

# WESTPAC CARD TRACKER

29 APRIL 2024.

WESTPAC INSTITUTIONAL BANK

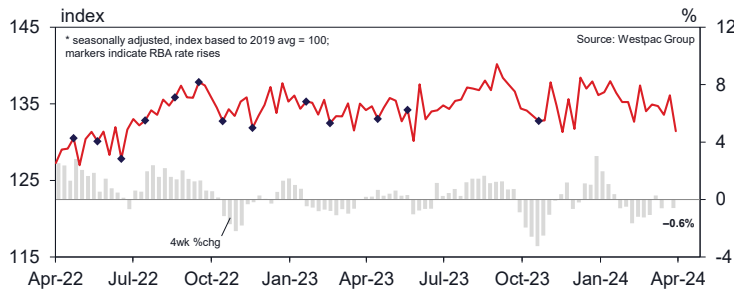


# Card activity momentum continues to flatten



- The **Westpac Card Tracker Index\*** continued to moderate through April, declining 2.2pts over the two weeks to April 20. At 131.4, the Index has moved 3.2pts below its March month read to be broadly in line with the lows observed during certain weeks over the Nov-Dec period.
- Momentum in card activity has broadly stalled after what proved to be a temporary burst near the start of the year, seeing the quarterly growth pace quickly transition from modest expansion in Q1 (0.9%qtr) to near-flat in late-April, implying a weak picture for underlying volumes. However, a choppy path for card activity persists on a weekly basis, particularly over the last two weeks. Taking the cue from the latest weekly reading points to downside risk to this recent consolidation in momentum, but given lingering volatility, prospects for further weakness remain uncertain.
- The category breakdown continues to showcase a slowdown in discretionary spending, largely centred on goods but having broadened into services over recent weeks. Spending on essentials meanwhile remained soft versus March but little-changed over April. Card activity is slowing broadly across all states albeit with considerable variations, quarterly growth momentum around flat for NSW, Vic and Qld, modestly negative for SA but still clearly positive for WA.
- The Q1 CPI update was on the stronger side, but upside surprises tended to be in areas that are less likely to be captured by card activity (vehicle prices and insurance in particular). Data releases this week – including retail sales and household spending – will provide a little more clarity on the current pulse for nominal spending.

## 1. Westpac Card Tracker Index\*



\* see p9 or more details on the Index construction.

*“... card activity has broadly stalled after what proved to be a temporary burst..”*

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.

**Matthew Hassan**, Senior Economist

**Ryan Wells**, Economist

**Antoinette Ayoub**, Graduate

Email: [economics@westpac.com.au](mailto:economics@westpac.com.au)

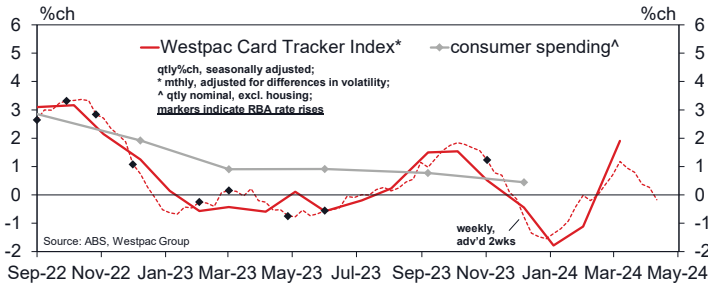
This issue was finalised on 29 April 2024.

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# Activity flattens moving into the second quarter

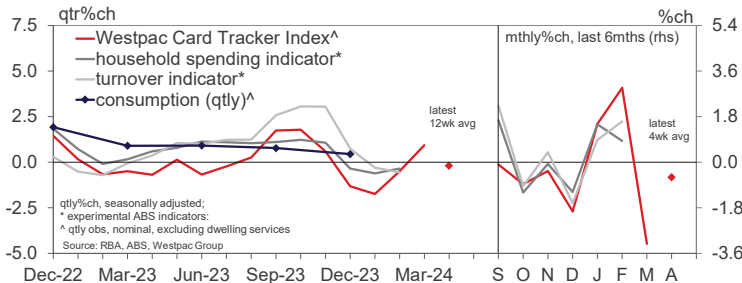


## 2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. The growth pulse has shown clearer signs of flattening over the past month, currently tracking in the -0.5 to 0.0%qtr range. Higher frequency reads have been more volatile in April. That said, the latest weekly read - in line with the lows over Nov-Dec - points to some downside risk for nominal spending near-term.
- Other timely ABS indicators will be released this week, including nominal retail sales (Apr 30) and the household spending indicator (May 3). Our card data suggests that these could show slight gains for March - consistent with modestly positive quarterly momentum over the March quarter as a whole - but the picture may be a little less positive in April.

## 3. Consumer spending: selected indicators



qtrly%ch	Q2	Q3	Q4	latest
<b>Westpac Card Tracker*</b>	<b>-0.7</b>	<b>1.7</b>	<b>-1.3</b>	<b>-0.2</b>
<b>Other indicators (nominal)</b>				
Household spending*	1.1	1.1	-0.3	-0.6
Turnover*	1.0	2.6	0.7	-0.3
<b>Consumer spending (qly)#</b>				
Nominal	0.9	0.8	0.4	n.a.
Real	0.0	-0.4	0.0	n.a.

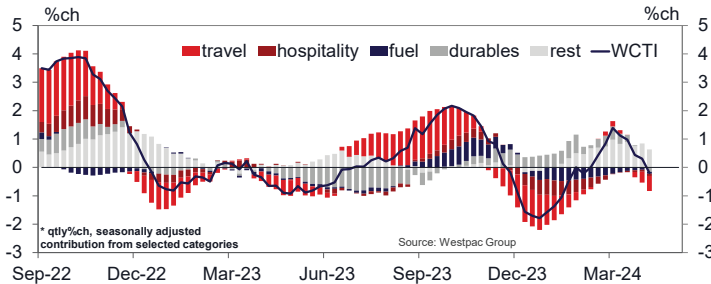
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p9 for more details.  
 \* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover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

Sources: ABS, Westpac Group

# Discretionary goods slowing, broadening to services?

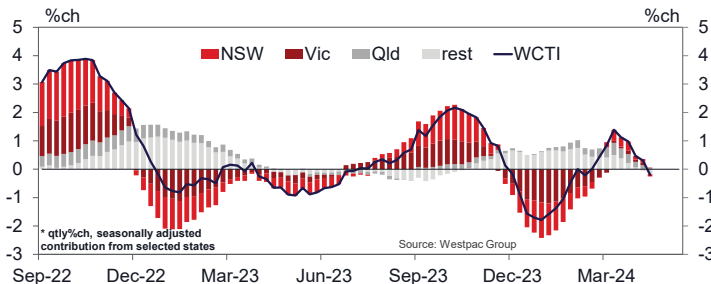


## 4. Card activity: category contribution to quarterly growth



- The major category breakdown shows that discretionary spending segments continue to lead the slowdown. That has largely centred on discretionary goods, though a moderation in discretionary services has also begun to emerge recently - at the detailed level, professional and recreation services look to be the chief culprits. Spending on essentials (both goods and services) remains soft versus March but has been little-changed over April.
- Regarding the state detail, comparing the latest week to March puts NSW in the spotlight as a driver of weakness. Looking more broadly at quarterly growth momentum however, the eastern states (NSW, Vic, Qld) are holding around flat, while it is modestly negative for SA but still clearly positive for WA.

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



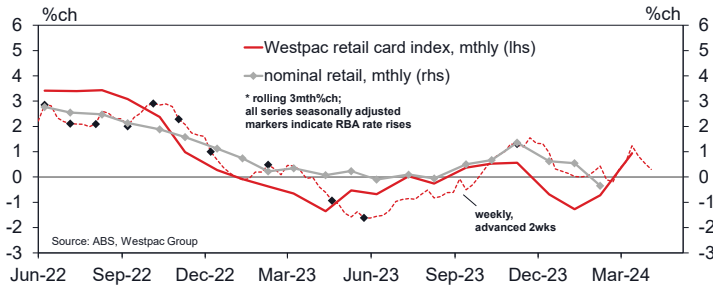
	Jan	Feb	Mar	20/4
<b>Westpac Card Tracker</b>	<b>135.2</b>	<b>139.1</b>	<b>134.6</b>	<b>131.4</b>
<b>By category</b>				
- discretionary	135.4	137.7	133.9	129.6
- essential	133.6	138.4	134.9	132.9
<b>By state</b>				
- NSW	130.4	134.0	130.4	126.5
- Vic	131.0	137.3	132.5	144.1
- Qld	146.0	149.8	146.3	160.6
- WA	144.4	150.4	144.3	159.8
- SA	143.0	147.9	142.6	156.3

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 segments softening, centred on hospitality

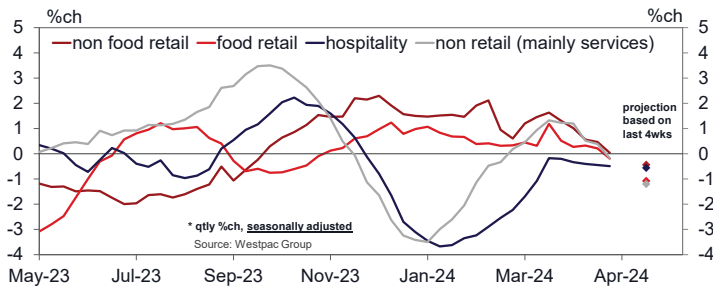


## 6. Card activity: retail



- Developments within the retail components of card activity reflect the wider dynamics, having moderated in March and broadly consolidated through April, albeit with a particularly soft read in the latest week. All broad retail segments – basic food, hospitality and non-food – posted slight declines over the last four weeks.
- The preliminary ABS estimate for March retail sales will be released this week (Apr 30) with final estimates for Q1 real retail sales volumes released the following week (May 7). Both the month and the quarter look set to post modest gains. These updates will provide more clarity on the current pulse of nominal spend. While last week's [Q1 CPI update](#) surprised to the upside, retail components were fairly soft and in line with expectations. The mix suggests real retail sales will post a slight gain for Q1.

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



	Jan	Feb	Mar	20/4
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### By retail/non retail

Retail card index	139.9	143.8	140.8	137.1
- qtly%ch	-1.3	-0.7	0.9	-0.2
- qtly, ann%ch	-2.1	-0.9	-0.1	-0.1
Non-retail card index	129.9	133.9	127.8	125.8

### ABS retail sales

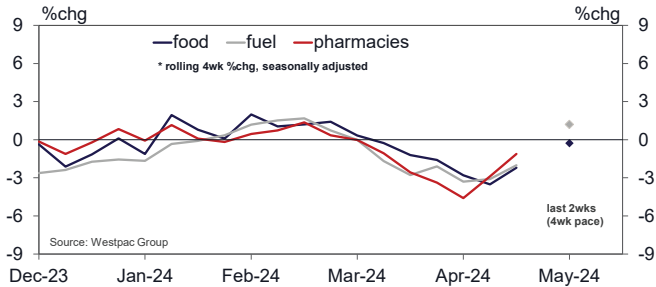
- %ch	1.1	0.3	n.a.	n.a.
- ann%ch	1.2	1.6	n.a.	n.a.
- qtly%ch	0.5	-0.3	n.a.	n.a.
- qtly ann%ch	1.4	1.2	n.a.	n.a.

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

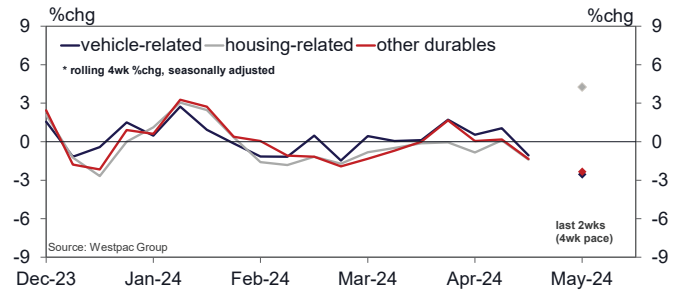
# Detailed charts



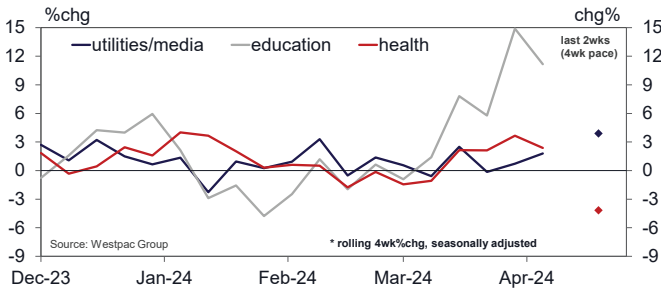
## 8. Card activity: essential goods



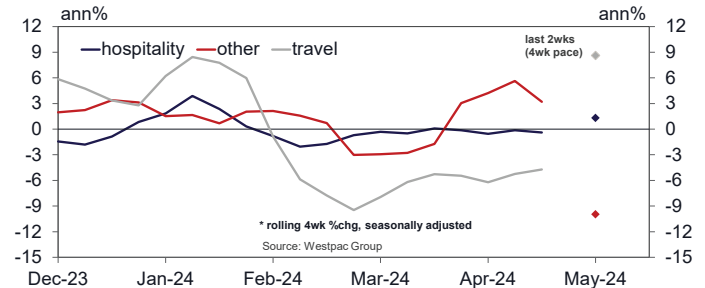
## 9. Card activity: discretionary goods



## 10. Card activity: essential services



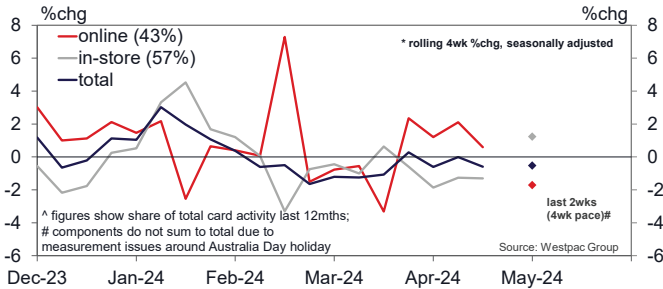
## 11. Card activity: discretionary services



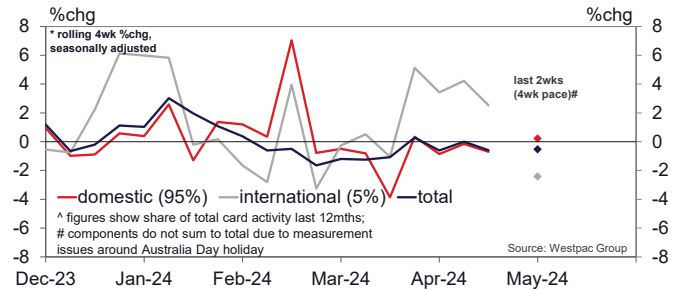
# Detailed charts



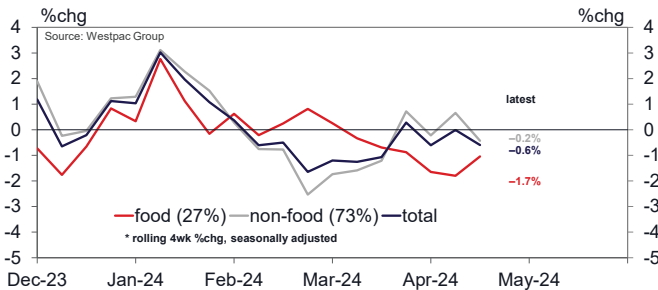
## 12. Card activity: online vs in-store



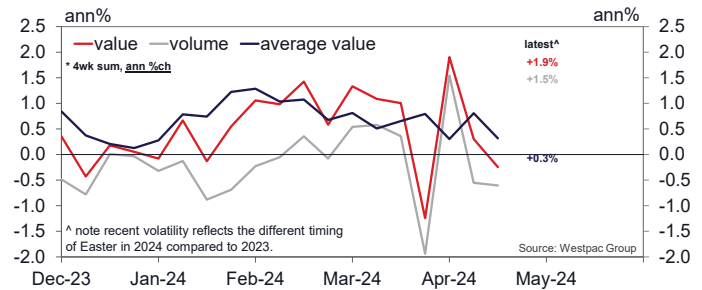
## 13. Card activity: domestic vs international



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



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



# Westpac card indicators\*



	2022				2023				2024 week ending:							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Jan	Feb	Mar^	30/3	6/4	13/4	20/4	
<b>Westpac Card Tracker Index</b>	<b>122.6</b>	<b>129.5</b>	<b>134.2</b>	<b>136.1</b>	<b>135.4</b>	<b>134.5</b>	<b>136.9</b>	<b>135.0</b>	<b>135.2</b>	<b>139.1</b>	<b>134.6</b>	<b>134.7</b>	<b>133.6</b>	<b>136.1</b>	<b>131.4</b>	
qtlly%ch	2.9	5.6	3.6	1.4	-0.5	-0.7	1.7	-1.3	-1.7	-0.5	0.9	0.9	0.4	0.3	-0.2	
qtlly, ann%ch	11.7	15.4	25.6	14.2	10.4	3.9	2.0	-0.8	-0.9	0.5	0.7	0.7	0.8	0.9	0.7	
<b>By category</b>																
- discretionary	121.2	131.2	135.6	136.4	135.9	135.8	137.2	133.9	135.4	137.7	133.9	133.1	133.3	134.8	129.6	
- essential	123.6	127.2	129.3	131.9	132.7	132.5	133.2	132.7	133.6	138.4	134.9	135.4	131.9	136.2	132.9	
services	107.3	120.9	127.1	130.4	130.0	131.0	134.5	130.0	132.3	135.6	129.5	131.3	131.6	133.1	129.0	
- discretionary services	105.8	122.3	128.8	132.9	131.6	132.1	135.7	130.6	134.1	134.7	129.7	128.4	130.0	129.5	126.6	
- essential services	112.9	116.6	120.1	123.5	125.8	127.5	130.0	128.8	130.1	134.7	130.0	140.0	136.4	143.8	136.2	
goods	134.0	136.8	139.2	139.5	138.5	137.3	137.0	137.1	135.6	142.0	136.8	136.0	133.9	137.2	132.3	
- discretionary goods	137.5	140.6	143.1	142.2	139.9	139.3	138.5	138.4	138.1	140.2	137.4	138.4	137.1	140.8	132.9	
- essential goods	128.3	132.0	133.7	136.7	135.7	134.8	134.7	135.2	136.4	138.2	137.7	133.1	129.8	132.6	131.4	
retail*	133.3	137.9	142.1	142.5	141.6	140.6	141.2	140.2	139.9	143.8	140.8	139.9	138.1	140.8	137.1	
qtlly%ch	1.9	3.4	3.1	0.3	-0.7	-0.7	0.4	-0.7	-1.3	-0.7	0.9	0.5	0.3	0.2	-0.2	
qtlly, ann%ch	9.3	11.8	15.7	8.9	6.2	2.0	-0.7	-1.6	-2.1	-0.9	-0.1	-0.3	-0.1	0.0	-0.1	
<b>By state</b>																
- NSW	120.2	127.5	130.3	131.9	131.5	130.0	130.6	129.6	130.4	134.0	130.4	129.8	128.0	130.8	126.5	
- Vic	122.8	131.2	135.3	134.7	133.6	135.3	135.3	131.8	131.0	137.3	132.5	147.1	146.0	150.6	144.1	
- Qld	127.2	135.8	139.6	143.5	144.4	144.7	146.0	145.0	146.0	149.8	146.3	164.0	163.1	167.1	160.6	
- WA	125.4	130.2	134.7	140.2	142.2	141.7	142.8	144.5	144.4	150.4	144.3	161.0	162.0	164.5	159.8	
- SA	126.9	134.8	138.1	142.3	142.6	141.4	142.7	143.4	143.0	147.9	142.6	159.7	158.7	161.6	156.3	

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.

# Westpac Economics directory



## **Sydney**

Level 19, 275 Kent Street  
Sydney NSW 2000  
Telephone (61-2) 8254 8720  
Facsimile (61-2) 8254 6907

## **Luci Ellis**

Chief Economist  
Westpac Group

## **Matthew Hassan**

Senior Economist

## **Andrew Hanlan**

Senior Economist

## **Justin Smirk**

Senior Economist

## **Elliot Clarke**

Senior Economist

## **Ryan Wells**

Economist

## **Illiana Jain**

Economist

## **Auckland**

Takutai on the Square  
Level 8, 16 Takutai Square  
Auckland, New Zealand  
Telephone (64-9) 336 5671  
Facsimile (64-9) 336 5672

## **Kelly Eckhold**

Chief Economist, New Zealand

## **Michael Gordon**

Senior Economist

## **Darren Gibbs**

Senior Economist

## **Satish Ranchhod**

Senior Economist

## **Paul Clark**

Industry Economist

## **London**

Camomile Court,  
23 Camomile St,  
London EC3A 7LL  
United Kingdom

## **Singapore**

12 Marina View  
#27-00, Asia Square Tower 2  
Singapore, 018961

## **New York**

39<sup>th</sup> Floor  
575 Fifth Avenue  
New York, 10017 USA

Publication enquiries, Westpac Economics, [economics@westpac.com.au](mailto:economics@westpac.com.au)

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