WESTPAC-DATAX CARD TRACKER

2 SEPTEMBER 2024.

WESTPAC INSTITUTIONAL BANK

Powered by DataX

Card activity gaining a little traction

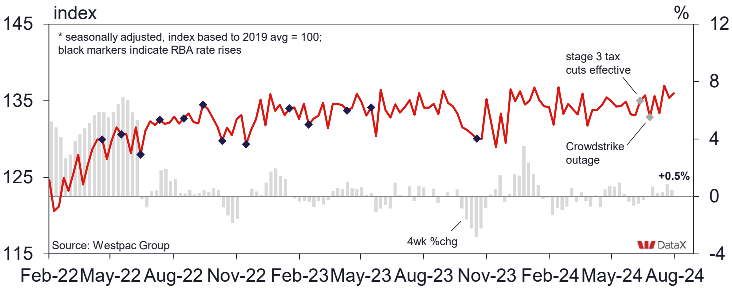
– The **Westpac Card Tracker Index*** slipped back a little over the second half of August, declining 1pt to 136. Looking through the choppy path since the ‘Stage 3’ tax cuts came into effect at the start of July, card activity does look to have gained a little more traction since late July but so far any up-trend looks to be gradual at best.

– Quarterly growth momentum is a touch firmer, lifting to a 0.4% pace in the latest week. That compares to contractions through June-July but is still off the stronger pace seen at times earlier in the year and during the second half 2023. Recall that all of these measures are in nominal terms. With inflation still tracking close to 1%qtr, card activity tracking 0.4%qtr is still implying material declines in real terms. With population growth also running at 0.6%qtr, activity is also declining in per capita terms.

– The category detail shows the shift in momentum over the last few weeks is mainly coming from discretionary services – hospitality & travel in particular. That would be consistent with the small ‘drip feed’ of tax relief mainly trickling through to a lift in ‘small-ticket’ discretionary spend. Interestingly, the state detail suggests the pick-up is a little more pronounced in NSW and Vic.

– Despite the slightly improved tone to card activity over the last two weeks, the early indications continue to suggest that fiscal measures are having only a muted impact on demand. A preliminary release from our new **Westpac Consumer Panel**, which provides a more comprehensive picture of income, spending and saving flows, also points to consumers mostly sitting on the extra tax cut cash in July, saving most of it. That may have shifted a little in August but not in a way that is setting demand alight.

1. Westpac Card Tracker Index*



* see p9 or more details on the Index construction.

“… the shift in momentum … is mainly coming from discretionary services – hospitality & travel in particular.”

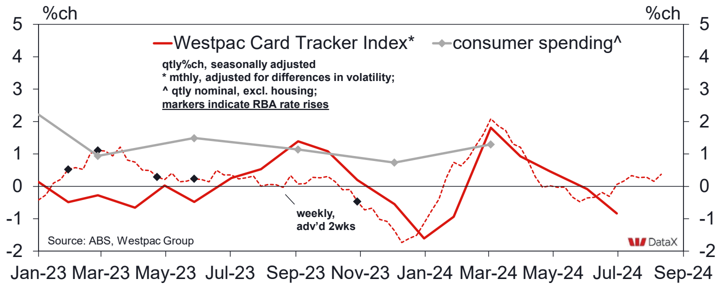
The **Westpac Card Tracker** presents indicators based on the millions of credit and debit card transactions processed by Westpac every day. The measures are a timely guide to shifts in spending. See p9 for a detailed explanation.

This report is produced by Westpac Economics.
Matthew Hassan, Senior Economist
Email: economics@westpac.com.au
This issue was finalised on 2 September 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.

Momentum firms a little

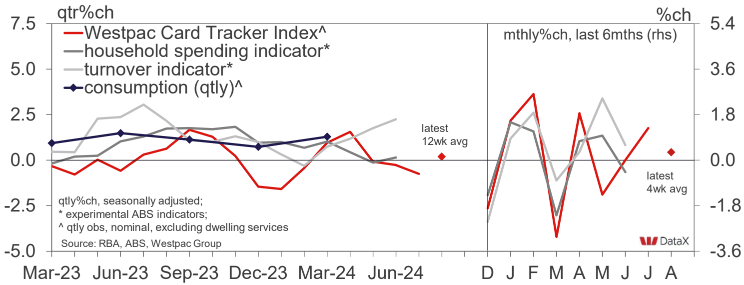
2. Card activity and spending: growth momentum



– 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 +0.4% is only slightly positive. Remarkably, card activity has only risen 0.1% since the start of 2023, an 85-week span. Over the previous 85 weeks, when post-COVID reopening was in full swing, card activity soared 26%.

– The next week will see July updates of the ABS's monthly indicators, the ABS household spending indicator due Sep 4 and the ABS business turnover indicator due Sep 9. As noted previously, the latter showed much firmer momentum in Q2 but appears to have some issues with seasonal adjustment.

3. Consumer spending: selected indicators



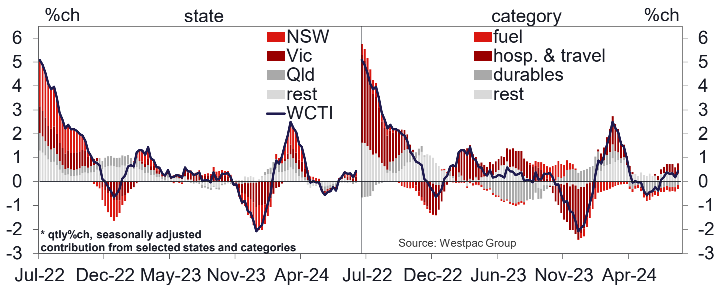
qtly%ch	Q4	Q1	Q2	latest
Westpac Card Tracker*	**-1.4**	**1.0**	**-0.3**	**0.4**
Other indicators (nominal)				
Household spending*	1.0	1.0	0.1	n.a.
Turnover*	1.0	0.7	2.2	n.a.
Consumer spending (qtly)#				
Nominal	0.7	1.3	n.a.	n.a.
Real	0.3	0.4	n.a.	n.a.

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.

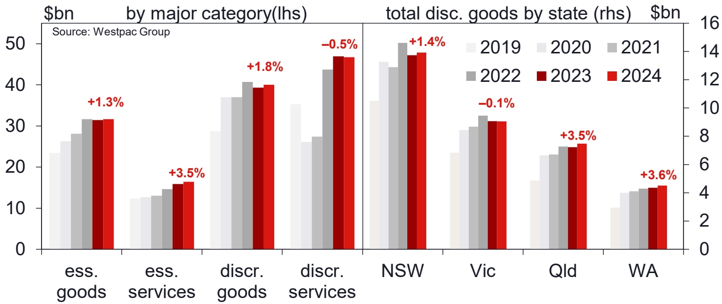
Sources: ABS, Westpac Group

Hospitality, NSW and Vic leading the lift

4. Card activity: state, category contribution to growth



5. Card activity: July-August compared to previous years



– Chart 4 breaks quarterly growth in card activity out into contributions from states and selected categories. The pick up in momentum is being led by discretionary services, hospitality & travel in particular. Durables spending has remained soft. As noted, the lift has been slightly more pronounced in NSW and Vic. That said, card activity has been tracking at a notably higher level in Qld, WA and SA with state index reads well over 140.

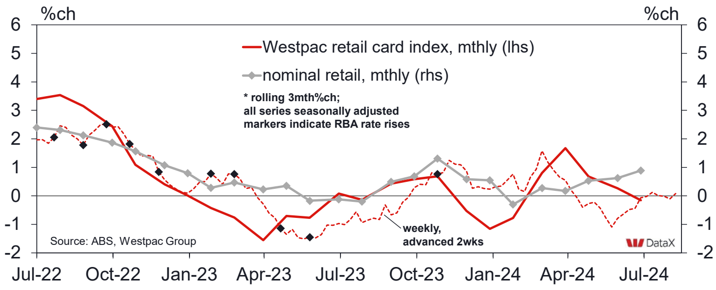
– Chart 5 shows how card activity over the eight weeks since tax cuts went 'live' compares to the same periods in previous years. Total activity is still only up a modest 1%yr (smaller than last year's 2.3%yr gain). Despite the latest weekly signals mentioned above, annual gains have actually been slightly firmer for discretionary goods (+1.8%) and for WA (+3.6%) and Qld (+3.5%).

	May	Jun	Jul	24/8
Westpac Card Tracker	**135.2**	**135.2**	**137.0**	**136.0**
By category				
- discretionary	133.9	134.4	135.9	135.9
- essential	135.4	134.4	134.8	133.4
By state				
- NSW	129.9	130.0	131.1	132.2
- Vic	131.9	131.5	133.0	135.7
- Qld	147.6	146.8	147.9	147.5
- WA	145.7	146.0	146.8	143.8
- SA	143.8	144.0	144.4	142.7

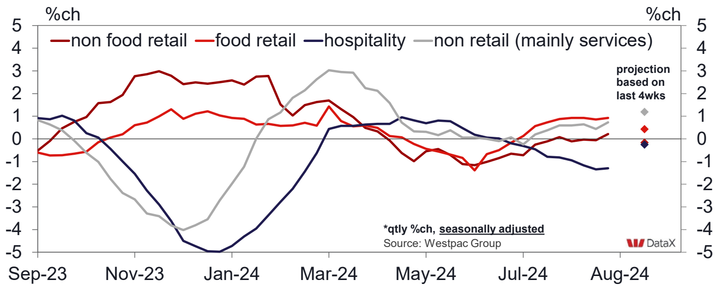
All indexes based on the value of spending-related transactions, seasonally adjusted, 2019 avg=100, see p9 for more details incl. classifications. Sources: ABS, Westpac Group

Retail looking flat

6. Card activity: retail



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



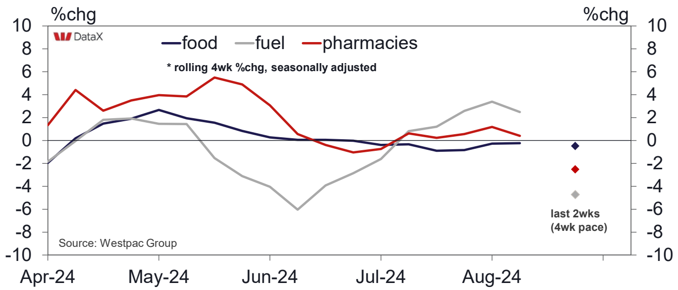
- Our 'retail' measures covers a narrower subset of card activity that aligns more closely to ABS retail survey. Retail card activity has seen less of a pick-up than wider card activity since the start of July, the quarterly growth pulse only just positive at 0.1%qtr.
- Despite this, the detail is showing a notable shift over the latest month, card activity in the hospitality sector showing a clear improvement after being a stand-out weak spot over the last 3mths.
- Official figures from the ABS showed a disappointing result for the month of July, retail sales holding flat against expectations of a muted gain (see here for more). Nominal sales look only marginally better on a rolling 3mth basis, up 0.9%qtr, 2.3%yr.

	May	Jun	Jul	24/8
By retail/non retail				
Retail card index	141.9	141.6	142.3	139.4
- qtly%ch	0.7	0.3	-0.2	0.1
- qtly, ann%ch	0.4	1.0	0.9	1.2
Non-retail card index	127.8	128.2	131.0	133.1
ABS retail sales				
- %ch	0.5	0.5	0.0	n.a.
- ann%ch	1.7	2.9	2.3	n.a.
- qtly%ch	0.5	0.6	0.9	n.a.
- qtly ann%ch	1.3	2.0	2.3	n.a.

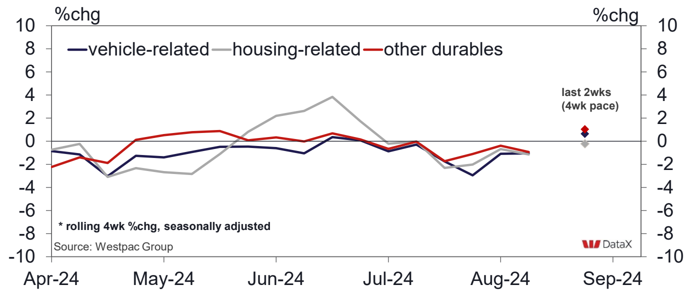
All indexes based on the value of spending-related transactions, seasonally adjusted. 2019 avg=100, see p9 for more details. Sources: ABS, Westpac Group

Detailed charts

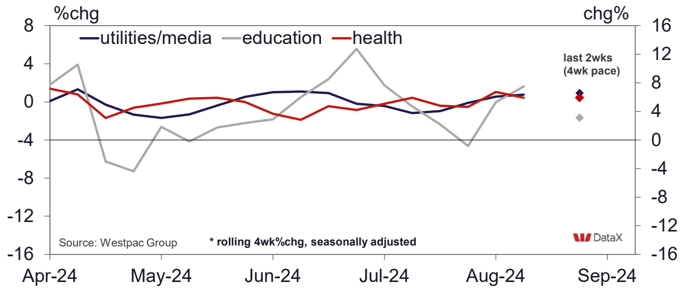
8. Card activity: essential goods



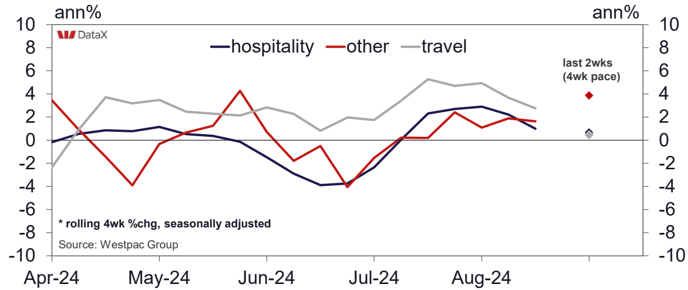
9. Card activity: discretionary goods



10. Card activity: essential services

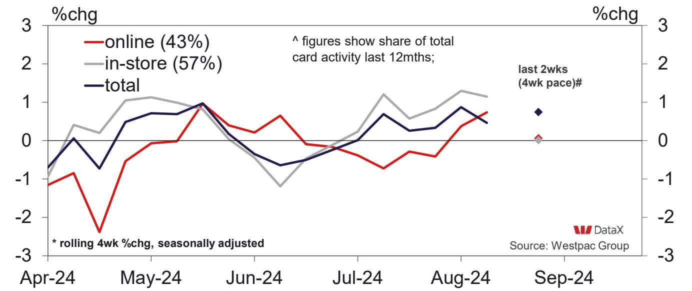


11. Card activity: discretionary services

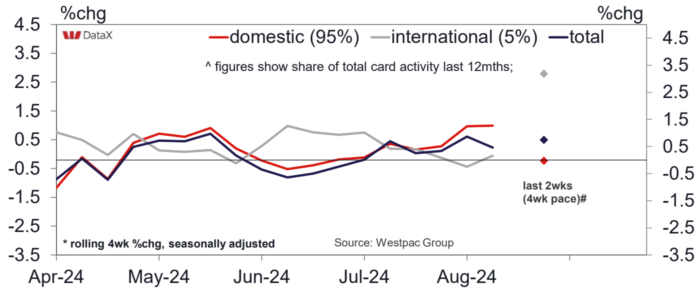


Detailed charts

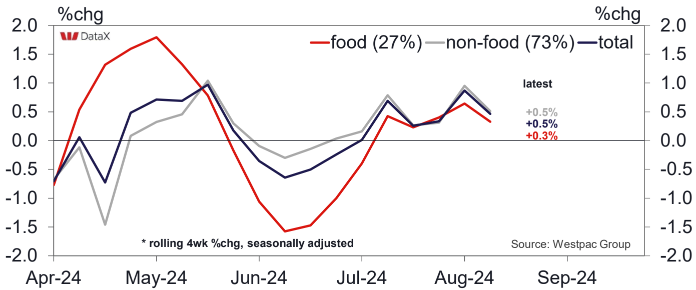
12. Card activity: online vs in-store



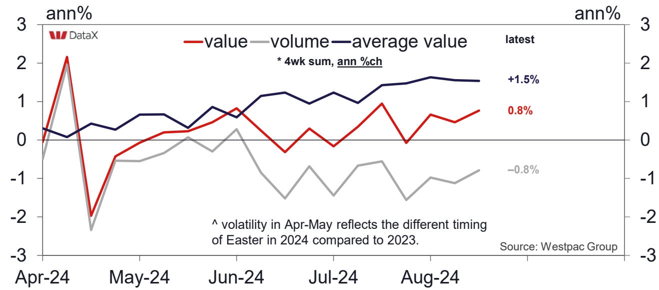
13. Card activity: domestic vs international



14. Card activity: food vs non-food



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



Westpac card indicators*

	2022		2023				2024					week ending:			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun	Jul	3/8	10/8	17/8	24/8
Westpac Card Tracker Index	**134.4**	**135.9**	**135.4**	**134.7**	**136.9**	**134.9**	**136.2**	**135.9**	**135.2**	**135.2**	**137.0**	**133.4**	**137.0**	**135.4**	**136.0**
qtly%ch	3.7	1.1	-0.3	-0.6	1.7	-1.4	1.0	-0.3	-0.1	-0.3	-0.7	0.3	0.3	0.2	0.4
qtly, ann%ch	25.5	14.0	10.6	3.9	1.9	-0.7	0.6	0.9	0.4	0.9	0.5	0.3	0.5	0.5	0.5
By category															
– discretionary	135.2	137.4	136.7	134.9	136.6	134.9	136.2	134.8	133.9	134.4	135.9	132.7	136.3	134.9	135.9
– essential	129.4	132.1	132.5	132.4	133.4	132.9	135.4	135.8	135.4	134.4	134.8	132.4	135.7	133.9	133.4
services	127.8	128.1	130.3	132.8	134.1	129.3	132.7	131.9	130.7	132.0	137.7	132.9	136.3	135.6	135.7
– discretionary services	130.5	129.8	131.9	134.5	135.9	129.2	133.1	131.2	130.2	131.8	138.6	133.0	136.3	135.4	136.3
– essential services	120.1	123.7	125.9	127.2	129.9	129.0	131.7	134.8	132.5	133.2	134.1	132.3	136.3	136.1	133.9
goods	139.4	139.7	138.0	137.1	137.3	137.1	137.8	138.4	138.3	138.0	138.2	132.4	136.0	133.6	134.4
– discretionary goods	143.1	142.4	140.0	139.0	138.6	138.6	138.6	140.0	139.5	140.3	140.5	132.3	136.4	134.3	135.5
– essential goods	134.1	136.6	135.1	135.0	135.1	135.1	136.8	136.4	137.0	135.5	134.6	132.5	135.5	132.8	133.1
retail*	142.1	142.7	141.6	140.5	141.1	140.4	141.5	141.9	141.9	141.6	142.3	136.6	140.4	138.4	139.4
qtly%ch	3.1	0.4	-0.8	-0.8	0.4	-0.5	0.8	0.3	0.7	0.3	-0.2	0.0	0.0	-0.1	0.1
qtly, ann%ch	15.6	9.0	6.2	2.0	-0.7	-1.6	-0.1	1.0	0.4	1.0	0.9	0.8	1.1	1.1	1.2
By state															
– NSW	130.3	132.0	130.8	129.9	130.7	129.0	131.6	130.6	129.9	130.0	131.1	129.7	132.7	131.6	132.2
– Vic	134.0	136.1	135.3	133.8	135.4	133.0	133.9	132.6	131.9	131.5	133.0	133.1	135.8	134.8	135.7
– Qld	139.7	143.6	144.3	144.5	146.1	145.2	147.3	147.4	147.6	146.8	147.9	143.9	148.7	146.1	147.5
– WA	134.7	140.4	141.8	141.7	142.8	144.5	146.2	146.3	145.7	146.0	146.8	142.2	147.6	143.8	143.8
– SA	138.2	142.5	142.3	141.3	142.9	143.5	144.3	144.6	143.8	144.0	144.4	141.3	143.0	141.3	142.7

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

Mantas Vanagas

Ryan Wells

Illiana Jain

Jameson Coombs

Neha Sharma

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 Fiji
Suva
1 Thomson Street
Suva, Fiji

Shamal Chand

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

The Westpac card tracker is a collaboration between Westpac Economics and Westpac DataX – Providing the power of Westpac's Data and Economics expertise to give insight into consumer spending behaviour and trends.

DISCLAIMER

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.