

WESTPAC CARD TRACKER

12 APRIL 2024.

WESTPAC INSTITUTIONAL BANK

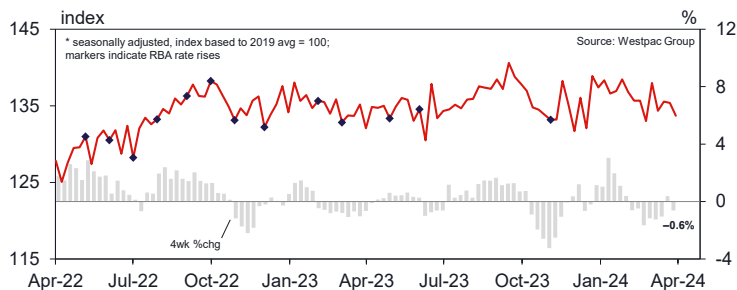


Card activity suggests consumers still lacking direction



- The **Westpac Card Tracker Index*** declined 1.9pts over the two weeks to April 6. At 133.7, the latest Index read is only slightly above the low seen at the start of March.
- While quarterly growth momentum is still positive, and materially improved on the weakness seen around the turn of the year, it remains unconvincing. The latest weekly reads show quarterly growth tracking around 0.5-1%, up on Q4's 1.3% contraction but only in line with inflation, suggesting underlying volumes are flat at best. Monthly reads also show a patchy, inconsistent performance, a relatively robust gain in Feb followed by what looks to be a sharp decline in March. While that stops short of signalling a clear tip back into contraction (particularly given the presence of Easter-related disruptions), momentum does look to be fading after the improvement earlier in the year.
- The category breakdown shows the moderation in momentum is broadly based but more pronounced for discretionary categories and fuel where the softening is due to both price and volume effects. The moderation is also broadly based across states but more pronounced across the smaller states, and Vic a notable exception. All states are still seeing positive momentum on a quarterly basis.
- Other timely data releases continue to corroborate the picture from card data. March updates due in 3-5 weeks' time will be another important gauge. Our card data suggest these will show some weakening month to month but quarter momentum holding in slight positive. For total consumer spending, the March quarter as a whole looks to be tracking a 0.5%qtr nominal gain and something in the 0.2-0.0%qtr range in real, inflation-adjusted terms.

1. Westpac Card Tracker Index*



* see p9 or more details on the Index construction.

“... momentum ...fading after the improvement earlier in the year.”

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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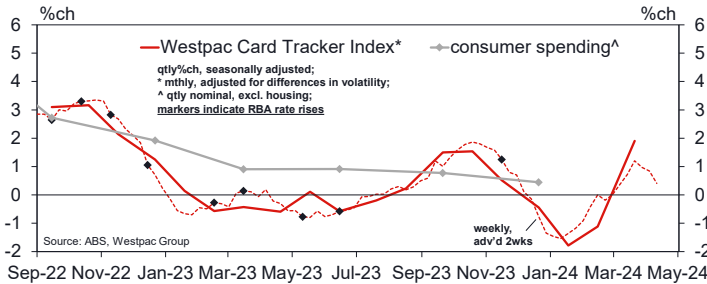
This issue was finalised on 12 April 2024.

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Activity falters after solid start to 2024

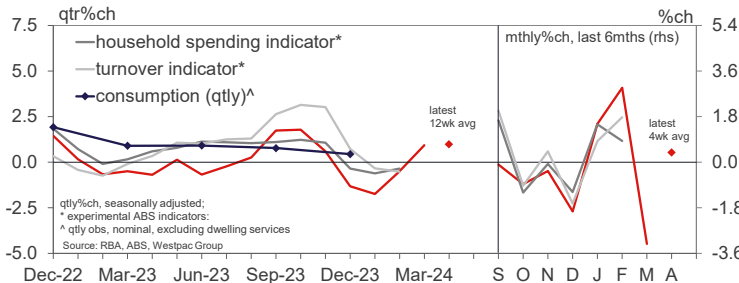


2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. The growth pulse has lifted out of its Dec-Jan hole, but has slowed again over the last few weeks, currently tracking a 0-1%qtr growth pace. Monthly and weekly reads have been choppy but also point to some slowing.
- Latest updates to timely ABS indicators confirm the mixed performance in recent months. Both the household spending indicator and business turnover data show quarterly momentum still in slight negative over the three months at -0.6%qtr and -0.5%qtr, monthly rebounds showing solid rebounds in Jan and Feb. March updates will be released in the first two weeks of May. Our card data suggests these will show declines.

3. Consumer spending: selected indicators



qtrly%ch	Q2	Q3	Q4	latest
Westpac Card Tracker*	-0.7	1.7	-1.3	0.5
Other indicators (nominal)				
Household spending*	1.1	1.1	-0.3	-0.6
Turnover*	1.1	2.6	0.6	-0.5
Consumer spending (qly)#				
Nominal	0.9	0.8	0.4	n.a.
Real	0.0	-0.4	0.0	n.a.

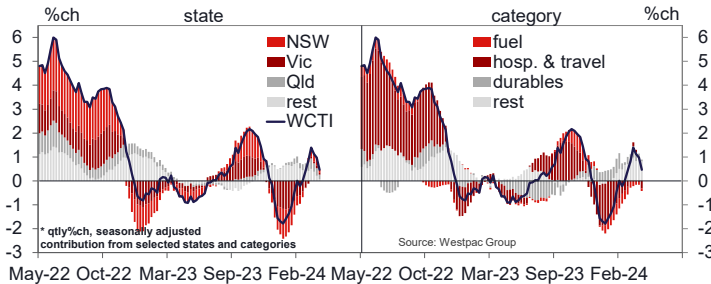
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p9 for more details.
 * ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover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

Sources: ABS, Westpac Group

Moderation led by discretionary categories, smaller states

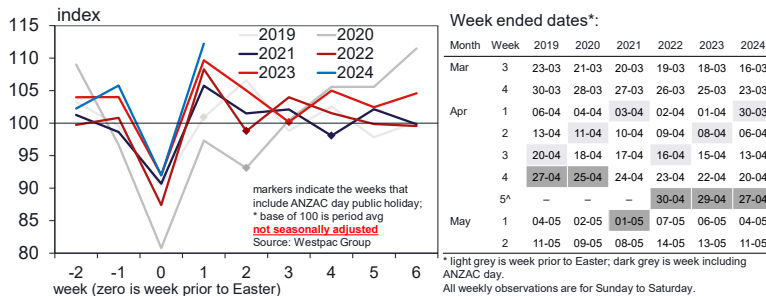


4. Card activity: contributions by state and category



- The major category breakdown shows the loss of momentum since Feb has been slightly more pronounced for discretionary segments, both services and goods activity off 4-5pts between Feb and March. All detailed sub-categories have recorded slippage over the month, fuel a particular stand-out where weakness looks to be due to a combination of price and volume effects.
- The state detail shows the smaller states have been the main source of slowing but with moderations evident in NSW and Qld as well, Vic holding steady.
- Note that all figures are seasonally adjusted, including for Easter-related variations. Chart 5 shows how the unadjusted card data through Easter compares to previous years. This year's profile is very close to 2023's.

5. Card activity: Easter period



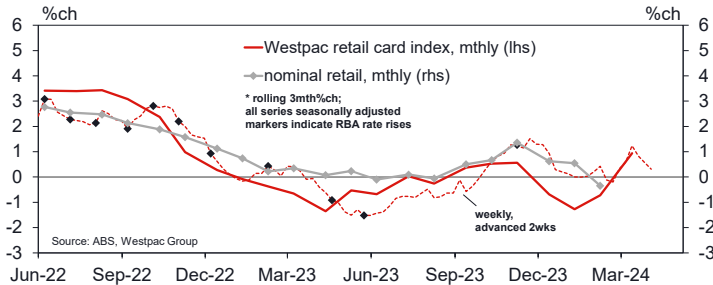
	Jan	Feb	Mar	6/4
Westpac Card Tracker	135.2	139.1	134.6	133.7
By category				
- discretionary	135.4	137.7	133.9	133.6
- essential	133.6	138.4	134.9	132.1
By state				
- NSW	130.4	134.0	130.4	125.4
- Vic	131.0	137.3	132.5	140.0
- Qld	146.0	149.8	146.3	155.8
- WA	144.4	150.4	144.3	155.4
- SA	143.0	147.9	142.6	152.2

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

Similar picture for retail segments

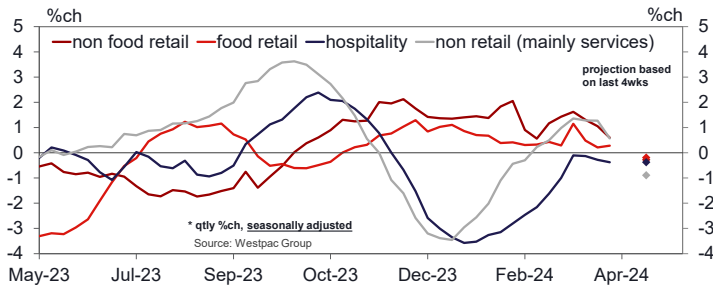


6. Card activity: retail



- Retail components of card activity have shown a similar pattern to the headline moves in recent months, an improvement through Jan-Feb losing momentum in March. All broad retail segments – basic food, hospitality and non-food – have recorded slight declines over the last four weeks. Overall momentum looks to be back around a subdued 0-0.5%qtr pace.
- The preliminary ABS estimate for March retail sales will be released on Apr 30 with final estimates including for Q1 real retail sales volumes released on May 7. Both the month and the quarter look set to post modest gains, the latter likely to be around 0.5%qtr in nominal terms. The March quarter CPI detail will provide more clues as to the price component of that rise, but at this stage it looks likely to land in the 0.2-0.4%qtr range.

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



	Jan	Feb	Mar	6/4
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By retail/non retail

Retail card index	139.9	143.8	140.8	138.2
- qtlly%ch	-1.3	-0.7	0.9	0.3
- qtlly, ann%ch	-2.1	-0.9	-0.1	-0.1
Non-retail card index	129.9	133.9	127.8	129.3

ABS retail sales

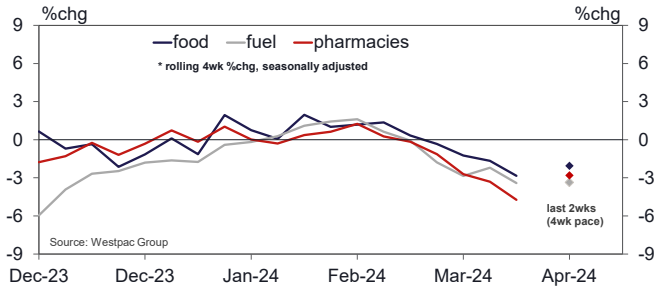
- %ch	1.1	0.3	n.a.	n.a.
- ann%ch	1.2	1.6	n.a.	n.a.
- qtlly%ch	0.5	-0.3	n.a.	n.a.
- qtlly ann%ch	1.4	1.2	n.a.	n.a.

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

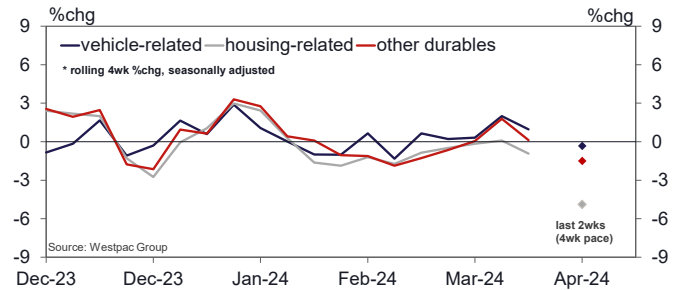
Detailed charts



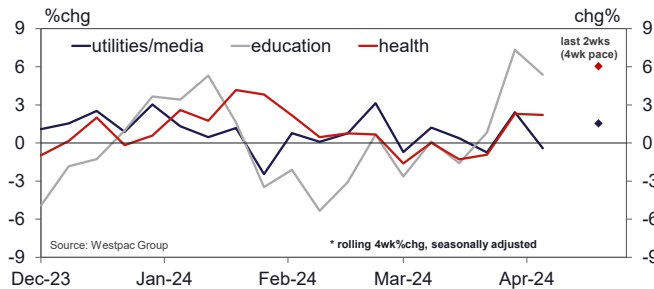
8. Card activity: essential goods



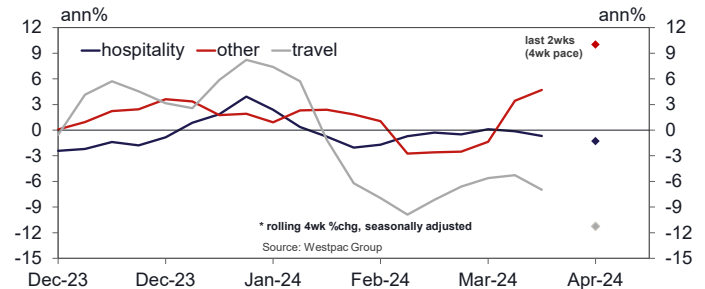
9. Card activity: discretionary goods



10. Card activity: essential services



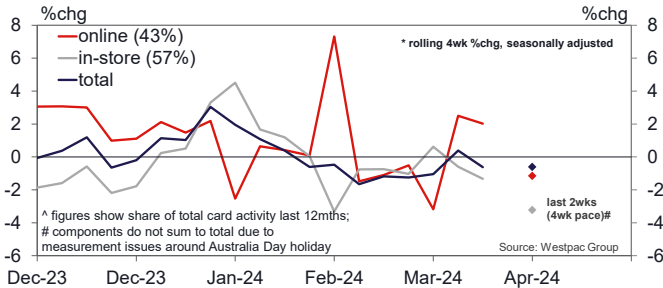
11. Card activity: discretionary services



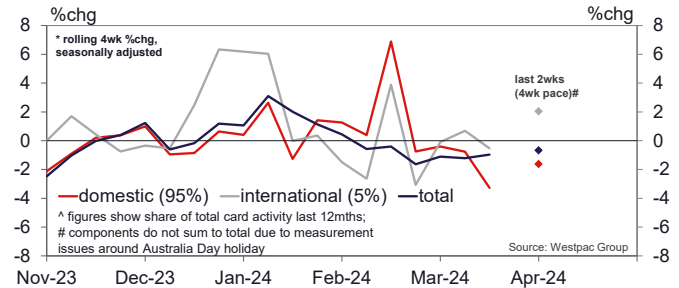
Detailed charts



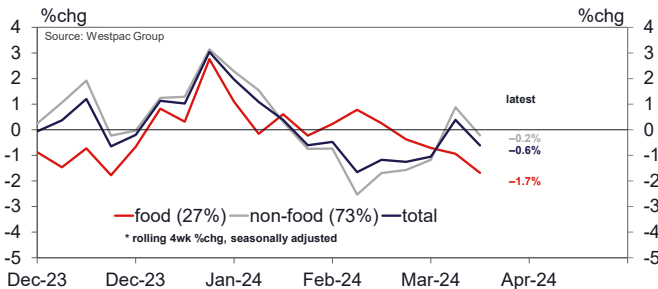
12. Card activity: online vs in-store



13. Card activity: domestic vs international

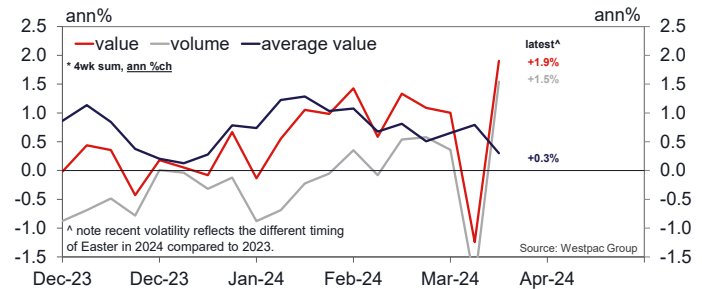


14. Card activity: food vs non-food



AAO

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



Westpac card indicators*



	2022				2023				2024						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	Mar^	week ending:			
												16/3	23/3	30/3	6/4
Westpac Card Tracker Index	122.6	129.5	134.2	136.1	135.4	134.5	136.9	135.0	135.2	139.1	134.6	134.3	135.6	135.4	133.7
qtly%ch	2.9	5.6	3.6	1.4	-0.5	-0.7	1.7	-1.3	-1.7	-0.5	0.9	1.4	1.1	1.0	0.5
qtly, ann%ch	11.7	15.4	25.6	14.2	10.4	3.9	2.0	-0.8	-0.9	0.5	0.7	1.0	1.0	0.8	0.9
By category															
- discretionary	121.2	131.2	135.6	136.4	135.9	135.8	137.2	133.9	135.4	137.7	133.9	132.7	135.7	134.1	133.6
- essential	123.6	127.2	129.3	131.9	132.7	132.5	133.2	132.7	133.6	138.4	134.9	135.0	132.6	135.3	132.1
services	107.3	120.9	127.1	130.4	130.0	131.0	134.5	130.0	132.3	135.6	129.5	128.8	133.1	132.3	131.8
- discretionary services	105.8	122.3	128.8	132.9	131.6	132.1	135.7	130.6	134.1	134.7	129.7	127.6	131.9	129.8	130.6
- essential services	112.9	116.6	120.1	123.5	125.8	127.5	130.0	128.8	130.1	134.7	130.0	132.4	136.6	139.5	135.5
goods	134.0	136.8	139.2	139.5	138.5	137.3	137.0	137.1	135.6	142.0	136.8	137.6	135.9	136.5	134.1
- discretionary goods	137.5	140.6	143.1	142.2	139.9	139.3	138.5	138.4	138.1	140.2	137.4	138.7	140.1	139.0	137.0
- essential goods	128.3	132.0	133.7	136.7	135.7	134.8	134.7	135.2	136.4	138.2	137.7	136.3	130.6	133.3	130.4
retail*	133.3	137.9	142.1	142.5	141.6	140.6	141.2	140.2	139.9	143.8	140.8	140.8	140.0	140.3	138.2
qtly%ch	1.9	3.4	3.1	0.3	-0.7	-0.7	0.4	-0.7	-1.3	-0.7	0.9	1.2	0.8	0.6	0.3
qtly, ann%ch	9.3	11.8	15.7	8.9	6.2	2.0	-0.7	-1.6	-2.1	-0.9	-0.1	-0.1	0.0	-0.2	-0.1
By state															
- NSW	120.2	127.5	130.3	131.9	131.5	130.0	130.6	129.6	130.4	134.0	130.4	127.5	127.9	127.8	125.4
- Vic	122.8	131.2	135.3	134.7	133.6	135.3	135.3	131.8	131.0	137.3	132.5	138.7	141.6	141.3	140.0
- Qld	127.2	135.8	139.6	143.5	144.4	144.7	146.0	145.0	146.0	149.8	146.3	157.8	157.3	157.5	155.8
- WA	125.4	130.2	134.7	140.2	142.2	141.7	142.8	144.5	144.4	150.4	144.3	156.0	158.3	154.5	155.4
- SA	126.9	134.8	138.1	142.3	142.6	141.4	142.7	143.4	143.0	147.9	142.6	152.4	153.3	153.9	152.2

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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