

WESTPAC-DATAX CARD TRACKER

16 AUGUST 2024.

WESTPAC INSTITUTIONAL BANK

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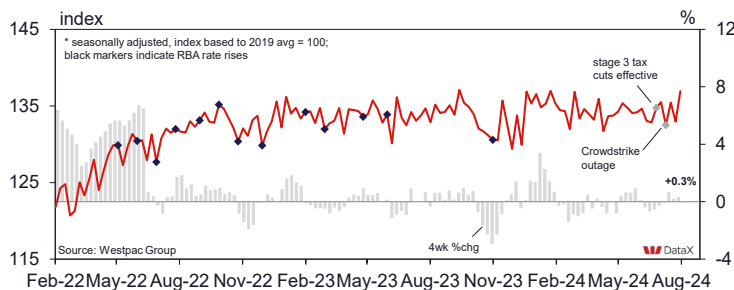


Card activity perks up but tax cut boost still looks small



- The **Westpac Card Tracker Index*** showed a little more life over the first two weeks of August, rising 1.5pts to 136.9. While that puts the index on a par with the high seen late last year, trend growth remains disappointing, barely tracking a small positive. Activity has firmed a little since the 'Stage 3' tax cuts came into effect but still looks to be declining in real, per capita terms.
- Momentum-wise, quarterly growth is tracking at 0.2%, up from -0.7% in July but in line with the average over the previous ten months. The underlying trend may be a little firmer than this suggests given disruptions from the CrowdStrike outage that impacted in the third week of July. But even allowing for this the signal is unlikely to be strong. It would take another gain along the lines of the 4pt rise seen in the latest week to produce a decisive positive signal.
- The category and state detail remains largely the same, the detail pointing to some improvement in discretionary segments but continuing to suggest the tax cut boost to activity so far been minimal. Indeed, rather than generating any strong outright gains, fiscal boosts may have just cushioned what would otherwise have been a further weakening.
- The early signs continue to suggest fiscal measures are having only a muted impact so far. That signal should become clearer as other indicators for the July month become available over the next few weeks. But as at mid-August our card tracker data implies consumers are mostly sitting on the extra tax cut cash rather than spending it. That may well change, but barring a significant lift through the back end of August and into September, Q3 is likely to see another subdued result for spending.

1. Westpac Card Tracker Index*



* see p9 or more details on the Index construction.

“Activity has firmed a little since the ... tax cuts came into effect but still looks to be declining in real, per capita terms.”

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.

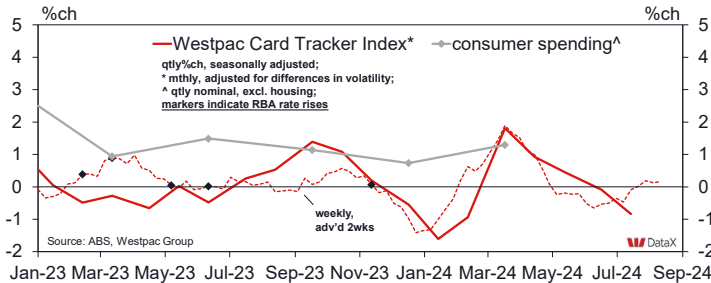
This report is produced by Westpac Economics.
Matthew Hassan, Senior Economist
Email: economics@westpac.com.au
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Momentum nudges back into positive

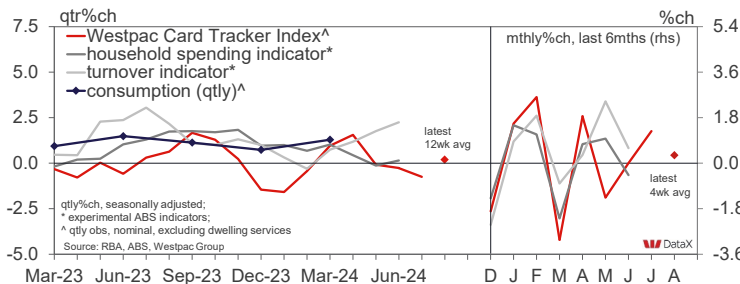


2. Card activity and spending: growth momentum



- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside nominal spending growth from the national accounts. Momentum has lifted after a soft Q2 but at +0.2% is only just positive, in line with the avg since 2023. The monthly signal is a little more positive, activity rising 1.3% in Jul after a soft May-Jun. However, the latest 4wk avg pace is also tentative, at 0.3%. The Q2 CPI showed prices up 1%qtr, a 0.3% monthly pace. As such, card activity in real, inflation-adjusted terms may have risen -1% in Jul but is about flat over the last 4wks.
- The first post-tax cut figures from the ABS are still several weeks away, retail sales due Aug 30, the ABS household spending indicator due Sep 4 and the ABS business turnover indicator due Sep 9. The latter showed much firmer momentum in Q2 but appears to have some issues with seasonal adjustment.

3. Consumer spending: selected indicators



qtrly%ch	Q4	Q1	Q2	latest
Westpac Card Tracker*	-1.4	1.0	-0.3	0.2
Other indicators (nominal)				
Household spending*	1.0	1.0	0.1	n.a.
Turnover*	1.0	0.7	2.2	n.a.
Consumer spending (qtrly)#				
Nominal	0.7	1.3	n.a.	n.a.
Real	0.3	0.4	n.a.	n.a.

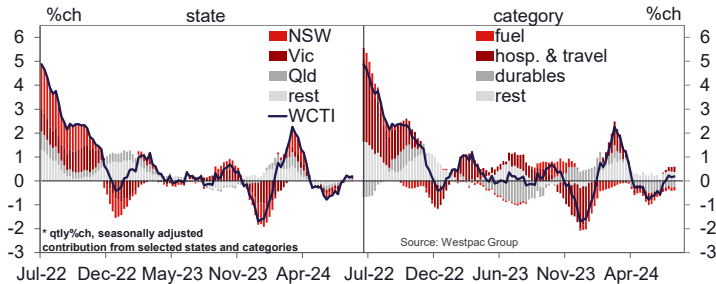
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p9 for more details.
 * ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover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

Sources: ABS, Westpac Group

Discretionary goods, Qld & WA outperforming slightly

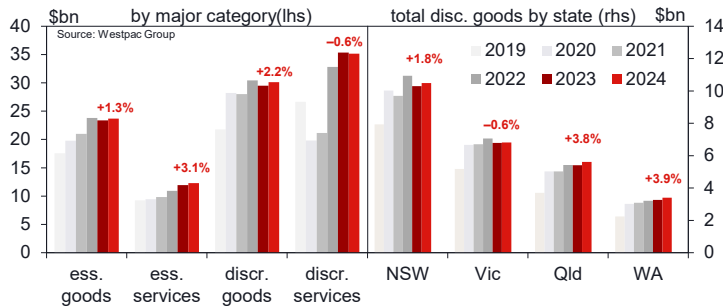


4. Card activity: state, category contribution to growth



- Chart 4 breaks quarterly growth in card activity out into contributions from states and selected categories. Discretionary categories have seen more of an improvement since the end of Jun, the contribution moving from a drag to about flat, discretionary services now a small positive. Essentials spend has seen a smaller lift but was a bigger part in the latest weekly gain.
- Chart 5 shows how card activity over the six weeks since tax cuts went 'live' compares to the same periods in previous years. Total activity is still only up a modest 1.2%yr (smaller than last year's 2.4%yr gain). Tax cuts seem to be generating a bit more traction with discretionary goods and in WA and Qld, but overall the picture still suggests the spending boost to date continues to be very small and diffuse.

5. Card activity: first four weeks of July compared



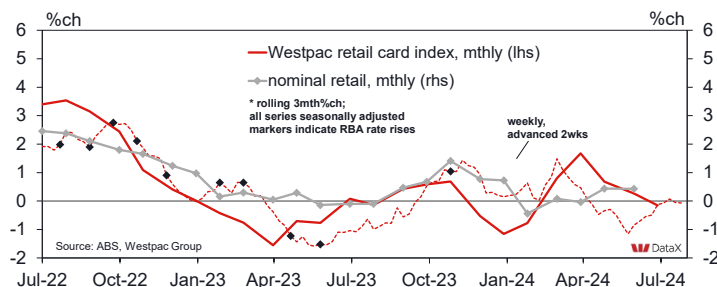
	May	Jun	Jul	10/8
Westpac Card Tracker	135.2	135.2	137.0	136.9
By category				
- discretionary	133.9	134.4	135.9	135.9
- essential	135.4	134.4	134.8	136.7
By state				
- NSW	129.9	130.0	131.1	132.3
- Vic	131.9	131.5	133.0	134.9
- Qld	147.6	146.8	147.9	149.0
- WA	145.7	146.0	146.8	148.9
- SA	143.8	144.0	144.4	143.1

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

Retail steady overall but segments diverging

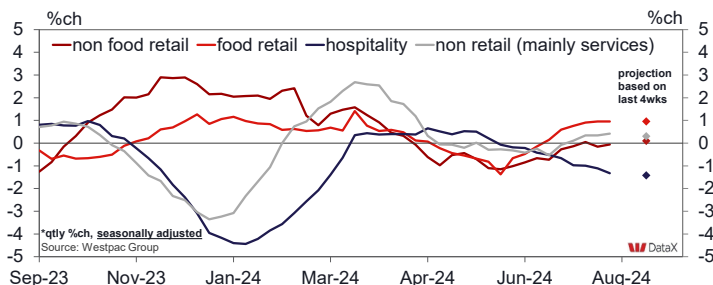


6. Card activity: retail



- Our 'retail' measures covers a narrower subset of card activity that aligns more closely to ABS retail survey. Our retail card index has steadied over the last 6wks, the quarterly growth pulse lifting from negative to about flat.
- The detail shows a widening divergence across the major segments. Basic food is seeing relatively steady gains. Given food prices rose a further 1.2% in Q2 this may be reflecting stable rather than growing volumes. Meanwhile hospitality has continued to see significant nominal declines with no improvement since June. Non food retail is in between, activity improving since June but from declining to flat, implying volumes are still soft.
- The ABS is due to release July retail sales figures on Aug 30. Sales should post a gain although those expecting a big tax cut boost are likely to be disappointed.

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



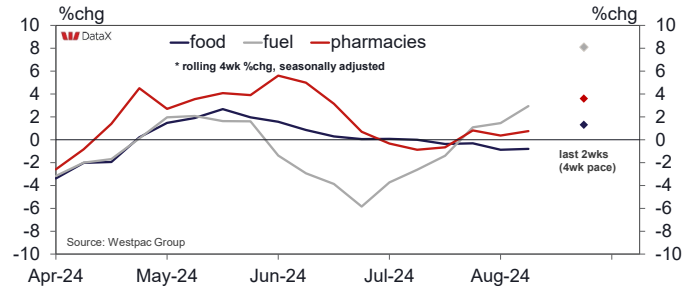
	May	Jun	Jul	10/8
By retail/non retail				
Retail card index	141.9	141.6	142.3	140.5
- qly%ch	0.7	0.3	-0.2	-0.1
- qly, ann%ch	0.4	1.0	0.9	1.1
Non-retail card index	127.8	128.2	131.0	133.9
ABS retail sales				
- %ch	0.6	0.5	n.a.	n.a.
- ann%ch	1.7	2.9	n.a.	n.a.
- qly%ch	0.6	0.7	n.a.	n.a.
- qly ann%ch	1.3	2.0	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

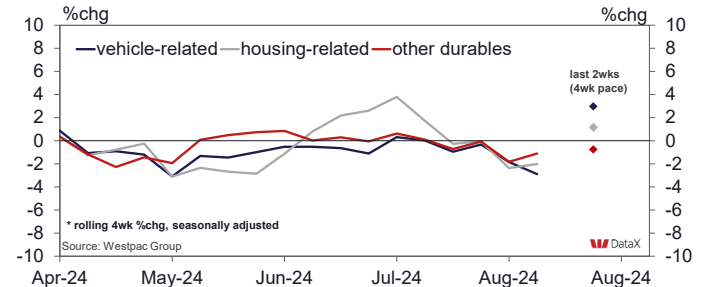
Detailed charts



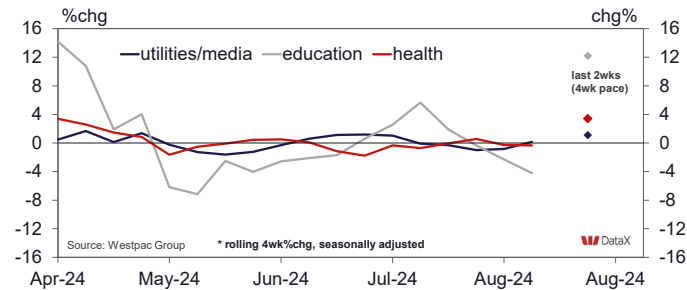
8. Card activity: essential goods



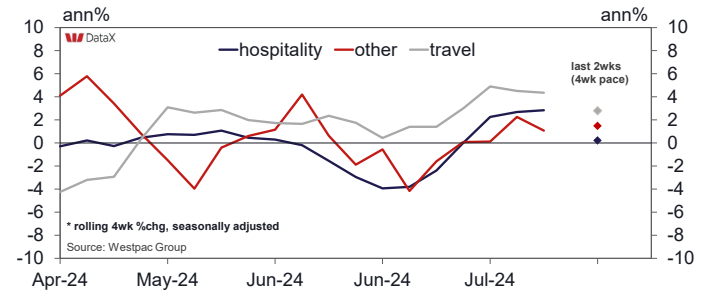
9. Card activity: discretionary goods



10. Card activity: essential services



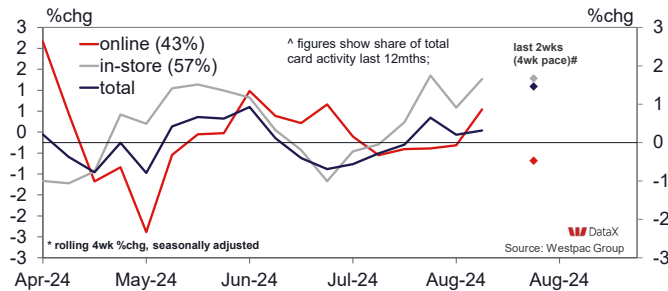
11. Card activity: discretionary services



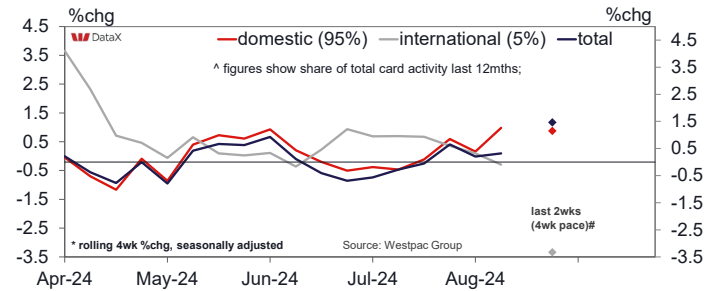
Detailed charts



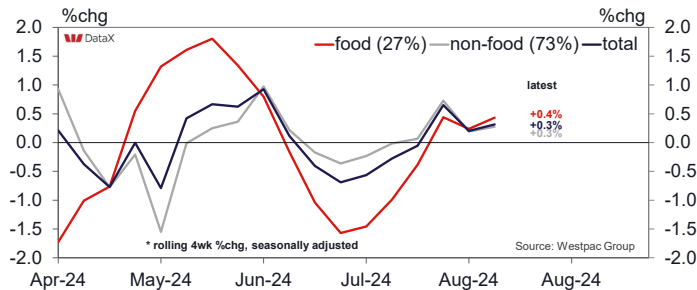
12. Card activity: online vs in-store



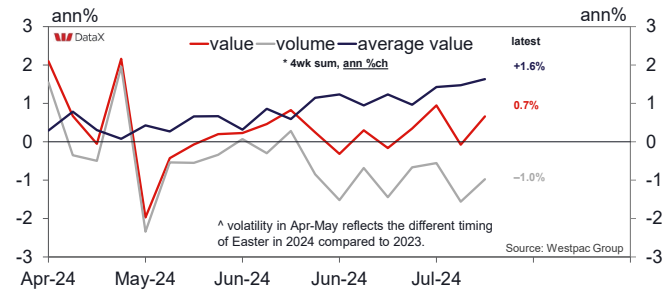
13. Card activity: domestic vs international



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^	6/7	13/7	20/7	27/7	
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	134.1	134.8	131.7	134.8	
qtly%ch	5.7	3.9	1.4	-0.8	-0.6	2.0	-1.3	0.7	1.4	-0.2	-0.5	-0.8	-0.4	-0.3	-0.1	
qtly, ann%ch	15.4	25.5	14.2	10.5	3.9	2.0	-0.8	0.7	1.6	0.3	0.8	0.1	0.3	0.3	0.4	
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	133.2	133.8	131.0	134.4	
- essential	127.1	129.3	132.1	132.5	132.4	133.3	132.9	135.5	137.4	135.6	134.5	133.6	134.5	130.5	133.7	
services	122.0	128.1	128.2	130.3	132.4	134.3	129.4	132.6	132.8	130.4	131.4	130.1	133.1	129.8	133.7	
- discretionary services	122.8	131.2	130.4	131.8	133.1	136.4	130.1	132.9	131.5	128.9	130.0	128.9	131.9	129.7	133.3	
- essential services	116.4	120.1	123.7	125.9	127.2	130.0	129.0	131.6	138.7	132.4	133.2	133.9	136.6	130.1	135.0	
goods	136.7	139.3	139.6	138.1	137.2	137.2	137.0	137.9	138.8	138.4	138.0	136.1	134.9	131.7	134.5	
- discretionary goods	140.6	143.1	142.2	140.0	139.3	138.5	138.4	138.7	140.5	139.7	140.7	138.2	136.0	132.5	135.6	
- essential goods	132.4	134.0	136.6	135.2	135.2	134.9	135.1	136.8	136.7	137.2	135.8	133.4	133.6	130.7	133.1	
retail*	137.7	142.1	142.7	141.6	140.5	141.2	140.4	141.4	142.0	141.9	141.5	139.7	138.8	136.6	138.9	
qtly%ch	3.3	3.2	0.4	-0.8	-0.8	0.5	-0.6	0.8	1.7	0.7	0.3	-0.6	-0.3	-0.2	-0.1	
qtly, ann%ch	11.7	15.7	9.0	6.2	2.0	-0.7	-1.6	-0.1	1.2	0.4	1.0	0.6	0.8	0.9	1.0	
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	129.3	130.2	127.0	130.9	
- Vic	130.3	134.2	136.1	135.2	133.6	135.6	133.1	133.8	134.3	131.6	131.2	132.7	133.3	130.3	133.5	
- Qld	135.6	139.7	143.6	144.3	144.5	146.1	145.2	147.2	147.8	147.6	146.7	145.3	145.8	142.4	145.7	
- WA	130.2	134.7	140.4	141.8	141.6	142.9	144.6	146.2	147.2	145.7	145.9	144.2	144.7	141.9	144.6	
- SA	134.7	138.2	142.4	142.4	141.2	142.9	143.5	144.3	145.8	143.7	143.9	141.9	144.7	138.2	141.9	

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



Westpac Economics team Sydney

Level 19, 275 Kent Street
Sydney NSW 2000

Luci Ellis

Chief Economist Westpac Group

Matthew Hassan

Elliot Clarke

Andrew Hanlan

Justin Smirk

Pat Bustamante

Ryan Wells

Illiana Jain

Jameson Coombs

Westpac Economics mailbox:

economics@westpac.com.au

Westpac DataX team

Level 5, 275 Kent Street
Sydney 2000 NSW

Lila Conomos

Cristina Carter

Dounan Shao

Sam Ganguly

DataX mailbox:

DataX@westpac.com.au

Westpac NZ Economics Auckland

Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

Kelly Eckhold

Chief Economist, New Zealand

Michael Gordon

Darren Gibbs

Satish Ranchhod

Paul Clark

Westpac Economics NZ mailbox:

WNZResearch@westpac.co.nz

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