

WESTPAC CARD TRACKER

7 JUNE 2024.

WESTPAC INSTITUTIONAL BANK

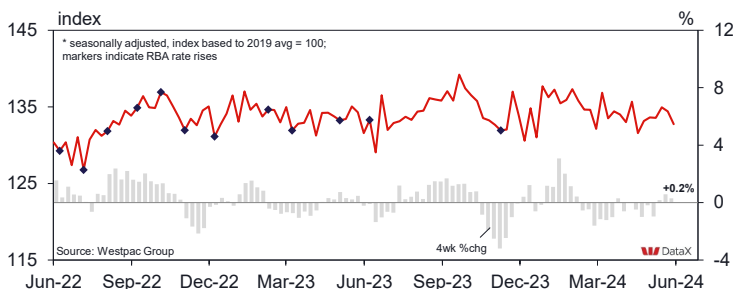


Consumer card activity remains soft



- The **Westpac Card Tracker Index*** declined over the last two weeks of May, moving 2.2pts lower to 132.7 as at the week ending June 1. The index continues to bob around a slight down trend, the average read over the last eight weeks down about 0.5pts compared to the previous eight weeks.
- The quarterly growth pulse remains firmly negative at -1.1%qtr after a brief spell in positive territory through March and early April. Recall that these figures are in nominal terms, implying a more material contraction in real, inflation-adjusted terms. The latest signal around monthly momentum has nudged back into slight positive but is still not convincing given the choppy week to week profile. Consumption-related card activity has been more volatile than official spending estimates in recent quarters.
- The category breakdown continues to show the latest drag centres on travel and to a lesser extent durables. By state, declines remain broad based but with activity steadier in WA.
- Looking ahead, the end of financial year sales period through June is a minor highlight, and particularly important for some segments (vehicle-related, hardware, professional services and petrol stations). Beyond that, July sees the stage 3 tax cuts come into play. Early indications suggest consumers favour putting this additional income towards saving rather than spending (see [here](#) for more). Those aspirations may fade quite quickly once the cash starts to flow however. The Westpac card data should provide a good early indications of how consumers are actually responding to the fiscal injection.

1. Westpac Card Tracker Index*



* see p9 or more details on the Index construction.

“The index continues to bob around a slight down trend...”

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.

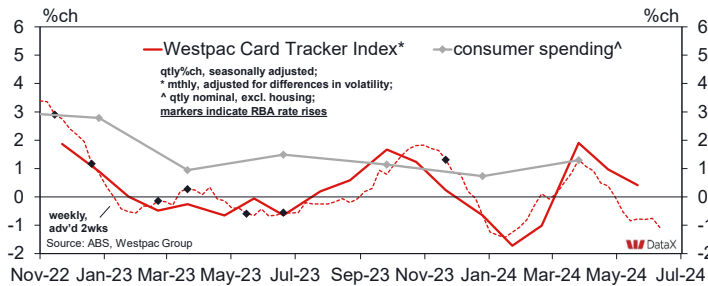
This report is produced by Westpac Economics.
Matthew Hassan, Senior Economist
Antoinette Ayoub, Graduate
Email: economics@westpac.com.au
This issue was finalised on 7 June 2024.

If you would like more insights into your sector or your own business from this and other Westpac data please visit [Westpac DataX](#) or contact datax@westpac.com.au.

Q1 consumer spend surprisingly firm

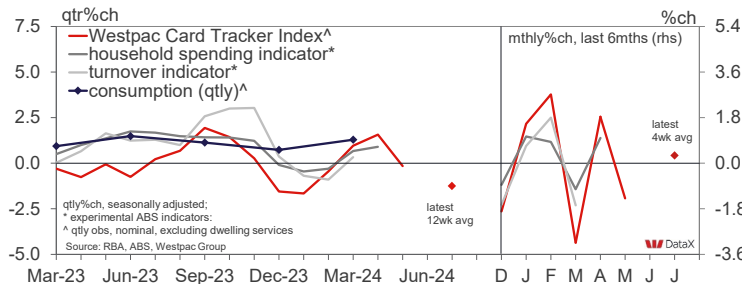


2. Card activity and spending: growth momentum



- 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-May.
- The Q1 national accounts showed a better than expected 1.3%qtr rise in nominal consumer spending with a 0.4%qtr rise in real inflation-adjusted terms. It also put through significant upward revisions to spending estimates over the previous five quarters (see [here](#) for more details). The latest ABS household spending indicator suggests this momentum carried into April, broadly consistent with the card tracker reads. Note that this indicator is benchmarked to the national accounts measure, meaning previous estimates have been revised.

3. Consumer spending: selected indicators



qtlly%ch	Q3	Q4	Q1	latest*
Westpac Card Tracker*	1.9	-1.6	1.0	-1.3
Other indicators (nominal)				
Household spending*	1.4	-0.1	0.7	0.9
Turnover*	2.6	0.4	0.3	n.a.
Consumer spending (qtlly)#				
Nominal	1.1	0.7	1.3	n.a.
Real	-0.1	0.3	0.4	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.

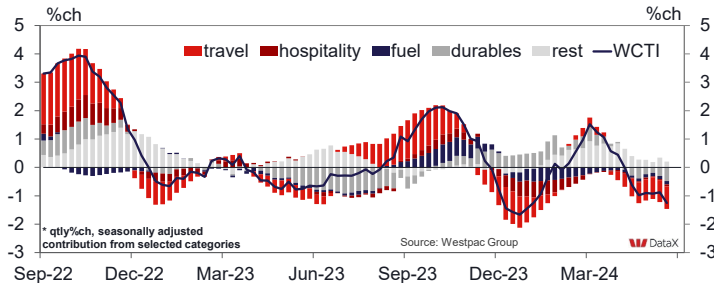
* ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover based on BAS returns for consumer-sector businesses; #Consumer spending excludes housing costs.

Sources: ABS, Westpac Group

Travel and durables soft. WA steadier.

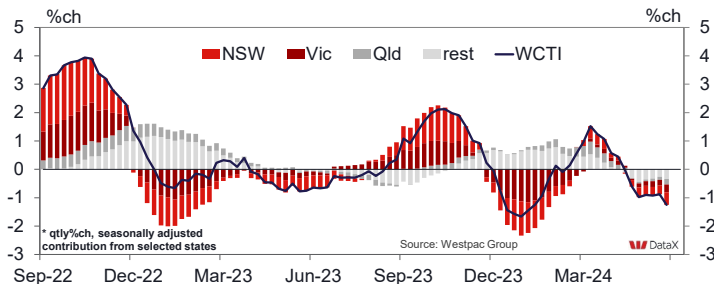


4. Card activity: category contribution to quarterly growth



- The category breakdown shows the latest period of weak momentum has a somewhat different, and shifting complexion. The drag continues to centre on travel. 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.
- The state breakdown shows a continued broad based decline but in all cases milder than the decline seen around year-end. The quarterly growth pulse is somewhat firmer in WA.

5. Card activity: state contribution to quarterly growth



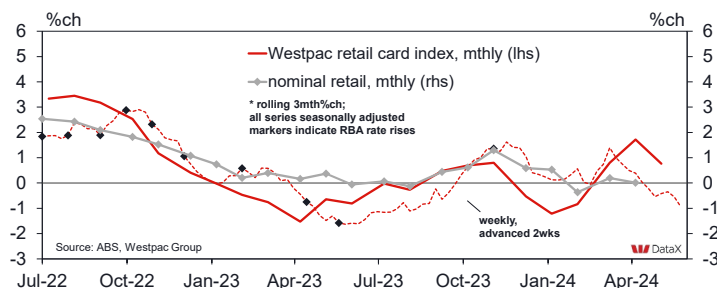
	Mar	Apr	May	1/6
Westpac Card Tracker	134.6	137.0	135.1	132.7
By category				
– discretionary	133.6	136.1	134.5	130.5
– essential	134.8	137.6	135.9	134.9
By state				
– NSW	130.1	132.0	130.0	124.0
– Vic	131.6	134.4	131.8	128.1
– Qld	146.3	148.1	147.9	141.8
– WA	144.9	147.3	145.8	141.9
– SA	142.4	146.0	144.0	136.5

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 soft ahead of end of financial year sales

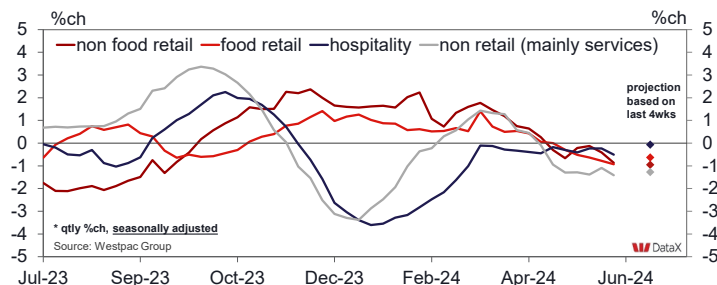


6. Card activity: retail



- Retail segments continue to lean into the slowing momentum on a combined basis through the May month to date. Basic food retail continues to see a more pronounced weakening over the last four weeks. ‘Non-food’ retail looks to be experiencing continued weakness as well.
- Some of that may turn as we enter into the end-of-financial year (EOFY) sales period. While not a huge event compared to others, EOFY is often a high period for some segments, including vehicle-related, hardware, professional services (i.e. accountants), and perhaps more surprisingly petrol stations.
- The ABS preliminary estimates for May are due to be released on July 1.

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



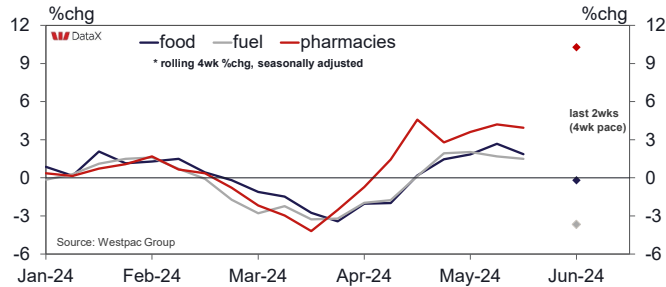
	Mar	Apr	May	1/6
By retail/non retail				
Retail card index	140.7	142.2	142.0	139.2
– qtly%ch	0.8	1.7	0.8	-0.9
– qtly, ann%ch	-0.1	1.2	0.5	0.3
Non-retail card index	127.8	131.3	127.5	126.4
ABS retail sales				
– %ch	-0.4	0.4	n.a.	n.a.
– ann%ch	0.9	1.3	n.a.	n.a.
– qtly%ch	0.2	0.0	n.a.	n.a.
– qtly ann%ch	1.2	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

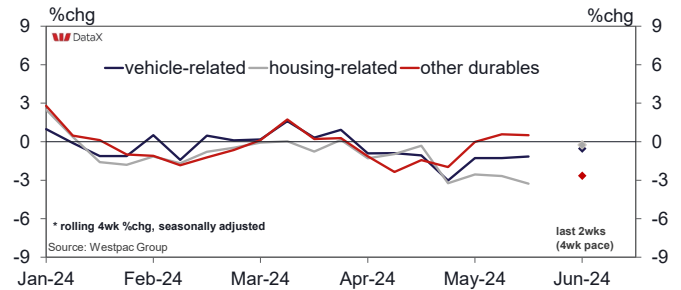
Detailed charts



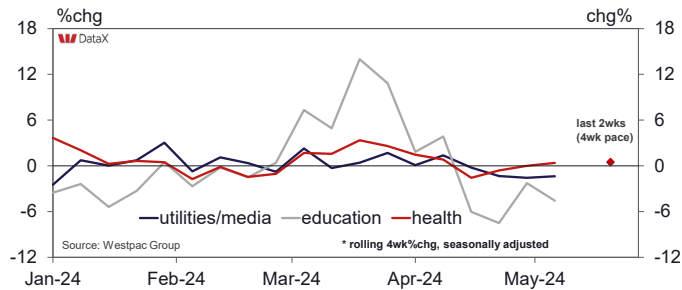
8. Card activity: essential goods



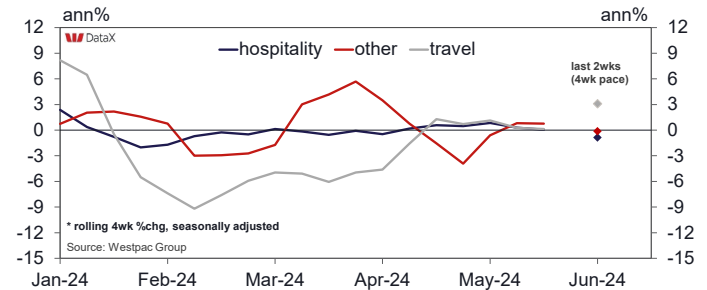
9. Card activity: discretionary goods



10. Card activity: essential services



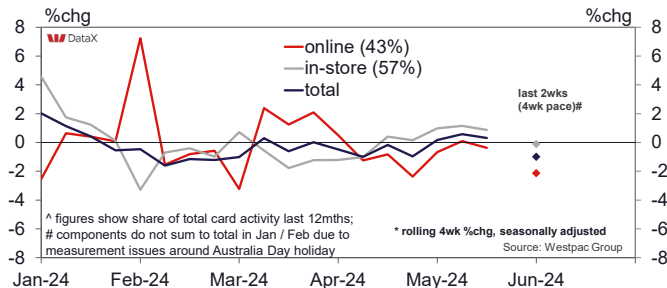
11. Card activity: discretionary services



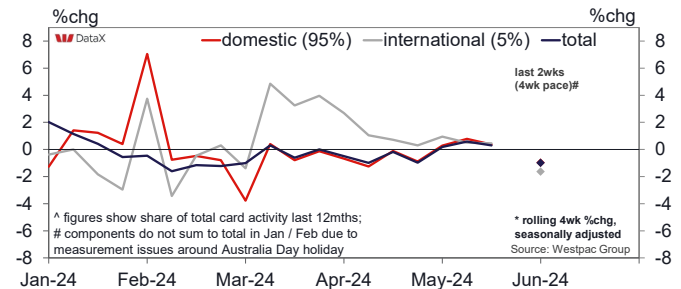
Detailed charts



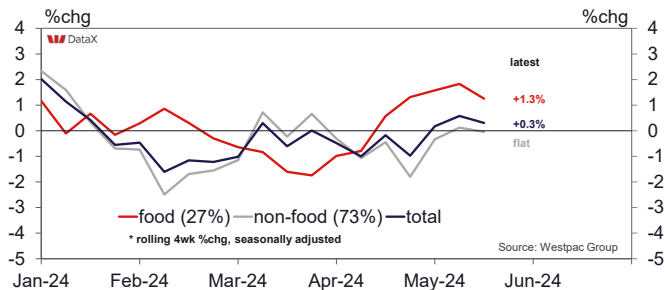
12. Card activity: online vs in-store



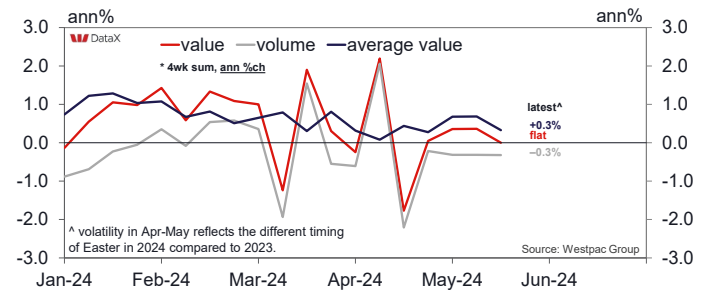
13. Card activity: domestic vs international



14. Card activity: food vs non-food



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



Westpac card indicators*



	2022			2023			2024			week ending:					
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Mar	Apr	May^	11/5	18/5	25/5	1/6
Westpac Card Tracker Index	129.4	134.5	135.9	135.5	134.5	137.1	134.9	136.2	134.6	137.0	135.1	133.6	134.9	134.4	132.7
qtly%ch	5.6	3.9	1.0	-0.3	-0.8	1.9	-1.6	1.0	1.0	1.6	-0.1	-0.9	-0.9	-0.9	-1.3
qtly, ann%ch	15.5	25.5	14.0	10.6	3.9	1.9	-0.7	0.6	0.6	1.5	0.4	0.4	0.2	0.4	0.2
By category															
- discretionary	131.0	136.0	136.4	135.7	135.6	137.6	133.9	135.4	133.6	136.1	134.5	131.4	133.6	133.4	130.5
- essential	127.1	129.3	132.0	132.7	132.4	133.2	132.8	135.6	134.8	137.6	135.9	135.1	135.5	134.9	134.9
services	121.6	128.5	128.3	130.1	132.2	134.7	129.6	132.4	132.6	132.0	129.2	129.3	131.9	132.4	128.4
- discretionary services	122.7	131.4	130.6	131.7	132.9	136.6	130.2	132.8	132.7	131.0	128.1	127.2	130.7	131.5	126.7
- essential services	116.3	120.1	123.7	125.9	127.2	130.0	129.0	131.6	129.3	138.8	132.6	135.7	135.3	134.9	133.7
goods	136.7	139.2	139.6	138.1	137.3	137.1	137.0	137.9	137.3	139.0	138.6	135.6	136.3	135.2	135.1
- discretionary goods	140.4	143.2	142.3	140.0	139.0	138.7	138.6	138.6	137.4	140.3	139.4	136.3	136.8	135.5	134.9
- essential goods	132.1	133.8	136.8	135.4	134.9	134.7	135.3	137.1	137.2	137.1	137.6	134.8	135.7	134.9	135.4
retail*	137.7	142.1	142.7	141.6	140.4	141.1	140.4	141.5	140.7	142.2	142.0	139.6	140.7	139.5	139.2
qtly%ch	3.3	3.2	0.4	-0.8	-0.8	0.5	-0.5	0.8	0.8	1.7	0.8	-0.4	-0.4	-0.6	-0.9
qtly, ann%ch	11.7	15.7	9.0	6.2	2.0	-0.7	-1.6	-0.1	-0.1	1.2	0.5	0.2	0.2	0.4	0.3
By state															
- NSW	127.4	130.4	131.9	131.4	129.9	130.8	129.7	131.4	130.1	132.0	130.0	125.0	125.9	125.5	124.0
- Vic	130.4	134.1	136.1	135.2	133.7	135.5	133.0	133.9	131.6	134.4	131.8	129.0	130.2	129.3	128.1
- Qld	135.7	139.6	143.6	144.4	144.6	146.0	145.2	147.4	146.3	148.1	147.9	141.6	144.2	145.1	141.8
- WA	130.3	134.7	140.4	141.8	141.7	142.9	144.5	146.2	144.9	147.3	145.8	141.7	142.4	142.7	141.9
- SA	134.8	138.1	142.4	142.5	141.3	142.8	143.5	144.4	142.4	146.0	144.0	137.8	138.4	138.8	136.5

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

39th Floor
575 Fifth Avenue
New York, 10017 USA

Publication enquiries, Westpac Economics, economics@westpac.com.au

DISCLAIMER



© 2024 Westpac Institutional Bank is a division of Westpac Banking Corporation ABN 33 007 457 141, AFSL233714 ('Westpac'). References to the "Westpac Group" are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Disclaimer

This information has been prepared by the Westpac Institutional Bank and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision. This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward-looking statements. The words "believe", "anticipate", "expect", "intend", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material. The author(s) also confirms that this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate.

Additional country disclosures

Australia: Westpac holds an Australian Financial Services Licence (No. 233714).



Note: Luci Ellis, Westpac Chief Economist is a member of the Australian Statistics Advisory Council (ASAC) which is a key advisory body to the Minister and the Australian Bureau of Statistics on statistical services. Luci does not have access to sensitive data/ reports in her capacity as a member of ASAC.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

US: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ("WCM"), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks.

The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.



UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ("BaFin") and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ("Deutsche Bundesbank"). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2) of the Order; (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found here: <https://www.westpaciq.com.au/terms-and-conditions/investment-recommendation-disclosure>. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.

