



**30 SEPTEMBER 2024**

# **WESTPAC-DATAx CARD TRACKER**

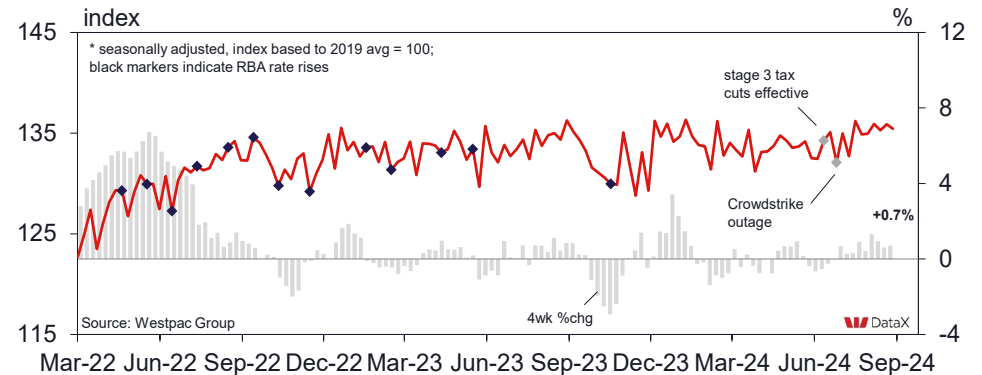
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# Card activity continues to show muted response to tax relief

- The **Westpac Card Tracker Index\*** has been relatively steady through September, holding at 135.4 in the latest week ended September 21. The data continues to point to a lacklustre spending response to the ‘stage 3’ tax cuts and other fiscal support measures that came into effect from the start of July.
- Quarterly growth momentum has firmed slightly, to a 1%qtr pace. That is better than the contractions seen earlier in the year and in late 2023 but no better than the subsequent revivals from those soft periods. Monthly momentum remains relatively firm, holding at a 0.7%pth pace. That is down on the 1-1.5% pace seen briefly in August but much better than the flat profile in July.
- The latest update means we now have data covering 90% of the September quarter. Assuming the remainder tracks in line with the September month to date, card activity will finish the quarter up 0.9%qtr.
- Recall that this is in nominal terms, including inflation. Westpac expects the headline CPI to show a 0.3%qtr gain for the September quarter. That in turn points to a quarterly gain of around 0.6%qtr in real, inflation-adjusted terms. This is directly in line with Westpac’s expectations for total real consumer spending in the quarter.
- Gains in the quarter have centred on discretionary components, services in particular. The detail shows most of the lift has been come across ten subcategories that account for just over 60% of discretionary card activity. The lift has been more pronounced in NSW and Vic compared to other states.
- Overall, tax cuts and other measures are having a discernible but still relatively muted effect on card activity.

**“... gain of around 0.6%qtr in real, inflation-adjusted terms”**

## 1. Westpac Card Tracker Index\*



\* see p9 or more details on the index construction.

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 30 September 2024.

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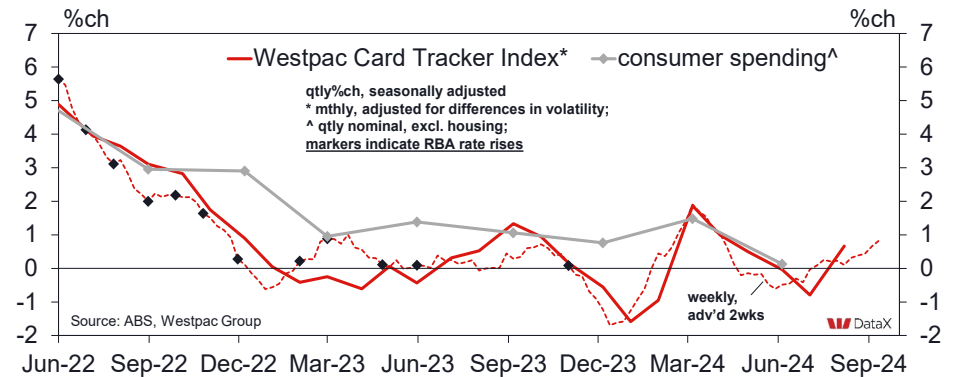
# A better quarter than June but still underwhelming

- Chart 2 shows the **Westpac Card Tracker**'s quarterly growth pace alongside nominal spending growth from the national accounts.
- Coming off a soft Q2, momentum has lifted to around 1%qtr, in line with the 1% pace in Q1. The average quarterly momentum read over the last two years has been +0.3%.
- As noted previously, monthly indicators were also lacklustre in July, the ABS household spending indicator up just +0.1 on a 3mth avg basis and the the ABS business turnover measure showing a +0.5% gain across consumer sectors.
- The June quarter national accounts showed nominal spending stalled flat in the quarter, real spending declining in 0.2%qtr. They also showed a weaker than expected profile for household incomes and saving.
- The September quarter national accounts will be released on Dec 4.
- Before then, we will get Aug updates for the ABS household spending indicator on Oct 4 and the ABS business turnover measures on Oct 11. Sep updates for these will be released on Nov 1 and Nov 8 respectively.

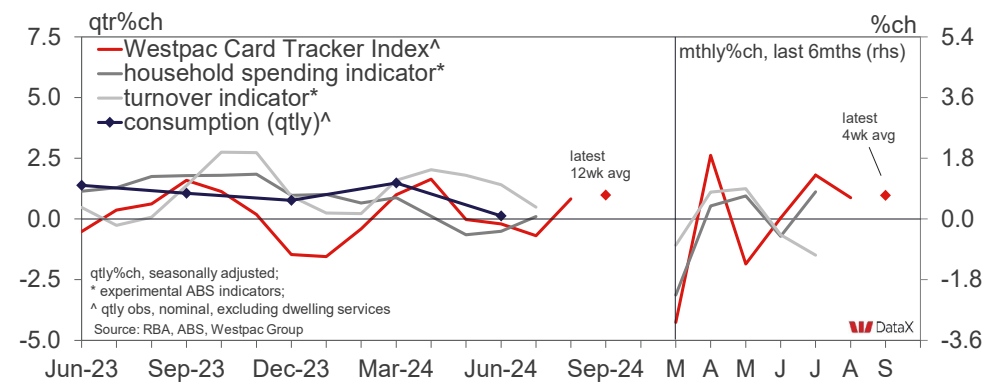
qtrly%ch	Q4	Q1	Q2	latest
<b>Westpac Card Tracker*</b>	<b>-1.5</b>	<b>1.0</b>	<b>-0.2</b>	<b>1.0</b>
<b>Other indicators (nominal)</b>				
Household spending*	1.0	0.9	-0.5	0.1
Turnover*	0.9	1.6	1.4	0.5
<b>Consumer spending (qtrly)#</b>				
Nominal	0.8	1.5	0.1	n.a.
Real	0.2	0.7	-0.3	n.a.

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

## 2. Card activity and spending: growth momentum



## 3. Consumer spending: selected indicators



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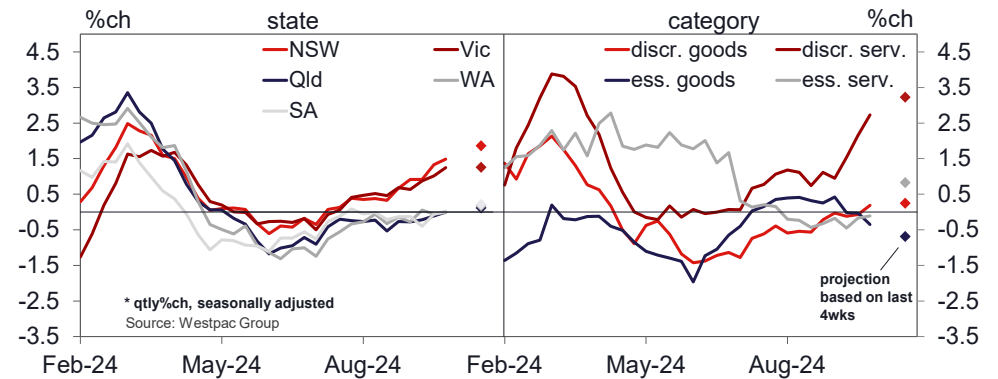
# Discretionary goods stabilises; discretionary services surge

- Chart 4 shows quarterly growth momentum for card activity across the major states and categories.
- The pick-up since mid year has been more pronounced in NSW and Vic where quarterly growth is tracking in the 1.3-1.5%qtr range with some signs of a further lift in recent weeks. Activity is closer to flat across the other states despite what has generally been a more supportive local economic backdrop, particularly around house prices and household wealth (see our recently released September [Coast to Coast](#) report for a full run-down on the state economies).
- By category, the pick-up has been concentrated in discretionary segments, services in particular.
- Ten sub-categories show the clearest improvement. Across goods: clothing & department stores, housing-related, and electrical appliances have seen a swing to solidly positive growth while sports & toy stores and vehicle-related card activity has improved from material declines to about flat. Across services, travel-related card activity is again rising strongly while hospitality is seeing solid gains and recreation has improved to be about flat. Together these account for 63% of total discretionary card activity.

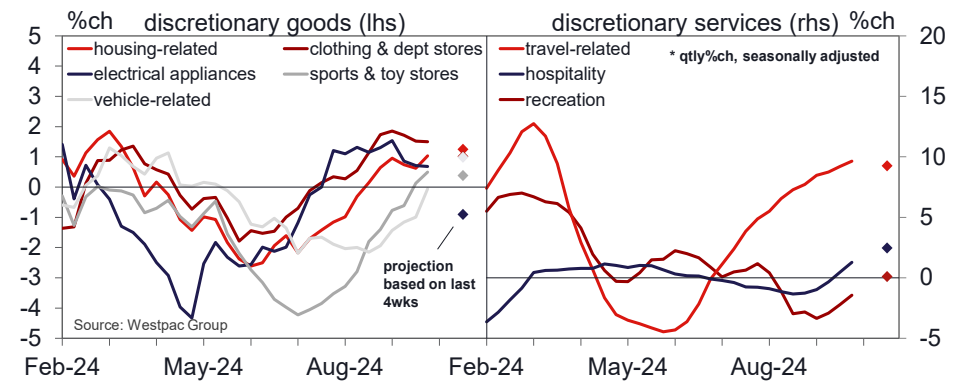
	Jun	Jul	Aug	21/9
<b>Westpac Card Tracker</b>	<b>135.4</b>	<b>137.1</b>	<b>138.0</b>	<b>135.4</b>
<b>By category</b>				
- discretionary	134.7	137.0	137.7	135.4
- essential	134.4	134.7	135.5	132.8
<b>By state</b>				
- NSW	129.8	131.0	131.7	132.1
- Vic	131.8	133.4	134.4	133.6
- Qld	147.0	148.1	149.0	146.3
- WA	146.0	146.8	147.5	145.3
- SA	144.1	144.1	145.1	143.6

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

## 4. Card activity: states and major categories



## 5. Card activity, discretionary: selected detailed categories



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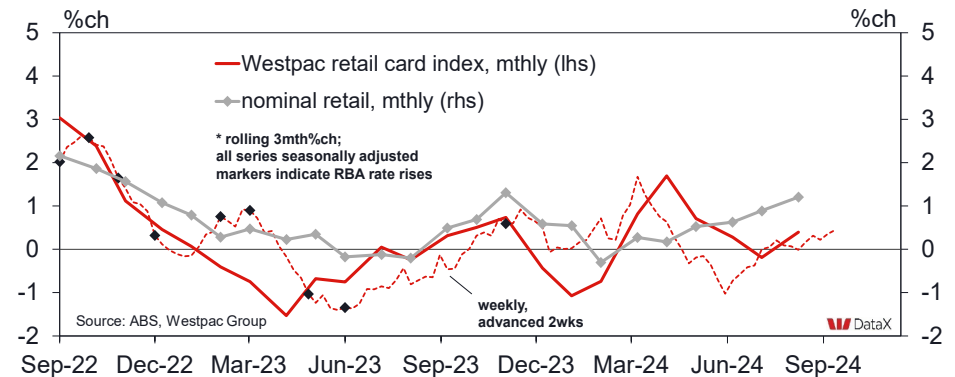
# Hospitality up, other retail segments flat

- Our 'retail' measures covers a narrower subset of card activity that aligns more closely to the ABS retail survey.
- Retail card activity continues to see a more muted pick-up than wider card activity, the quarterly growth pulse tracking at just 0.4% having only lifted off flat over the last four weeks.
- Gains also look to be very narrowly based. Hospitality is leading the way with the pick up but basic food retail is flat (declining over the last four weeks). Non food retail has been about flat as well implying that any lift in discretionary segments has been negated by softness elsewhere.
- As this implies, much of the lift in card activity is occurring across non-retail segments which have been tracking close to the pace being set by hospitality.
- As noted previously, ABS retail sales were flat in July, slowing annual growth to 2.3%yr, implying a small outright decline in per capita terms.
- Aug retail sales estimates, due the day after we go to press, are expected to show a better but still subdued result - Westpac forecasting a 0.9% gain and the consensus on a 0.5% rise.

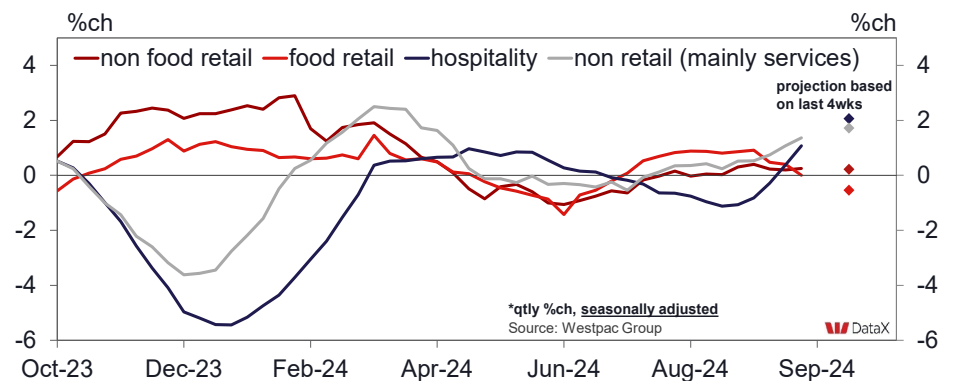
	Jun	Jul	Aug	21/9
<b>By retail/non retail</b>				
<b>Retail card index</b>	141.6	142.3	142.6	138.9
- qtly%ch	0.3	-0.2	0.4	0.4
- qtly, ann%ch	1.0	0.9	1.1	1.3
<b>Non-retail card index</b>	128.5	131.4	132.9	132.6
<b>ABS retail sales</b>				
- %ch	0.5	0.0	1.5	n.a.
- ann%ch	2.9	2.3	3.7	n.a.
- qtly%ch	0.6	0.9	1.4	n.a.
- qtly ann%ch	2.0	2.3	0.0	n.a.

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

## 6. Card activity: retail

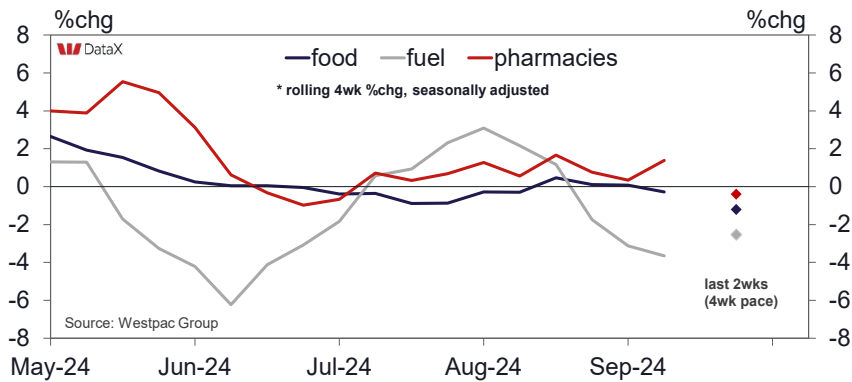


## 7. Card activity: broad retail and non-retail groups

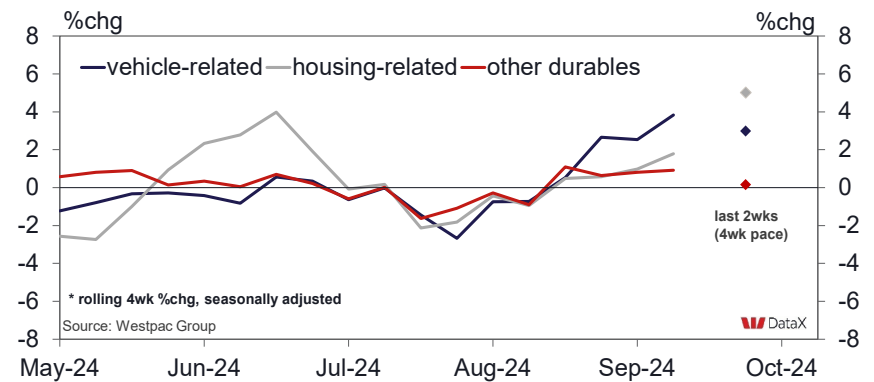


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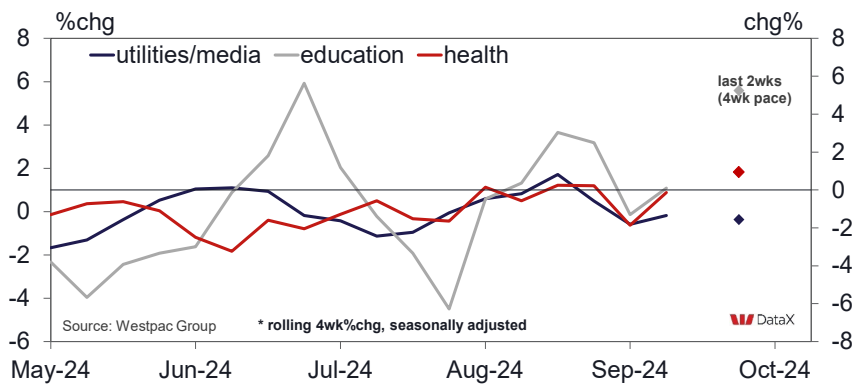
### 8. Card activity: essential goods



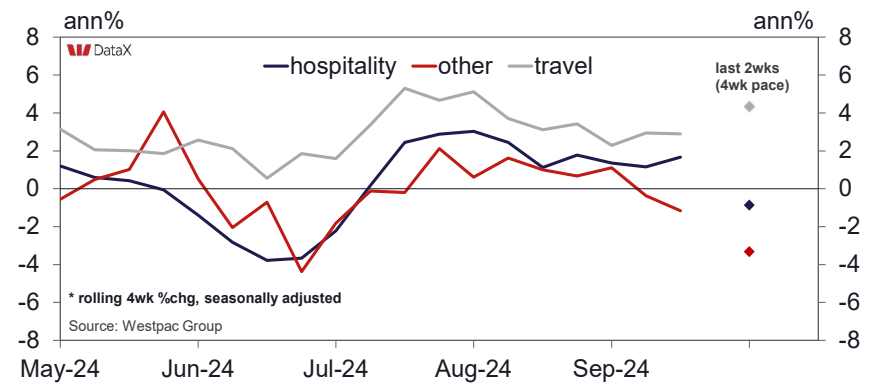
### 9. Card activity: discretionary goods



### 10. Card activity: essential services

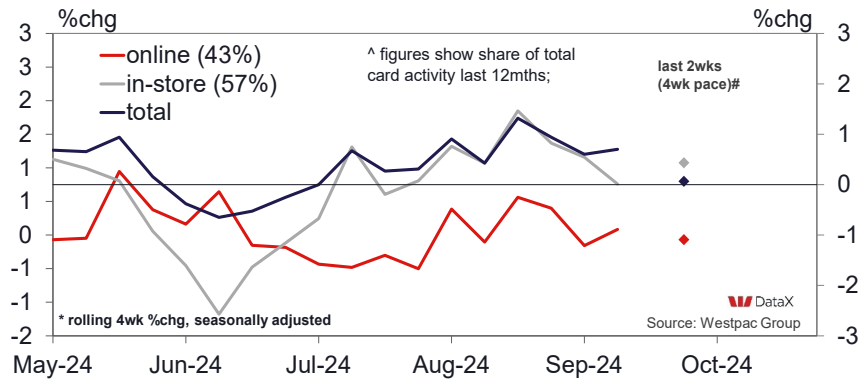


### 11. Card activity: discretionary services

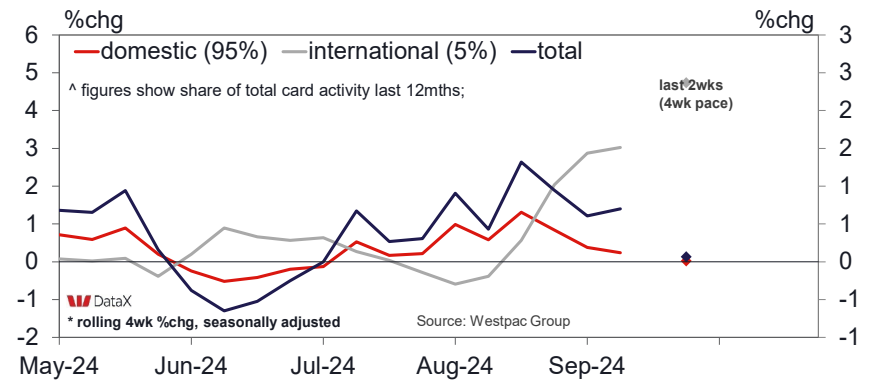


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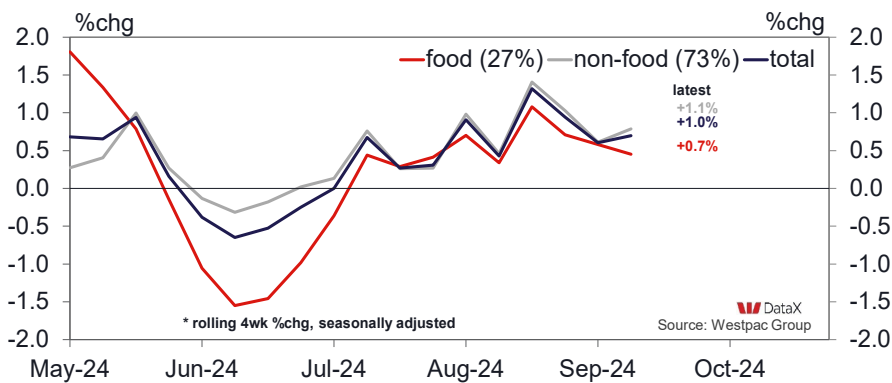
### 12. Card activity: essential goods



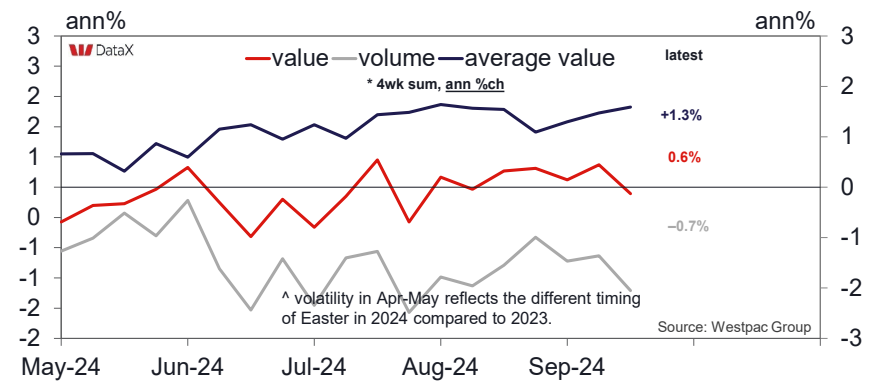
### 13. Card activity: discretionary goods



### 14. Card activity: essential services



### 15. Card activity: discretionary services



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	2022		2023				2024				week ending:				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	Aug <sup>^</sup>	31/8	7/9	14/9	21/9
<b>Westpac Card Tracker Index</b>	<b>134.4</b>	<b>135.8</b>	<b>135.4</b>	<b>134.7</b>	<b>136.9</b>	<b>134.9</b>	<b>136.2</b>	<b>136.0</b>	<b>135.4</b>	<b>137.1</b>	<b>138.0</b>	<b>135.9</b>	<b>135.3</b>	<b>135.9</b>	<b>135.4</b>
qtly%ch	3.7	1.1	-0.3	-0.5	1.6	-1.5	1.0	-0.2	-0.2	-0.7	0.8	0.5	0.5	0.8	1.0
qtly, ann%ch	25.4	14.0	10.6	4.0	1.9	-0.7	0.6	0.9	0.9	0.5	0.6	0.6	0.3	0.6	0.6
<b>By category</b>															
- discretionary	136.1	137.3	135.9	135.0	137.4	134.6	135.5	134.9	134.7	137.0	137.7	135.3	135.5	135.9	135.4
- essential	129.4	132.1	132.4	132.4	133.4	132.9	135.3	135.8	134.4	134.7	135.5	134.2	132.0	132.8	132.8
services	127.9	128.5	130.3	132.4	134.2	129.8	132.7	131.4	131.5	136.7	132.4	134.9	134.6	134.3	135.2
- discretionary services	130.7	131.0	132.1	133.2	135.7	130.8	133.0	130.4	130.7	135.7	130.8	134.5	135.0	134.5	134.3
- essential services	120.1	123.7	125.8	127.3	129.9	129.0	131.6	134.9	133.3	134.3	135.3	136.3	133.2	133.5	137.9
goods	139.4	139.7	138.0	137.1	137.3	137.1	137.8	138.3	138.0	138.1	138.0	134.9	134.1	135.3	133.9
- discretionary goods	143.2	142.4	140.0	139.0	138.6	138.7	138.6	140.0	140.2	140.4	140.0	136.3	136.1	137.5	136.6
- essential goods	134.1	136.6	135.1	135.0	135.1	135.1	136.8	136.4	135.6	134.7	135.7	133.2	131.4	132.4	130.4
retail*	142.0	142.7	141.6	140.5	141.0	140.4	141.5	141.9	141.6	142.3	142.6	140.4	139.5	140.6	138.9
qtly%ch	3.1	0.5	-0.7	-0.8	0.3	-0.4	0.8	0.3	0.3	-0.2	0.4	0.3	0.2	0.4	0.4
qtly, ann%ch	15.6	9.0	6.2	2.0	-0.7	-1.6	-0.1	1.0	1.0	0.9	1.1	1.2	1.0	1.3	1.3
<b>By state</b>															
- NSW	129.8	132.5	131.0	129.7	130.3	129.4	131.7	130.4	129.8	131.0	131.7	132.4	132.0	133.0	132.1
- Vic	134.0	136.0	135.2	134.0	135.3	132.9	133.9	132.8	131.8	133.4	134.4	134.6	134.3	133.5	133.6
- Qld	139.7	143.6	144.3	144.6	146.1	145.2	147.2	147.6	147.0	148.1	149.0	146.5	147.1	147.6	146.3
- WA	134.7	140.5	141.8	141.7	142.9	144.6	146.2	146.3	146.0	146.8	147.5	145.7	145.6	145.5	145.3
- SA	138.3	142.5	142.1	141.4	143.0	143.5	144.0	144.6	144.1	144.1	145.1	144.2	142.5	143.7	143.6

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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