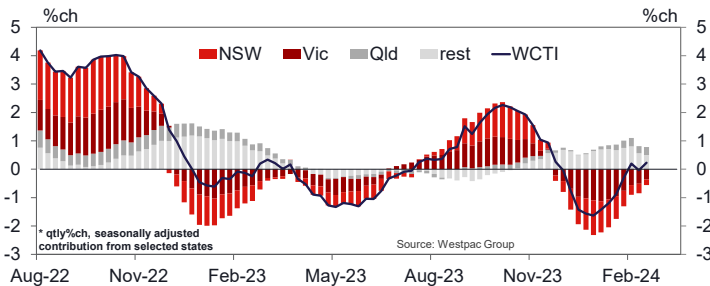


## 4. Card activity: category contribution to quarterly growth



- The category and state breakdowns continue to show the same story. By category, the momentum shift is coming from a stabilisation in previously weak travel and hospitality activity (the latter now ticking up into slight positive), with a price-driven shift in fuel spend also in the mix. By state, the shifts centre on NSW and Vic with card activity elsewhere sustaining a much steadier uptrend.
- The detailed category split shows the softening over the last 2wks has been mainly around durables spend, education, health and travel. The Charts on p7-8 show this detail and other aspects of the card data. Notable amongst this is that annual growth in the volume of transactions has ticked back into positive for the first time since Oct 2023.

## 5. Card activity: state contribution to quarterly growth



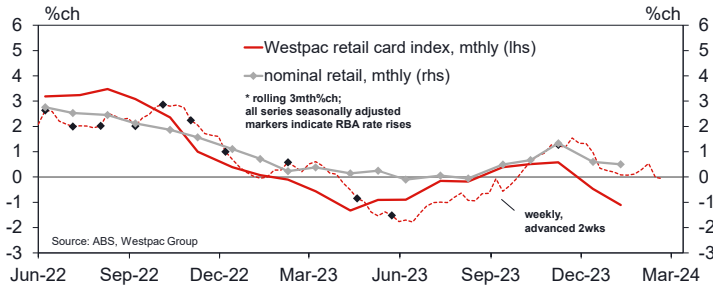
	Nov	Dec	Jan	24/2
<b>Westpac Card Tracker</b>	<b>135.9</b>	<b>133.4</b>	<b>135.2</b>	<b>137.7</b>
<b>By category</b>				
- discretionary	135.6	132.3	136.0	135.7
- essential	133.5	129.5	133.2	136.7
<b>By state</b>				
- NSW	130.4	126.9	131.7	128.6
- Vic	133.6	130.2	131.2	133.6
- Qld	145.6	144.6	145.9	148.4
- WA	145.2	144.0	144.9	146.8
- SA	145.5	141.8	143.1	144.2

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 sluggish but showing hints of improvement

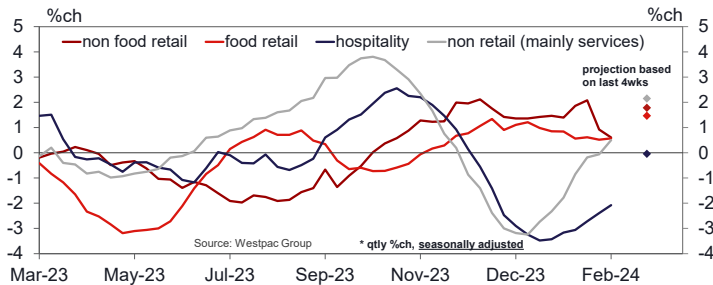


## 6. Card activity: retail



- Retail components of card activity also slowed sharply into year end, driven by a contraction in 'hospitality' segments. Since mid Jan, an easing in this source of weakness has been balanced against some slowing in non food retail, the overall pace still about flat in quarterly growth terms. That said, the last 4wks are hinting at an up-tick in momentum .
- The preliminary ABS [retail sales](#) estimate for Jan showed a 1.1% rise in the month, undershooting market expectations but slightly better than the card data has been suggesting. On a rolling quarterly basis, sales growth slowed a touch to 0.5%qtr, holding above the flatter guidance from our indicator. The choppy profile through Nov-Dec was also smoothed a little as the ABS gets a better handle on how much of this was seasonal.

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



	Nov	Dec	Jan	24/2
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### By retail/non retail

Retail card index	141.3	138.5	139.5	141.8
- qtly%ch	0.6	-0.5	-1.1	-0.1
- qtly, ann%ch	-0.6	-1.5	-2.1	-0.8
Non-retail card index	129.9	127.7	130.3	132.3

### ABS retail sales

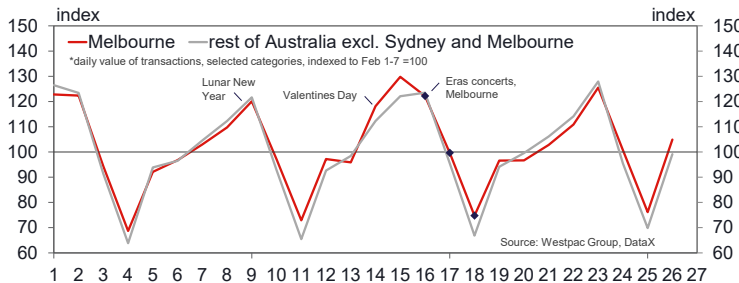
- %ch	1.5	-2.1	1.1	n.a.
- ann%ch	2.2	0.8	1.1	n.a.
- qtly%ch	1.3	0.6	0.5	n.a.
- qtly ann%ch	1.8	1.4	1.4	n.a.

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

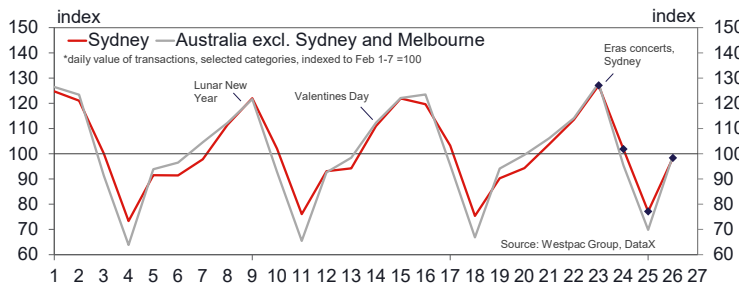
# Surprisingly small 'Taylor Swift effect' on card activity



## 8. Daily card activity: Melbourne



## 9. Daily card activity: Sydney

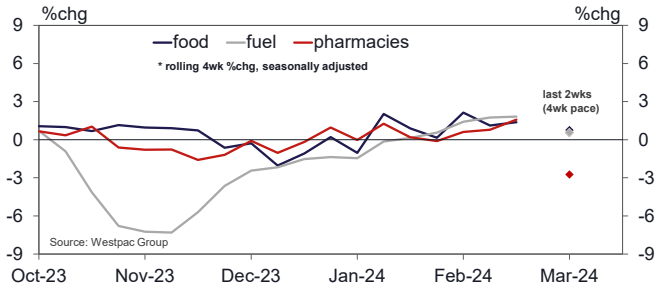


- The second half of February saw a major event for Australia's two biggest cities, Melbourne and Sydney playing host to Taylor Swift's Eras tour. Over 600k fans attended seven concerts over two weeks with some eye-catching stats – an all time record number of Uber pick-ups from Melbourne airport; data usage at the MCG spiking to the equivalent of 15.5k hours of video streaming and eBay sales of friendship bracelets sky-rocketing 15,200%!
- Naturally we were interested in how this event might have impacted card activity. The charts left show activity for selected categories that would have been impacted by these events, grey lines showing how activity tracked across the rest of the nation. All figures are in index terms relative to transactions over the first week of the month.
- The results show a surprisingly small impact. There does look to have been a boost in the days prior to the Melbourne concerts – perhaps in the order of 8% – but some of this would have related to Valentine's Day rather than the Eras tour. And with Sydney there looks to be little or no discernible effect.
- Four things are worth bearing in mind here: 1) Much of the associated spend – on tickets, flights and accommodation packages – would have happened well in advance; 2) the card data does not capture spending by international visitors; 3) spending at events would have been partially offset by reduced spending elsewhere (i.e. what those attending might have been doing instead); and 4) other factors may have produced significant offsets – poor weather in Sydney in particular may have impacted other activity. All up, the results highlight some of the complexities involved in analysing card data.

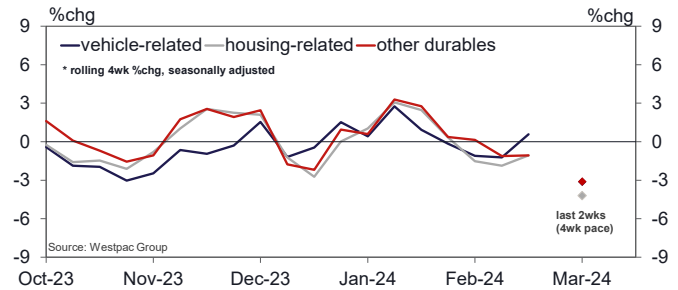
# Detailed charts



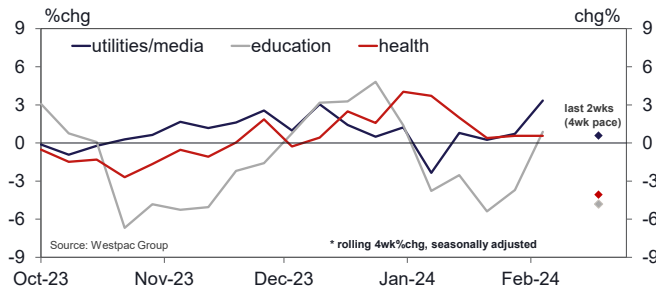
## 10. Card activity: essential goods



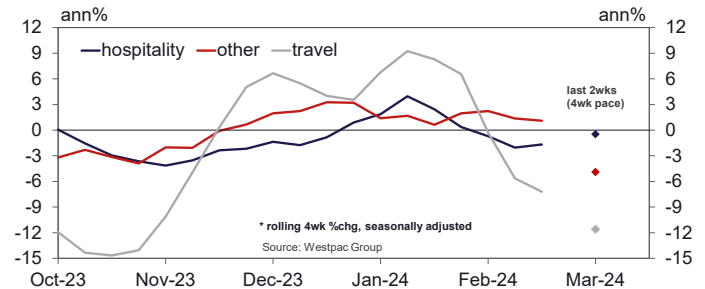
## 11. Card activity: discretionary goods



## 12. Card activity: essential services



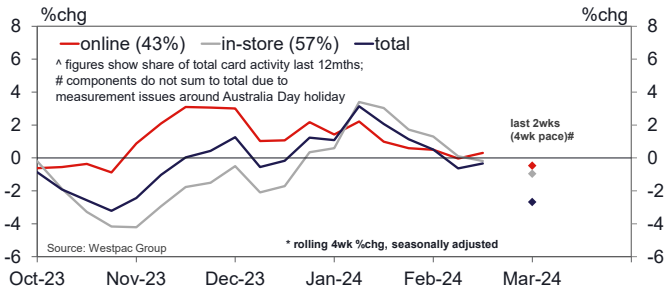
## 13. Card activity: discretionary services



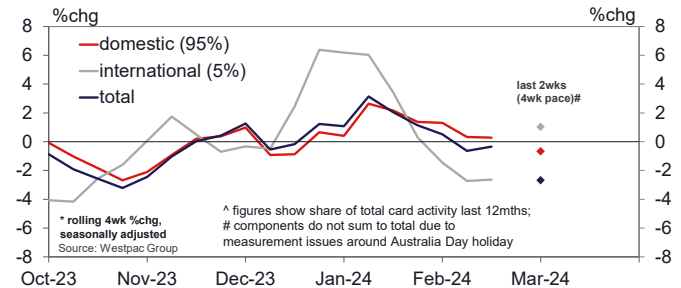
# Detailed charts



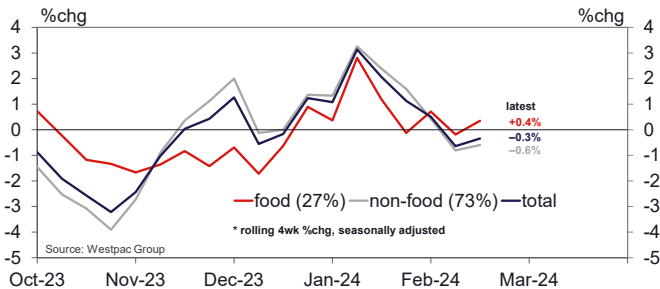
## 14. Card activity: online vs in-store



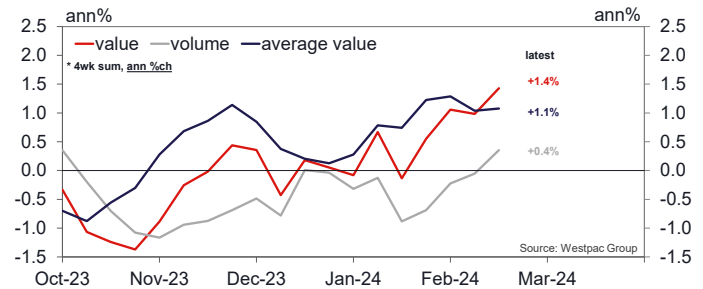
## 15. Card activity: domestic vs international



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



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





# Westpac card indicators\*



	2022				2023				2024		week ending:				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Nov	Dec	Jan <sup>^</sup>	3/2	10/2	17/2	24/2
<b>Westpac Card Tracker Index</b>	<b>122.6</b>	<b>129.5</b>	<b>134.2</b>	<b>136.2</b>	<b>135.4</b>	<b>134.5</b>	<b>136.8</b>	<b>135.2</b>	<b>135.9</b>	<b>133.4</b>	<b>135.2</b>	<b>139.2</b>	<b>137.6</b>	<b>136.0</b>	<b>137.0</b>
qtly%ch	2.9	5.6	3.6	1.5	-0.5	-0.7	1.8	-1.2	0.7	-1.2	-1.7	-0.3	0.2	0.0	0.2
qtly, ann%ch	11.8	15.4	25.6	14.2	10.4	3.9	2.0	-0.7	0.3	-0.7	-0.9	0.5	0.6	0.5	0.7
<b>By category</b>															
- discretionary	121.2	130.8	135.7	136.7	135.9	135.4	137.2	134.3	135.6	132.3	136.0	138.8	136.8	134.2	135.7
- essential	123.4	127.2	129.4	132.0	132.5	132.6	133.3	132.7	133.5	129.5	133.2	137.4	136.7	136.8	136.7
services	107.1	121.4	128.1	129.4	129.4	131.1	135.5	129.5	129.7	127.5	133.0	136.9	133.5	131.4	133.3
- discretionary services	105.1	122.9	130.7	131.5	130.8	132.3	137.2	129.8	129.9	127.6	133.7	136.5	134.1	131.0	132.9
- essential services	112.7	116.5	120.1	123.9	125.5	127.3	130.0	129.1	129.4	128.2	130.3	138.1	132.0	132.5	134.6
goods	134.0	136.9	139.0	139.5	138.5	137.5	136.8	137.1	138.1	135.3	135.5	139.5	139.5	138.3	138.4
- discretionary goods	137.6	140.9	143.0	141.1	140.0	139.3	138.2	138.2	139.8	136.9	137.6	141.5	139.9	137.9	138.8
- essential goods	128.5	132.1	133.7	136.5	135.9	134.8	134.7	135.0	135.8	130.4	134.5	137.1	139.0	138.9	137.8
retail*	133.5	137.8	142.1	142.6	141.8	140.5	141.1	140.4	141.3	138.5	139.5	142.0	143.1	141.8	141.8
qtly%ch	2.1	3.2	3.1	0.4	-0.6	-0.9	0.4	-0.5	0.6	-0.5	-1.1	0.3	0.5	0.0	-0.1
qtly, ann%ch	9.4	11.7	15.7	9.0	6.2	2.0	-0.7	-1.5	-0.6	-1.5	-2.1	-0.8	-0.7	-0.9	-0.8
<b>By state</b>															
- NSW	119.7	127.1	130.1	132.2	131.1	129.7	130.4	129.2	130.4	126.9	131.7	131.2	129.2	128.1	128.6
- Vic	122.8	131.0	135.6	135.2	133.5	134.8	135.7	133.0	133.6	130.2	131.2	134.6	133.5	133.7	133.6
- Qld	127.4	135.6	139.6	143.5	144.7	144.5	145.9	145.1	145.6	144.6	145.9	147.5	147.2	145.8	148.4
- WA	125.2	130.3	134.6	140.3	142.1	141.7	142.8	144.5	145.2	144.0	144.9	150.9	149.8	146.9	146.8
- SA	126.9	134.7	138.0	142.5	142.5	141.2	142.7	143.6	145.5	141.8	143.1	146.0	145.6	140.6	144.2

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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