

# **WESTPAC CARD TRACKER**

**28 MAY 2024.**

**WESTPAC INSTITUTIONAL BANK**

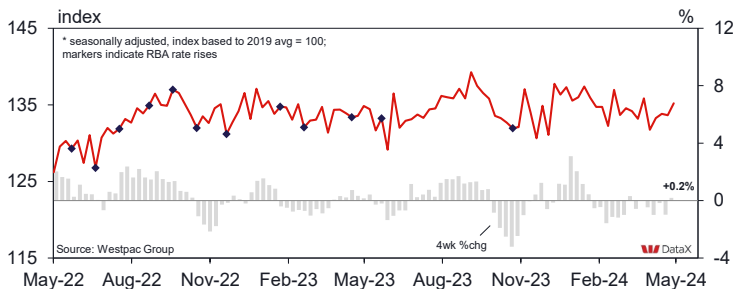


# Consumer card activity still stuck in doldrums



- The **Westpac Card Tracker Index\*** has firmed slightly again over the last two weeks, rising 1.4pts to 135.2 as at the week ending May 18. Despite the firming, the Index remains slightly below its average level in April and barely half a point above where it was this time last year. The Index is 1.8pts below the cyclical peak it hit just over a year and a half ago, in October 2022.
- Even with a modest lift over the last four weeks, the quarterly growth pulse remains firmly negative, tracking at -0.9%qtr after a brief spell in positive territory through March and early April. Recall that these figures are all in nominal terms, implying a more material contraction in real, inflation-adjusted terms. The latest monthly momentum has nudged back into slight positive but is not convincing. The Stage 3 tax cuts, now just seven weeks away, can't come soon enough for consumers.
- The category breakdown shows a similar pattern, discretionary components driving the recent negatives on quarterly growth momentum, albeit with the drag from durables easing slightly in recent weeks. By state, declines remain broad based but with Qld holding up a little better than the other majors. This edition again takes a closer look at how usage of new transport services is evolving across different geographies.
- As noted previously, consumer spending is unlikely to show much of a revival until disposable incomes start to look better. That suggests we are unlikely to see much momentum in card activity until the July tax cuts come through. Results from the [May Westpac-Melbourne Institute Consumer Sentiment survey](#) point to a muted flow-on impact on spending. However, card activity will be the first litmus test of how this boost is really playing out.

## 1. Westpac Card Tracker Index\*



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

## *“The quarterly growth pulse remains firmly negative ...”*

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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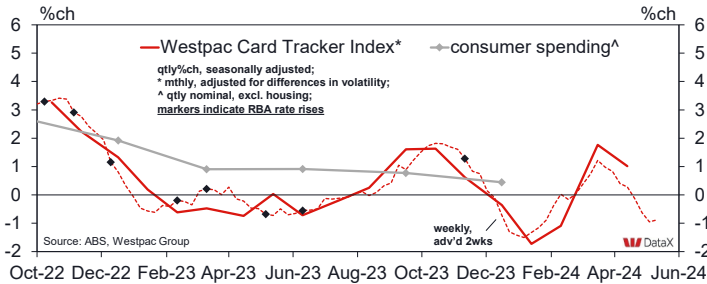
This issue was finalised on 28 May 2024.

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# Indicators point to flat Q1 for consumers



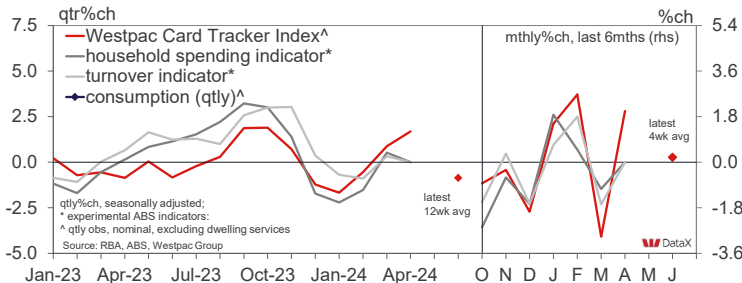
## 2. Card activity and spending: growth momentum



– Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. Momentum had a weak finish to 2023, recovering in Q1 but falling away again through March, dropping back into negative through April and the first few weeks of May.

– Other timely ABS indicators available to March show a similar Q1 performance with quarterly growth rates remain in slight positive – in the 0-0.5%qtr range – consistent with a flat quarter for real consumer spend. March quarter consumer spending estimates will be released on June 5. April updates of the more timely indicators will be released in the first few weeks of June, the ABS household spending indicator due June 7 and the ABS monthly business turnover indicator, based on ATO data on BAS statements, due June 11.

## 3. Consumer spending: selected indicators



qly%ch	Q3	Q4	Q1	latest
<b>Westpac Card Tracker*</b>	<b>1.9</b>	<b>-1.2</b>	<b>0.9</b>	<b>-0.9</b>
<b>Other indicators (nominal)</b>				
Household spending*	3.2	-1.7	0.5	-2.2
Turnover*	2.6	0.4	0.3	-0.7
<b>Consumer spending (qly)#</b>				
Nominal	0.8	0.4	n.a.	n.a.
Real	-0.4	0.0	n.a.	n.a.

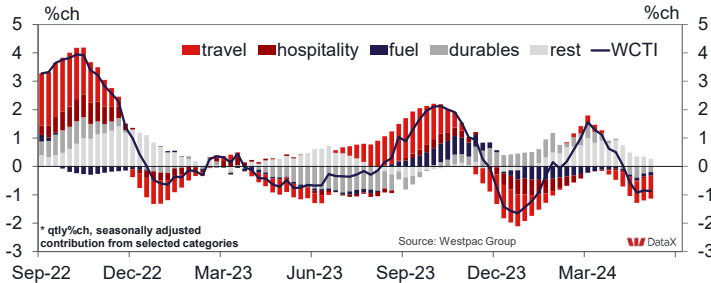
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p10 for more details.  
 \* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover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

Sources: ABS, Westpac Group

# Mix shows notable contrasts with year-end weakness

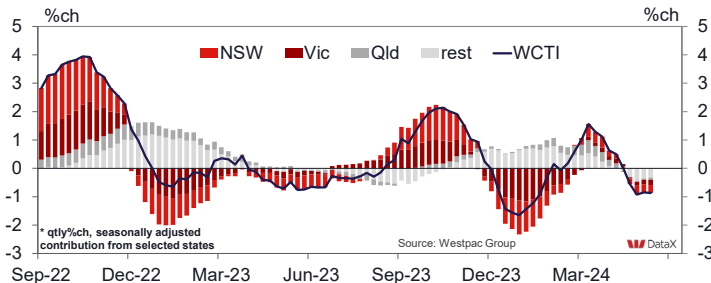


## 4. Card activity: category contribution to quarterly growth



- The category breakdown shows the latest period of weak momentum has a somewhat different, and shifting complexion. The drag has centred on travel, weakness in this segment intensifying over the last few weeks. Durables have also contributed, but weakness in this segment has moderated a touch. Slowing growth in other segments combined has also been an influence.
- Compared to the more pronounced weakness around the turn of the year, hospitality and fuel have been much less prominent negatives.
- Similarly, by state the current weakness has been more broadly based but much milder for Vic and NSW compared to the declines around year-end.

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



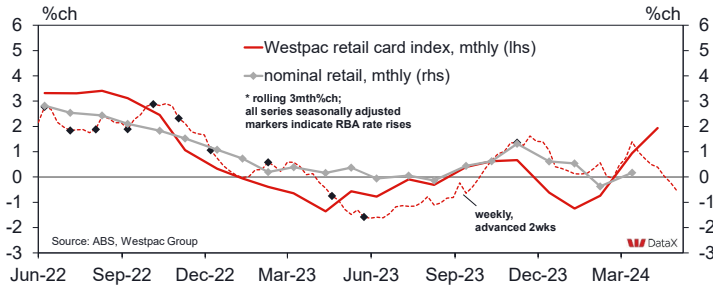
	Feb	Mar	Apr	18/5
<b>Westpac Card Tracker</b>	<b>138.9</b>	<b>134.8</b>	<b>137.6</b>	<b>135.2</b>
<b>By category</b>				
- discretionary	138.1	134.3	137.0	134.0
- essential	138.5	135.1	137.8	135.6
<b>By state</b>				
- NSW	133.9	130.5	132.5	126.3
- Vic	137.1	133.3	134.8	130.8
- Qld	149.7	146.4	148.2	144.6
- WA	149.2	144.7	147.9	141.8
- SA	148.1	142.2	146.5	139.4

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

# Basic food retail surprisingly soft in May month to date

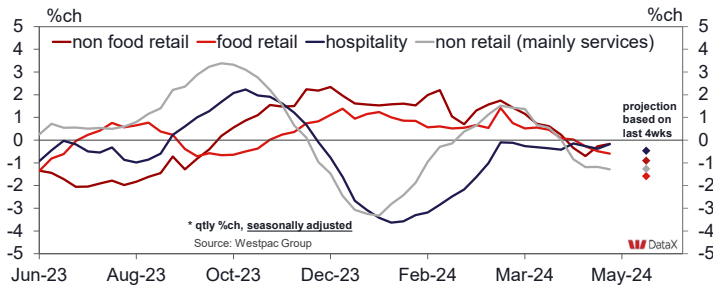


## 6. Card activity: retail



- Retail segments posted a decent April gain on a combined basis but have lapsed back into decline through the May month to date. Curiously, the more granular detail suggests basic food retail has seen a more pronounced weakening over the last four weeks - an unusual result for what is typically both a more stable and 'counter-cyclical' segment. One possible explanation is that soft volumes are combining with a little more price discounting in this segment.
- ABS preliminary estimates for April retail sales are due on May 28. These are expected to show a decent 0.6% gain for the month. That would still leave nominal sales for the three months to April about flat on the previous three months. The May update (due July 1) also looks likely to see a partial retracement.

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



	Feb	Mar	Apr	18/5
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### By retail/non retail

Retail card index	143.9	140.9	142.5	141.1
- qtlly%ch	-0.7	0.9	1.9	-0.3
- qtlly, ann%ch	-0.9	-0.1	1.2	0.2
Non-retail card index	133.5	128.2	132.1	129.5

### ABS retail sales

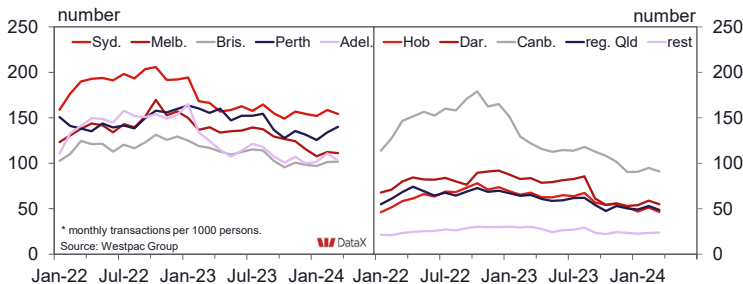
- %ch	0.2	-0.4	0.6	n.a.
- ann%ch	1.5	0.8	1.8	n.a.
- qtlly%ch	-0.4	0.2	0.1	n.a.
- qtlly ann%ch	1.2	1.2	1.4	n.a.

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

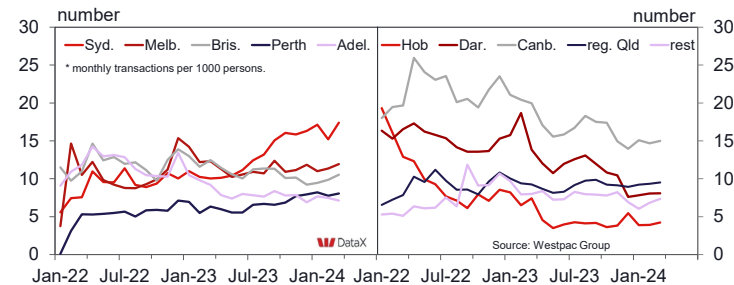
# New transport modes: regional patterns



## 8. Card activity: rideshare use by region



## 9. Card activity: micro-mobility use by region

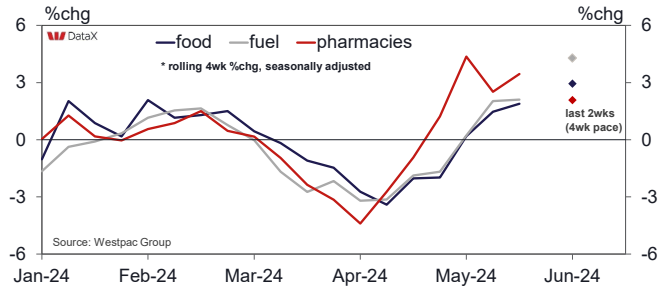


- Our last report took a closer look at card activity across the wider transport services sector, highlighting how emerging products such as ‘rideshare’ (i.e. uber etc) and micro-mobility (on-demand bicycles, e-bikes and e-scooters) have been changing the landscape in recent years. In this report we revisit the topic, exploring how the uptake of these two particular forms of transport compares across different parts of Australia.
- Charts 8 and 9 show how the number of monthly transactions for rideshare and micromobility services respectively have evolved across the major capital cities, the smaller capitals and selected regional areas of Australia – adjusting for relative population sizes.
- Usage clearly reflects a variety of factors including the availability of services, the extent of private vehicle use and topography (how flat and/or spread out cities are).
- There also appears to be a cyclical element to activity with rideshare use falling sharply since 2022 in line with the decline in discretionary spend, but micro-mobility services (which are often the lowest cost form of on-transport for short journeys) either steady or higher.
- The highest usage of rideshare services is in Sydney. More surprisingly, Perth has the second highest usage. It has also seen more resilient activity in recent years (transaction volumes down 12% vs H2 2022 compared to 20–30% falls across the other major cities).
- Sydney also has the highest usage of micro-mobility services amongst the major cities (also rising over the last year). However, usage is surprisingly high in some smaller cities, Canberra comparable to Sydney now, having been higher historically.

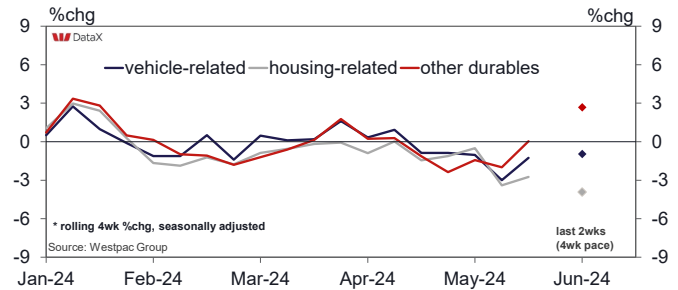
# Detailed charts



## 10. Card activity: essential goods

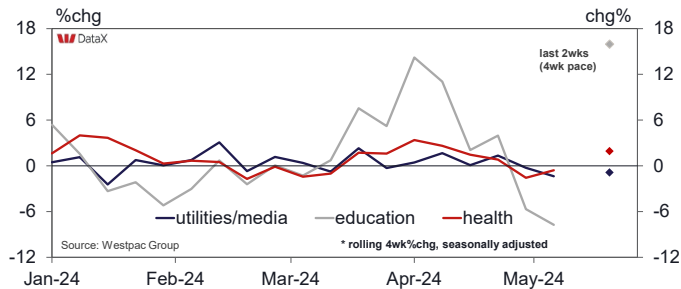


## 11. Card activity: discretionary goods

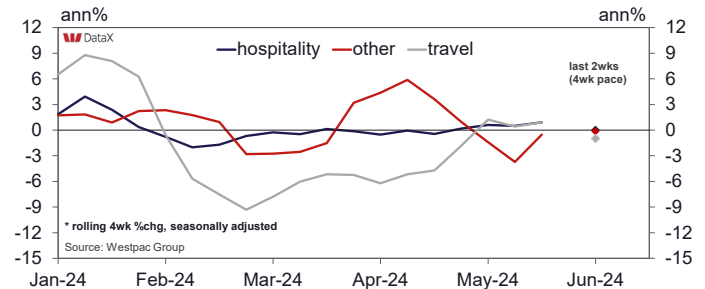


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## 12. Card activity: essential services

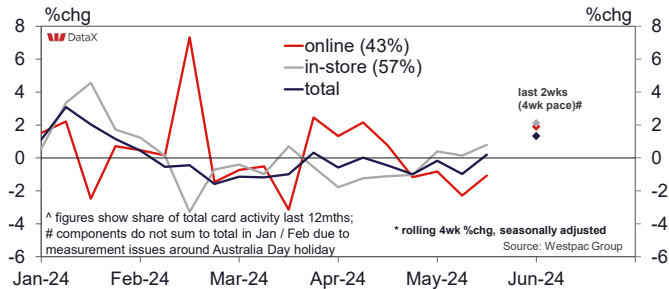


## 13. Card activity: discretionary services

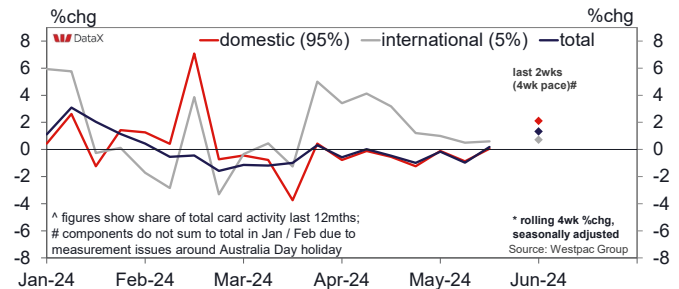




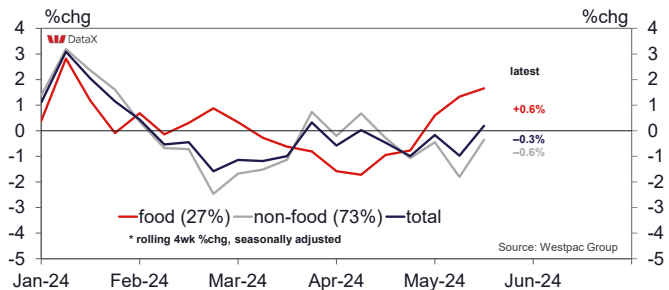
## 14. Card activity: online vs in-store



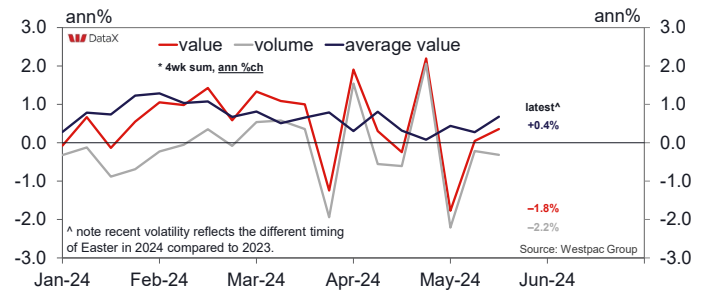
## 15. Card activity: domestic vs international



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



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





# Westpac card indicators\*



	2022			2023				2024				week ending:			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Feb	Mar	Apr <sup>^</sup>	27/4	4/5	11/5	18/5
<b>Westpac Card Tracker Index</b>	<b>129.3</b>	<b>134.2</b>	<b>136.2</b>	<b>135.5</b>	<b>134.3</b>	<b>136.9</b>	<b>135.2</b>	<b>136.4</b>	<b>138.9</b>	<b>134.8</b>	<b>137.6</b>	<b>133.3</b>	<b>133.8</b>	<b>133.7</b>	<b>135.2</b>
qtlly%ch	5.4	3.7	1.5	-0.6	-0.8	1.9	-1.2	0.9	-0.5	0.9	1.7	-0.6	-0.9	-0.8	-0.9
qtlly, ann%ch	15.4	25.6	14.2	10.4	3.9	2.0	-0.8	0.7	0.5	0.7	1.7	0.4	0.4	0.4	0.3
<b>By category</b>															
- discretionary	130.8	135.5	136.6	136.2	135.4	137.0	134.1	136.1	138.1	134.3	137.0	132.4	132.5	131.5	134.0
- essential	127.1	129.3	132.0	132.8	132.4	133.2	132.8	135.7	138.5	135.1	137.8	132.9	134.1	135.3	135.6
services	121.6	128.0	128.2	130.6	132.2	134.3	129.5	133.1	134.7	133.5	133.3	130.6	130.3	129.4	132.1
- discretionary services	122.6	131.1	130.6	132.0	132.8	136.2	130.3	133.1	134.5	133.2	131.6	129.6	129.1	127.2	131.1
- essential services	116.2	120.1	123.9	125.9	127.0	130.0	129.2	131.7	134.4	129.6	138.9	133.7	134.0	136.1	135.0
goods	136.6	139.0	139.6	138.8	137.1	136.9	137.1	138.4	142.3	137.2	139.0	134.3	135.4	135.7	136.7
- discretionary goods	140.5	143.0	142.2	140.3	139.1	138.4	138.5	138.9	141.3	137.4	141.0	135.7	136.4	136.4	137.3
- essential goods	132.2	133.8	136.6	135.5	135.0	134.9	135.1	137.1	137.9	137.3	137.3	132.5	134.1	134.9	135.9
retail*	137.8	142.1	142.6	141.6	140.5	141.1	140.2	141.6	143.9	140.9	142.5	138.6	139.8	139.6	141.1
qtlly%ch	3.3	3.1	0.3	-0.6	-0.8	0.4	-0.6	0.9	-0.7	0.9	1.9	-0.2	-0.5	-0.4	-0.3
qtlly, ann%ch	11.8	15.6	8.9	6.2	2.0	-0.7	-1.6	-0.1	-0.9	-0.1	1.2	-0.1	0.0	0.2	0.2
<b>By state</b>															
- NSW	127.4	130.3	131.9	131.6	129.9	130.6	129.7	131.6	133.9	130.5	132.5	125.6	125.1	125.3	126.3
- Vic	130.7	135.3	135.1	133.9	134.7	135.3	132.1	134.0	137.1	133.3	134.8	128.5	128.1	129.1	130.8
- Qld	135.7	139.6	143.6	144.5	144.6	145.9	145.1	147.4	149.7	146.4	148.2	140.6	144.6	142.0	144.6
- WA	130.3	134.6	140.4	141.9	141.7	142.8	144.5	146.3	149.2	144.7	147.9	141.9	142.8	141.2	141.8
- SA	134.7	138.1	142.4	142.6	141.2	142.8	143.5	144.5	148.1	142.2	146.5	137.4	138.9	138.2	139.4

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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