

WESTPAC-DATAX CARD TRACKER

5 JULY 2024.

WESTPAC INSTITUTIONAL BANK

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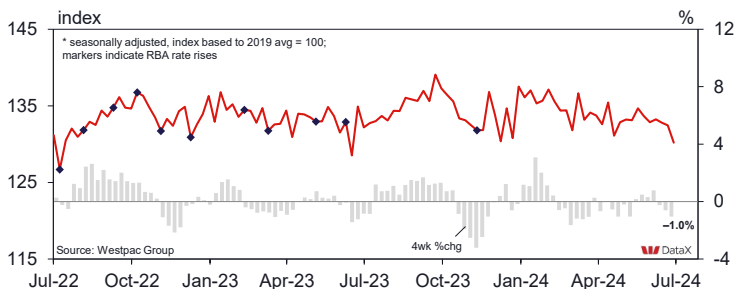


Card activity breaks lower ahead of tax cuts



- The **Westpac Card Tracker Index*** declined over the second half of June, falling 2.6pts to 130.2 over the two weeks to June 29. This marks the lowest read in just over a year with the Index recording declines in six of the last eight weeks.
- Needless to say, momentum has continued to weaken. Both monthly and quarterly growth measures are firmly in contraction. Card activity is tracking a 0.4%^{mth} decline for the June month as a whole and a 0.6%^{qtr} decline over the quarter. While this does not map perfectly to total spending, it points to a material slowdown from the 1.3%^{qtr} gain in nominal consumption recorded in the March quarter. An outright decline in real, inflation adjusted terms if even possible, especially if price growth has continued to track relatively strongly in the quarter (a large 1.6%^{qtr} decline in the volume of card volume suggests this may have been the case).
- The state and category breakdown are unchanged with weakness evenly spread across geographies but concentrated in discretionary segments, travel and durables in particular. The last week marks the high point of the 'End of Financial Year' (EOFY) sales period. The wash-up for segments that see strong activity through this period again highlights strength - while professional services (accountants, tax advisors etc) saw activity on a par with 2023, hardware stores and other EOFY-focused segments recorded an 8.6% drop - a particularly weak result given what are likely to have been significant price increases over the last year.
- Looking ahead, our next report will be of intense interest as it will capture the first two weeks of July and give the first glimpse of how tax cuts and other fiscal measures that came into effect this week are flowing through to expenditure.

1. Westpac Card Tracker Index*



* see p9 or more details on the Index construction.

“... a material slowdown ...”

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.

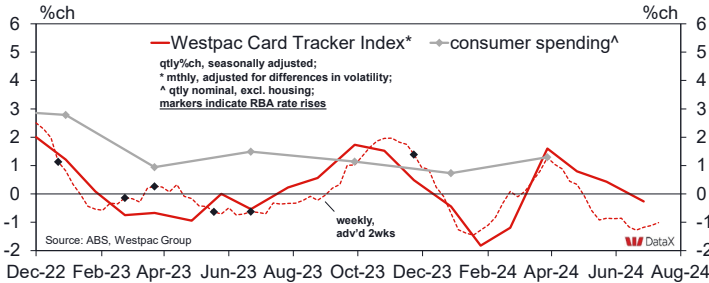
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This issue was finalised on 5 July 2024.

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More evidence of weak momentum

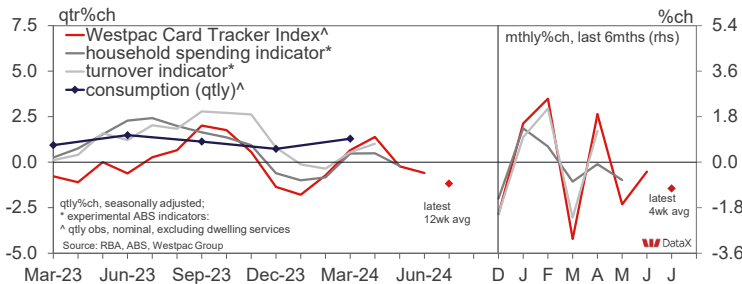


2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. Current momentum points to a nominal fall in Q2. That said, official estimates of spending have been firmer and less volatile than card activity over the last year and a half.
- The latest ABS household spending indicator confirms the moderation through Apr-May with a 0.7% decline in the May month taking the 3mth growth rate to -0.2%qtr (Westpac estimates of seasonally adjusted activity). The June update for the spending indicator will be released on Aug 2.
- The May update of the ABS monthly business turnover indicator, based on ATO data on BAS statements, is due on July 10 with June figure out on Aug 9.

3. Consumer spending: selected indicators



qtrly%ch	Q3	Q4	Q1	latest
Westpac Card Tracker*	2.0	-1.4	0.7	-1.2
Other indicators (nominal)				
Household spending*	1.4	-0.1	0.7	-0.2
Turnover*	2.8	0.8	0.6	1.0

Consumer spending (qtrly)#				
	Q3	Q4	Q1	n.a.
Nominal	1.1	0.7	1.3	n.a.
Real	-0.1	0.3	0.4	n.a.

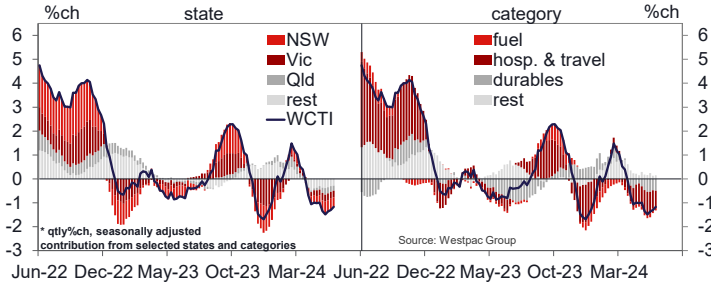
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p9 for more details.
 * ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover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

Sources: ABS, Westpac Group

EOFY sales down on 2023

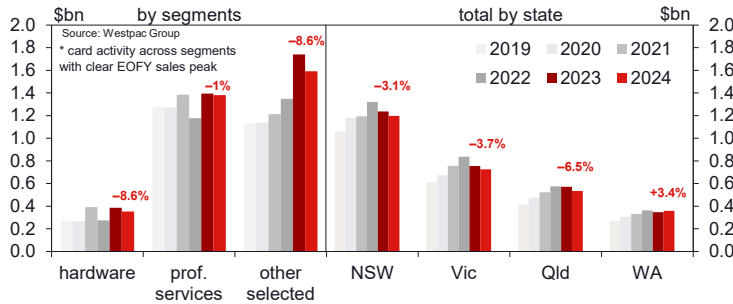


4. Card activity: state, category contribution to growth



- Chart 4 breaks quarterly growth in card activity out into contributions from states and major categories. Key themes remain the same: the decline broad-based by state but centred on travel, hospitality and durables (making up just over half of activity but accounting for nearly all of the current decline).
- The latest week covers the peak of the 'End of Financial Year' sales period. Chart 5 shows how this compared to previous years for segments that often see sales peak in this window, namely: hardware, professional services and several other smaller segments. The wash-up shows a steady result for professional services but a big 8.6% fall across other segments. Note that this is despite what are likely to be material price rises on a year ago.

5. EOFY: 2024 compared with previous years



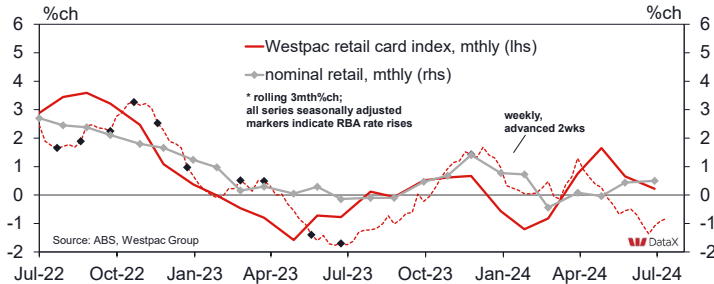
	Apr	May	Jun	29/6
Westpac Card Tracker	137.0	134.7	134.2	130.2
By category				
- discretionary	136.2	134.6	134.0	127.5
- essential	137.4	135.6	134.4	132.8
By state				
- NSW	131.9	129.8	129.6	122.2
- Vic	134.2	131.6	130.9	123.9
- Qld	147.7	147.6	146.4	138.2
- WA	147.2	145.6	145.6	139.0
- SA	145.8	143.7	143.7	135.1

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

Hospitality now the main drag for retail

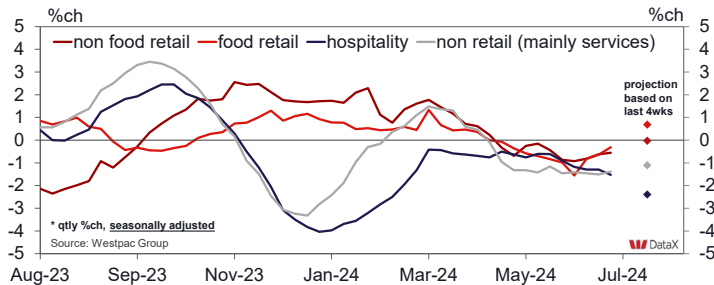


6. Card activity: retail



- Our 'retail' measures aim to cover a narrower subset of card activity consistent with the coverage of the ABS retail survey.
- Our retail card index shows a similar picture to wider card activity, declining at around 0.8%qtr. The detail suggests weakness is becoming more heavily centred on hospitality with non food retail steady and basic food continuing to firm in recent weeks.
- Official ABS figures showed a better than expected 0.6% rise in retail sales for the month of May (see [here](#) for more). Despite this, the overall picture is still subdued with nominal sales tracking a 0.4% gain for the June quarter and the underlying trend looking about flat. June retail sales, including estimates of Q2 real retail sales, will be released on July 26.

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



	Apr	May	Jun	29/6
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By retail/non retail

Retail card index	142.0	141.8	141.4	135.7
- qtlly%ch	1.6	0.7	0.2	-0.8
- qtlly, ann%ch	1.2	0.4	0.9	0.4
Non-retail card index	131.4	126.7	126.2	124.9

ABS retail sales

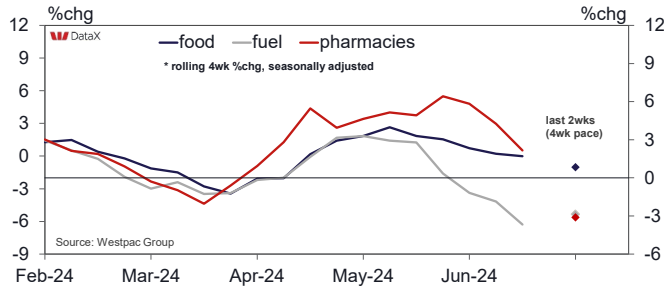
- %ch	0.1	0.6	n.a.	n.a.
- ann%ch	1.2	1.7	n.a.	n.a.
- qtlly%ch	0.0	0.4	n.a.	n.a.
- qtlly ann%ch	1.3	1.3	n.a.	n.a.

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

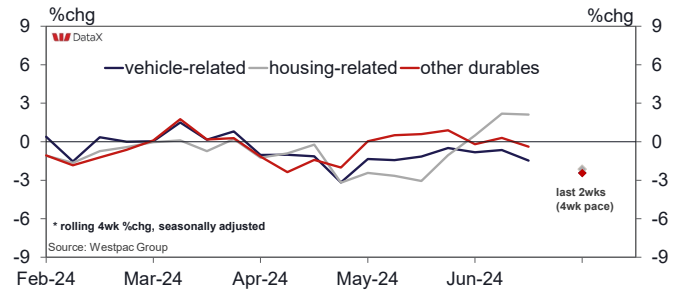
Detailed charts



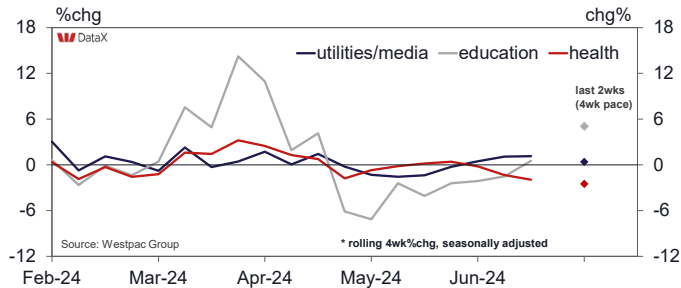
8. Card activity: essential goods



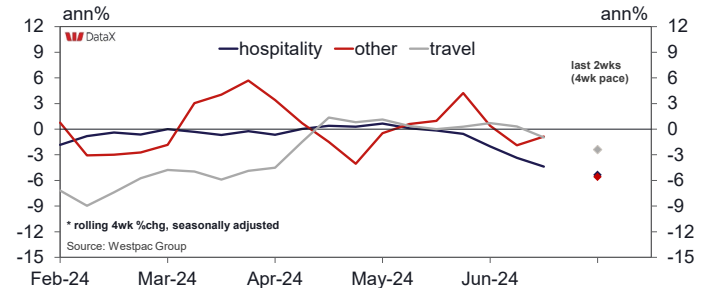
9. Card activity: discretionary goods



10. Card activity: essential services



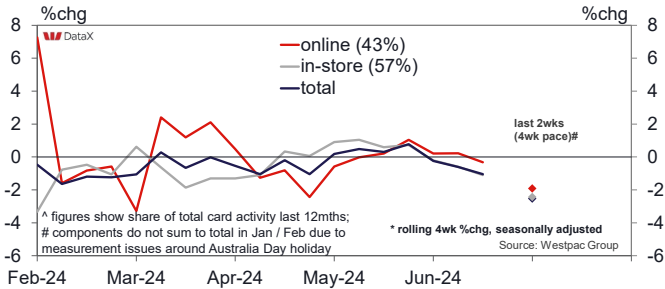
11. Card activity: discretionary services



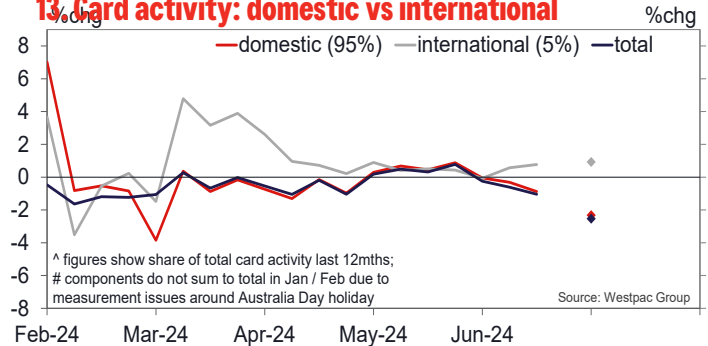
Detailed charts



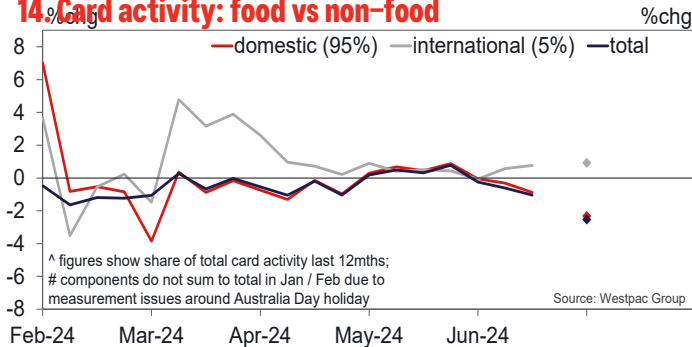
12. Card activity: online vs in-store



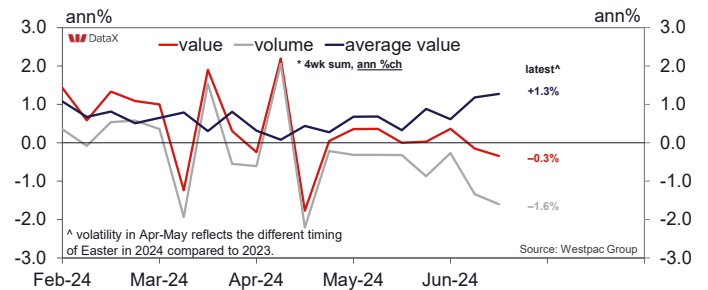
13. Card activity: domestic vs international



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	Apr	May	Jun [^]	8/6	15/6	22/6	29/6
Westpac Card Tracker Index	129.3	134.4	136.2	135.2	134.3	137.1	135.2	136.1	137.0	134.7	134.2	133.2	132.8	132.5	130.2
qtly%ch	5.7	3.9	1.4	-0.8	-0.6	2.0	-1.4	0.7	1.4	-0.2	-0.6	-1.5	-1.4	-1.3	-1.2
qtly, ann%ch	15.4	25.5	14.2	10.5	3.9	2.0	-0.8	0.7	1.6	0.3	0.7	0.2	0.3	0.2	0.0
By category															
- discretionary	131.1	136.0	136.4	135.7	135.6	137.6	133.8	135.4	136.2	134.6	134.0	132.3	130.7	130.7	127.5
- essential	127.1	129.3	132.1	132.5	132.4	133.3	132.9	135.5	137.4	135.6	134.4	133.0	134.4	133.1	132.8
services	121.9	128.1	128.2	130.3	132.4	134.4	129.4	132.6	132.8	130.3	131.0	130.6	127.8	127.0	126.7
- discretionary services	122.8	131.3	130.5	131.8	133.0	136.4	130.1	132.9	131.4	128.8	129.6	129.8	125.1	124.7	124.0
- essential services	116.4	120.1	123.7	125.8	127.2	130.0	129.0	131.6	138.7	132.4	133.0	133.1	136.1	133.9	134.9
goods	136.6	139.3	139.7	138.1	137.2	137.2	137.0	137.8	138.8	138.4	137.8	134.2	135.7	135.4	131.7
- discretionary goods	140.5	143.1	142.2	140.1	139.3	138.5	138.4	138.7	140.5	139.7	140.4	135.2	137.3	137.6	131.6
- essential goods	132.4	134.0	136.6	135.2	135.2	134.9	135.1	136.8	136.7	137.2	135.7	132.9	133.6	132.7	131.8
retail*	137.7	142.1	142.7	141.5	140.5	141.2	140.4	141.4	142.0	141.8	141.4	138.6	139.1	138.8	135.7
qtly%ch	3.3	3.2	0.4	-0.8	-0.8	0.5	-0.6	0.8	1.6	0.7	0.2	-1.4	-1.1	-0.9	-0.8
qtly, ann%ch	11.7	15.7	9.0	6.2	2.0	-0.7	-1.6	-0.1	1.2	0.4	0.9	0.3	0.6	0.5	0.4
By state															
- NSW	127.3	130.5	132.0	131.3	129.9	130.9	129.7	131.4	131.9	129.8	129.6	124.0	125.0	123.3	122.2
- Vic	130.3	134.2	136.1	135.1	133.6	135.6	133.1	133.8	134.2	131.6	130.9	127.7	125.7	127.2	123.9
- Qld	135.6	139.8	143.6	144.3	144.5	146.1	145.2	147.2	147.7	147.6	146.4	142.0	140.4	141.5	138.2
- WA	130.2	134.8	140.4	141.8	141.6	142.9	144.5	146.2	147.2	145.6	145.6	142.7	138.8	142.1	139.0
- SA	134.7	138.2	142.5	142.4	141.2	142.8	143.6	144.3	145.8	143.7	143.7	137.5	138.8	135.3	135.1

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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