

WESTPAC-DATAx CARD TRACKER

19 JULY 2024.

WESTPAC INSTITUTIONAL BANK

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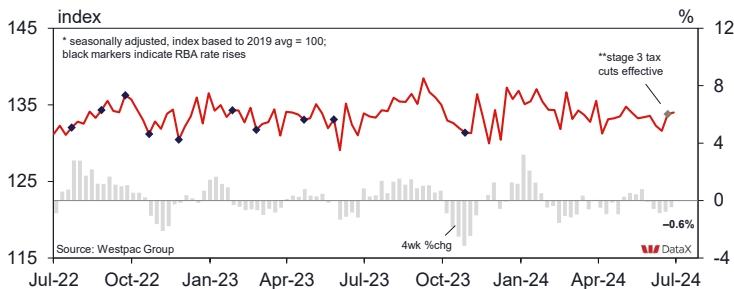


Card activity recovers but trends remain weak



- The **Westpac Card Tracker Index*** has recovered somewhat over the first two weeks of July, rising 2.4pts to 134. While that brings the Index back to the level it was at in late May, the underlying growth trend remains weak with the renewed contraction that became evident in late April still intact.
- Both monthly and quarterly growth measures remain in negative territory, tracking at -0.6% mth and -0.6% qtr respectively, in line with the pace seen in Q2. These are the first observations since the Stage 3 tax cuts went 'live' on July 1. That said, many income earners would not have seen a boost to 'cash-in-hand' yet. ABS figures indicate a third of employees are paid weekly (and would have definitely received a tax benefit by now) but for the rest, paid weekly (50%), monthly (12%) or less frequently (3%) any benefit will depend on the exact timing of pay periods.
- The category detail also suggests there has been little or no discernible tax cut boost to date. Comparing the first two weeks of July with the same period last year, card activity is only up 2% - tracking behind both inflation (3.8%yr) and population growth (2.5%yr). While some of the slightly firmer gains seen for housing-related goods, media & utilities, and health services may be due to tax cut effects, activity is down on a year ago in the bellwether discretionary categories of hospitality and 'other durables'.
- It's probably still much too early to get a good sense of any tax cut impacts on consumer demand. Aside from the issues around payment times, there will also be variations in the timing of tax cut benefits and any associated lift in spending. Some will have spent their cuts already and some will be waiting to see what's left over at the end of the month before deciding what to do.

1. Westpac Card Tracker Index*



* see p10 or more details on the Index construction.

“... underlying growth trend remains weak...”

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.

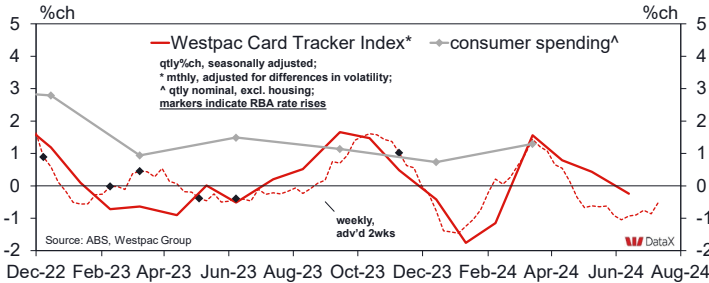
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This issue was finalised on 19 July 2024.

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Most indicators pointing to soft mid-year activity

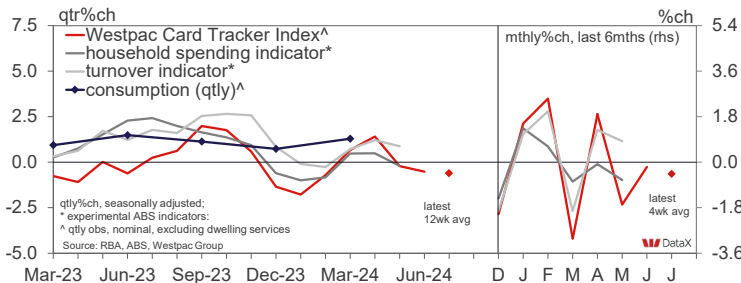


2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. Current momentum points to a small 0.2% decline in Q2, a weak result, but a milder decline than the 1.3% fall recorded in Q4.
- The latest ABS monthly business turnover indicator, based on ATO data on BAS statements, was relatively firm in May, our estimates point to a 0.8%^{mth} gain in seasonally adjusted terms, with the rolling quarterly growth rate coming in at 0.9%^{qtr}. That compares to -0.2%^{qtr} on the ABS household spending indicator and -0.3%^{qtr} on the **Westpac Card Tracker Index**.
- The June updates of the ABS measures will be released on Aug 2 (household spending indicator) and Aug 9 (business turnover indicator).

3. Consumer spending: selected indicators



qtrly%ch	Q3	Q4	Q1	latest
Westpac Card Tracker*	2.0	-1.3	0.7	-0.6
Other indicators (nominal)				
Household spending*	1.6	-0.6	0.5	-0.2
Turnover*	2.5	0.8	0.7	0.9

Consumer spending (qly)#				
Nominal	1.1	0.7	1.3	n.a.
Real	-0.1	0.3	0.4	n.a.

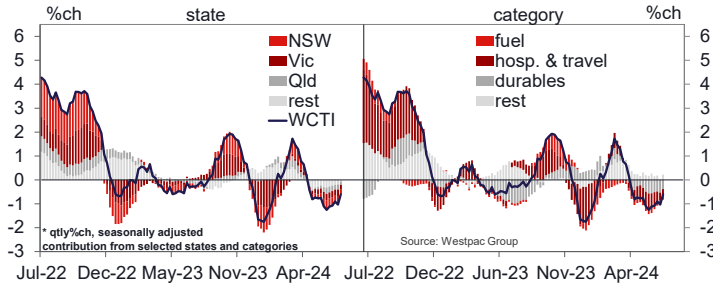
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p10 for more details.
 * ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover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

Sources: ABS, Westpac Group

Quiet, mixed start to FY2024

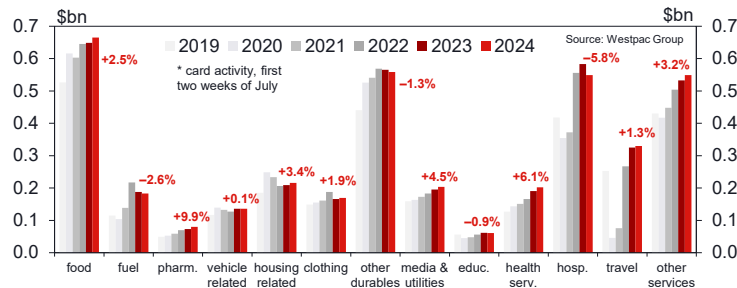


4. Card activity: state, category contribution to growth



- Chart 4 breaks quarterly growth in card activity out into contributions from states and major categories. The slight improvement in the latest week has been more pronounced for Qld and for durables.
- The first two weeks of July mark the beginning of the new financial year and the introduction of new income tax settings. Chart 5 shows how card activity compares to the same period in previous years across sub-categories. Total activity is up 2% vs 2023, tracking well behind the 6.3% gain that would have been generated by inflation (3.8%) and population growth (2.5%) alone. Housing-related goods, media & utilities, and health services have seen slightly firmer gains but hospitality and 'other durables' are both down over the year.

5. Card activity: first two weeks of July compared



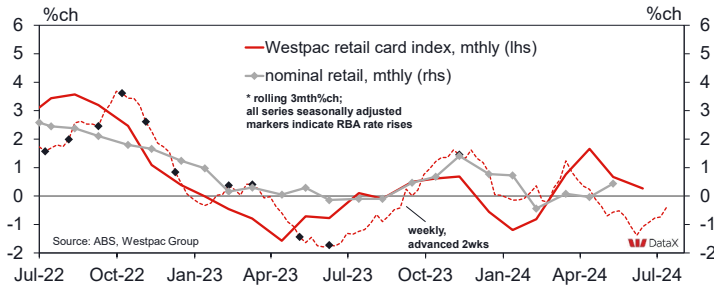
	Apr	May	Jun	13/7
Westpac Card Tracker	137.0	134.7	134.4	134.0
By category				
- discretionary	136.2	134.7	134.4	132.6
- essential	137.4	135.6	134.5	134.4
By state				
- NSW	131.9	129.8	129.8	129.1
- Vic	134.3	131.6	131.2	131.7
- Qld	147.8	147.6	146.7	145.1
- WA	147.2	145.7	145.9	144.4
- SA	145.8	143.7	143.9	144.8

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

Hospitality downturn deepens, other retail improves

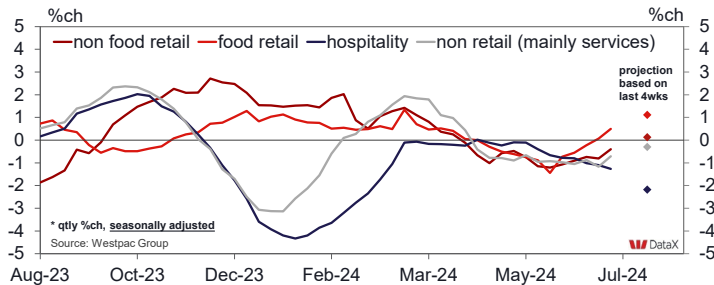


6. Card activity: retail



- 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 0.4%qtr currently. Within this, the detail points to widening trends between basic food and hospitality (see p6) while non-food retail has stabilised.
- Official ABS figures for June will be released on July 26, including the monthly gain for nominal sales and the Q2 wash-up for real retail sales 'volumes'. Despite a better than expected 0.6% rise in May, nominal sales remain subdued, tracking a 0.4% gain for the June quarter. While it depends on where prices land for the quarter, a subdued gain in retail prices should see real retail sales record a small rise.

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



	Apr	May	Jun	13/7
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By retail/non retail

Retail card index	142.0	141.9	141.5	137.9
- qtl%ch	1.7	0.7	0.3	-0.4
- qtlly, ann%ch	1.2	0.4	1.0	0.8
Non-retail card index	131.4	126.8	126.6	130.5

ABS retail sales

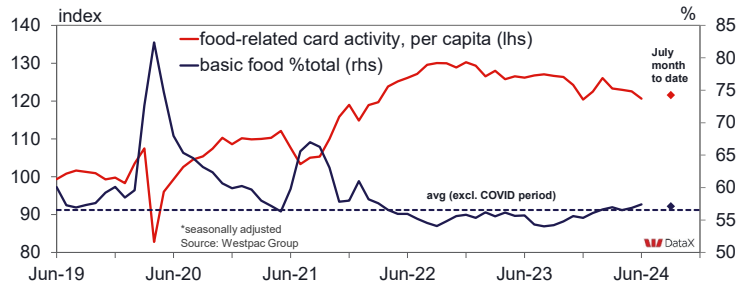
- %ch	0.1	0.6	n.a.	n.a.
- ann%ch	1.2	1.7	n.a.	n.a.
- qtl%ch	0.0	0.4	n.a.	n.a.
- qtlly ann%ch	1.3	1.3	n.a.	n.a.

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

Food for thought – a cyclical indicator clearly softening

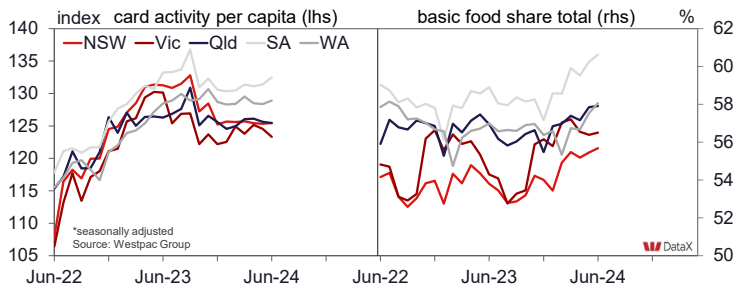


8. Card activity: food-related



- While typically quite stable, food spending, the mix in particular, can tell us a lot about wider consumer behaviour. Right now, food-related card activity suggests another collective belt-tightening is underway.
- Chart 8 shows a couple of useful metrics: total food-related card activity and the share of this that is 'basic food' (i.e. supermarkets as opposed to cafes, restaurants and takeaways). The intuition is straightforward – per capita spending rises and falls over the cycle as consumer splurge and cut back with most of this involving switching between 'self-catering' and food services.
- The immediate post-COVID period saw a surge in food-related activity that topped-out in late 2022. Since then, total per capita card activity has declined a cumulative 6.4%, although it remains a good 20% above pre-COVID levels (possibly reflecting the wider availability of food deliver services).
- The share of 'basic food' has risen, particularly from around mid 2023, lifting by over 3ppts from a record low to a level slightly above its period average (excluding COVID disruptions).
- Chart 9 shows these metrics across the major states. While there is more volatility, per capita food-related card activity has been much more resilient in SA and WA with heavier declines across the big eastern states, the turn happening earlier for Vic.
- For basic food as a share of total food-related activity, all states have seen a lift. SA has seen a consistently higher reading than other states. For NSW and Vic, where self-catering is lowest, the 2024 rise follows a 'mini-cycle' in 2022-23 that was more pronounced in Vic.

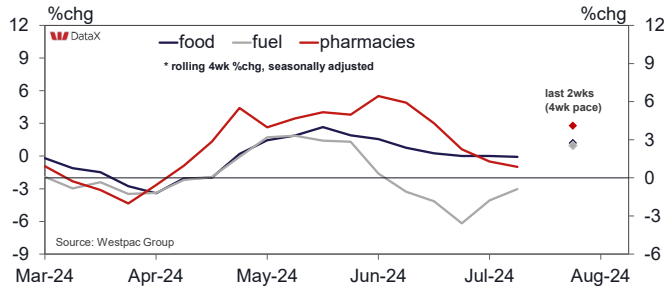
9. Card activity: food-related by state



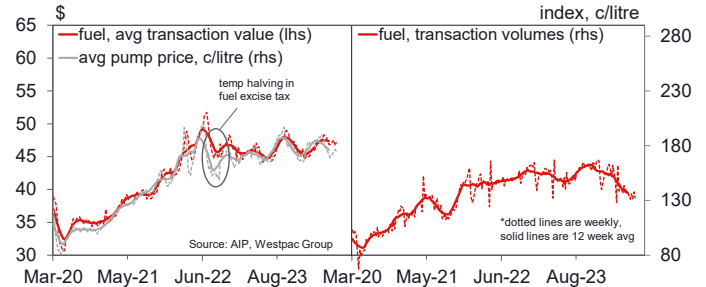
Detailed charts



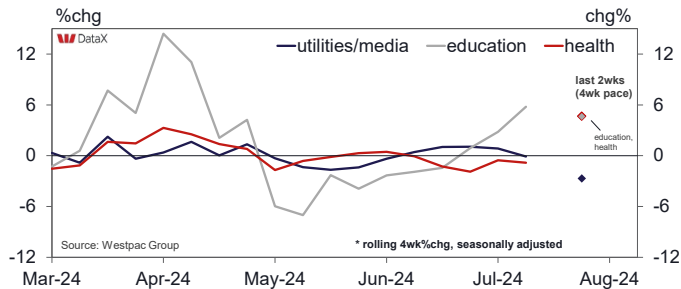
10. Card activity: essential goods



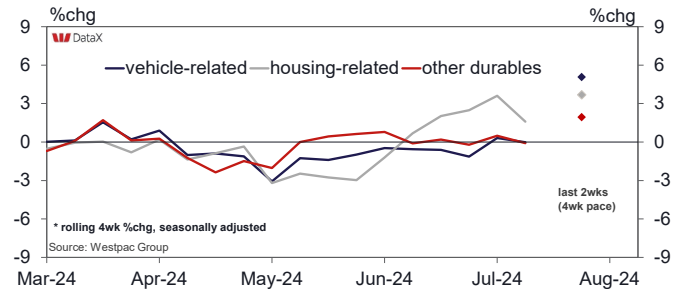
11. Fuel prices: avg value, price and volumes



12. Card activity: essential services



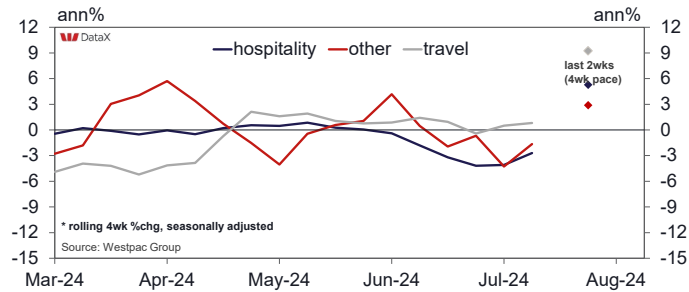
13. Card activity: discretionary goods



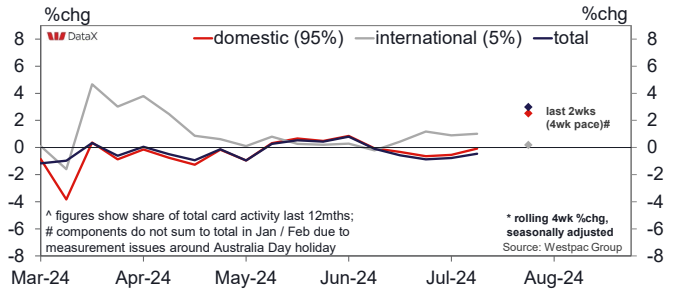
Detailed charts



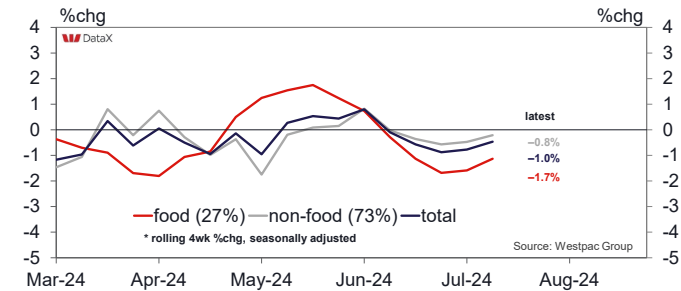
14. Card activity: discretionary services



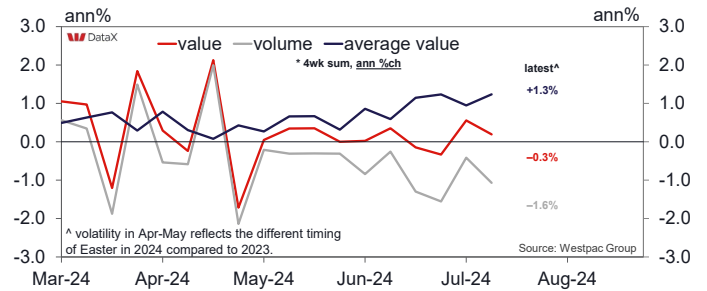
15. Card activity: domestic vs international



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	Apr	May	Jun^	22/6	29/6	6/7	13/7
Westpac Card Tracker Index	129.4	134.3	136.2	135.2	134.4	137.0	135.2	136.1	137.0	134.7	134.4	132.3	131.6	133.8	134.0
qtlly%ch	5.7	3.9	1.4	-0.8	-0.6	2.0	-1.3	0.7	1.4	-0.2	-0.5	-1.1	-0.9	-1.0	-0.6
qtlly, ann%ch	15.4	25.5	14.2	10.5	3.9	2.0	-0.8	0.7	1.6	0.3	0.8	0.2	0.0	0.1	0.3
By category															
- discretionary	131.1	135.9	136.4	135.7	135.6	137.5	133.9	135.4	136.2	134.7	134.4	130.5	129.5	132.5	132.6
- essential	127.1	129.3	132.1	132.5	132.4	133.3	132.9	135.5	137.4	135.6	134.5	133.0	133.2	133.9	134.4
services	122.0	128.1	128.2	130.3	132.4	134.3	129.4	132.6	132.8	130.4	131.4	127.6	128.5	129.4	132.1
- discretionary services	122.8	131.2	130.4	131.8	133.1	136.4	130.1	132.9	131.5	128.9	130.0	125.5	126.2	127.7	130.5
- essential services	116.4	120.1	123.7	125.9	127.2	130.0	129.0	131.6	138.7	132.4	133.2	133.8	135.5	134.6	136.8
goods	136.7	139.3	139.6	138.1	137.2	137.2	137.0	137.9	138.8	138.4	138.0	134.6	132.8	136.0	134.2
- discretionary goods	140.6	143.1	142.2	140.0	139.3	138.5	138.4	138.7	140.5	139.7	140.7	136.2	133.3	138.0	134.9
- essential goods	132.4	134.0	136.6	135.2	135.2	134.9	135.1	136.8	136.7	137.2	135.8	132.6	132.1	133.6	133.3
retail*	137.7	142.1	142.7	141.6	140.5	141.2	140.4	141.4	142.0	141.9	141.5	138.0	136.4	139.5	137.9
qtlly%ch	3.3	3.2	0.4	-0.8	-0.8	0.5	-0.6	0.8	1.7	0.7	0.3	-0.9	-0.8	-0.7	-0.4
qtlly, ann%ch	11.7	15.7	9.0	6.2	2.0	-0.7	-1.6	-0.1	1.2	0.4	1.0	0.5	0.5	0.7	0.8
By state															
- NSW	127.3	130.5	132.0	131.4	129.9	130.8	129.7	131.4	131.9	129.8	129.8	126.8	127.1	128.7	129.1
- Vic	130.3	134.2	136.1	135.2	133.6	135.6	133.1	133.8	134.3	131.6	131.2	129.5	128.0	131.4	131.7
- Qld	135.6	139.7	143.6	144.3	144.5	146.1	145.2	147.2	147.8	147.6	146.7	144.7	143.0	145.3	145.1
- WA	130.2	134.7	140.4	141.8	141.6	142.9	144.6	146.2	147.2	145.7	145.9	144.7	143.3	144.3	144.4
- SA	134.7	138.2	142.4	142.4	141.2	142.9	143.5	144.3	145.8	143.7	143.9	140.2	141.5	142.3	144.8

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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