



**13 SEPTEMBER 2024**

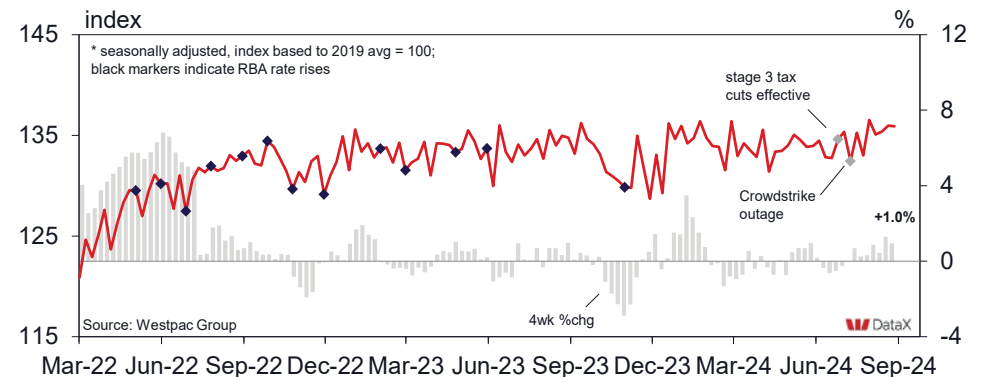
# **WESTPAC-DATAx CARD TRACKER**

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# Tentative lift in card activity

- The **Westpac Card Tracker Index\*** lifted slightly over the two weeks to September 7, rising 0.5pts to 135.9. The ‘Stage 3’ tax cuts and other fiscal support measures that came into effect at the start of July look to be generating a little more traction with but the up-trend is still only gradual.
  - Quarterly growth momentum has firmed slightly, to a 0.6% 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. Westpac expects the headline CPI to show a 0.3%qtr rise for the September quarter, the more subdued result compared to the 1% gains in the last two quarters reflecting the impact of increased government assistance around electricity, rent and public transport. The price gain for the spending covered by our card activity measures is likely to be a little firmer. Either way, the expected price moves mean that current momentum still implies, at best, flat activity in real, inflation-adjusted terms.
  - The category detail shows the shift in momentum over the last few weeks continues to centre on discretionary segments. However, comparing activity over the ten weeks since the tax cuts went live with the same period last year shows the clearest boost for discretionary goods spend, in the order of 2%yr.
  - By state, gains have been a little more pronounced in NSW and Vic where tax cut effects look to have prevented what might otherwise have been a further weakening.
  - Overall, the improved tone to card activity still suggests tax cuts and fiscal measures are having only a fairly muted impact on demand. Our next report will have card data covering 85% of the September quarter, allowing for some much firmer judgements on the wash-up for the quarter as a whole.
- “... card activity still suggests tax cuts and fiscal measures are having only a fairly muted impact on demand.”**

## 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 13 September 2024.

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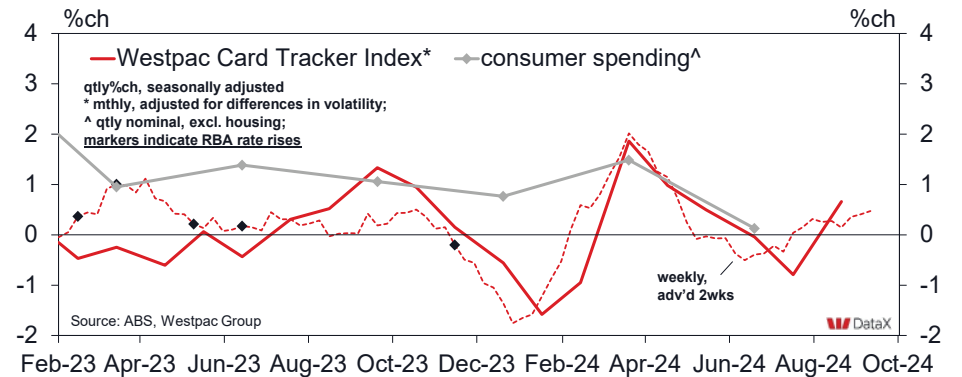
# Modest lift in momentum

- 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 +0.6% is still only marginally positive and below the 1% pace in Q1.
- The June quarter national accounts broadly confirmed the weakness evident in card activity but the point estimate undershot expectations. Nominal spending basically stalled flat in the quarter, real spending declining in 0.2%qtr (by a slightly larger 0.3%qtr in the ex-housing measures show in the table below).
- The quarterly accounts also showed a weaker than expected profile for household incomes and saving (see [here](#) for details). The results have led to significant downward revisions to our forecasts for spending growth in 2025 (see [here](#) for more details).
- Monthly indicators also confirm the lacklustre performance carried into July. On a 3mth basis, the ABS household spending indicator was up just +0.1% while the ABS business turnover showed a +0.5% gain across consumer sectors.
- Aug updates are due on Oct 4 and Oct 11 respectively.

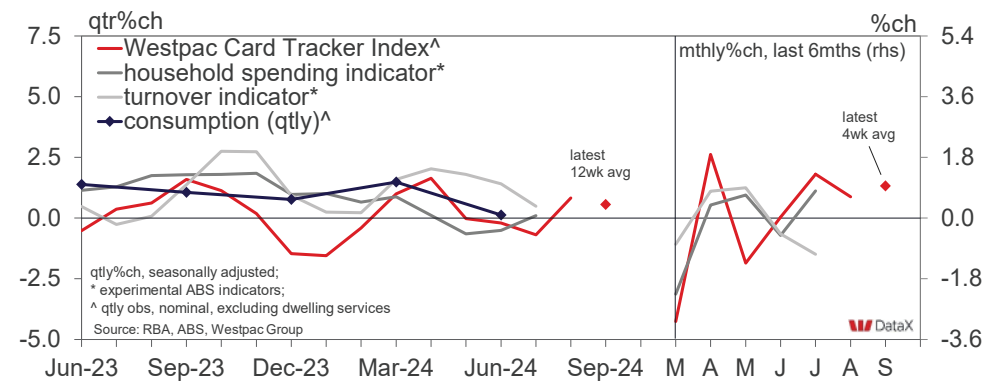
qtrly%ch	Q4	Q1	Q2	latest
<b>Westpac Card Tracker*</b>	<b>-1.5</b>	<b>1.0</b>	<b>-0.2</b>	<b>0.6</b>
<b>Other indicators (nominal)</b>				
Household spending*	1.0	0.9	-0.5	0.1
Turnover*	0.9	1.6	1.4	0.5
<b>Consumer spending (qtrly)#</b>				
Nominal	0.8	1.5	0.1	n.a.
Real	0.2	0.7	-0.3	n.a.

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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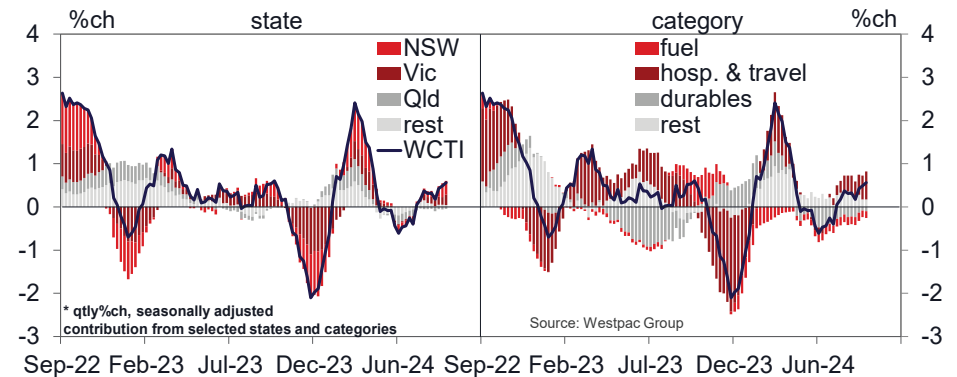
# Discretionary goods up 2%yr

- Chart 4 breaks quarterly growth in card activity out into contributions from states and selected categories.
- By state, the pick up in momentum over the last few months continues to be slightly more pronounced in NSW and Vic than in other states. This is somewhat surprising given economic conditions are considerably more buoyant outside of the two large states (evident in the June quarter national accounts update).
- The category detail shows discretionary services, hospitality & travel in particular, leading the lift. Durables has also shown some improvement although it remains soft.
- Essentials activity has waned slightly, mainly reflecting lower prices in the case of fuel.
- Chart 5 shows how card activity over the ten weeks since tax cuts went 'live' compares to the same periods in previous years. Total activity is up about 1%yr (smaller than last year's 2.2%yr gain).
- Discretionary goods continues to show clearest positive response, up 2%yr nationally and 4%yr in Qld and WA. Reconciling this with the weekly track suggests the tax cut effects may have prevented what would otherwise have been outright annual declines in NSW and Vic.

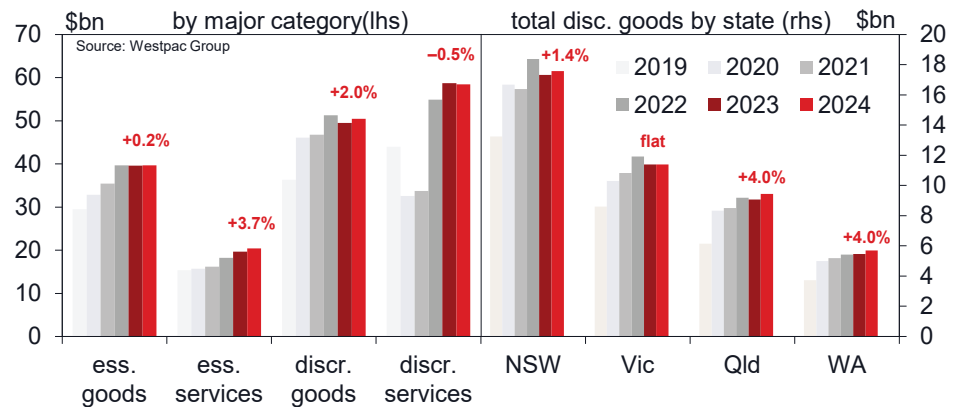
	Jun	Jul	Aug	7/9
<b>Westpac Card Tracker</b>	<b>135.4</b>	<b>137.1</b>	<b>138.0</b>	<b>135.9</b>
<b>By category</b>				
- discretionary	134.7	137.0	137.7	136.4
- essential	134.4	134.7	135.5	132.2
<b>By state</b>				
- NSW	129.8	131.0	131.7	137.0
- Vic	131.8	133.4	134.4	140.3
- Qld	147.0	148.1	149.0	152.7
- WA	146.0	146.8	147.5	151.5
- SA	144.1	144.1	145.1	146.8

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: state, category contribution to growth



## 5. Card activity: post-tax cut period compared to previous years



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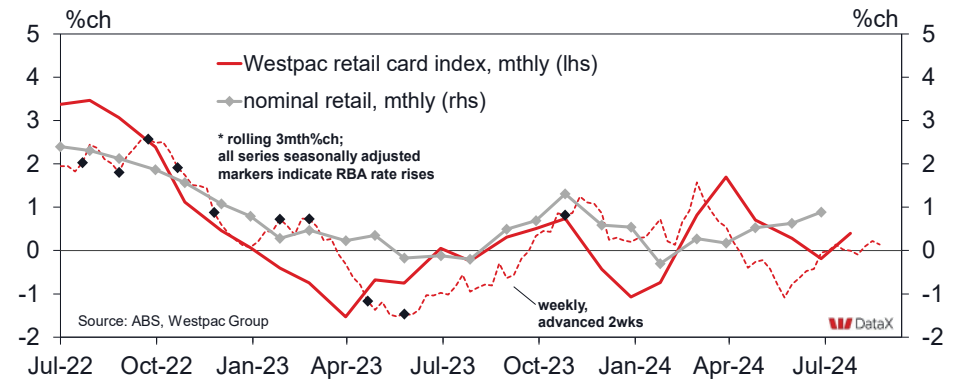
# Hospitality up, other retail segments flat

- Our 'retail' measures covers a narrower subset of card activity that aligns more closely to ABS retail survey.
- Retail card activity continues to see a more muted pick-up than wider card activity, the quarterly growth pulse only barely positive at 0.1%qtr.
- The detail shows a decent lift in the hospitality sector is being largely negated by flat spend on basic food and across non-food retail segments.
- As this implies, much of the lift in card activity is occurring across non-retail segments, our non-retail card index lifting to 133.1 from 131 in August.
- ABS retail sales were flat in July, annual growth slowing to 2.3%yr, implying a small outright decline in per capita terms, likely considerably larger in real, inflation-adjusted terms.
- Around prices, the July monthly CPI indicator showed a flat result overall in July but with rises for basic food (+0.4%), clothing (+0.9%) and furnishings & household equipment (+0.3%). Together, these segments account for ~70% of total retail sales.
- August retail sales figures will be released on October 1 with the monthly CPI indicator due September 25. New population estimates will be released on September 19.

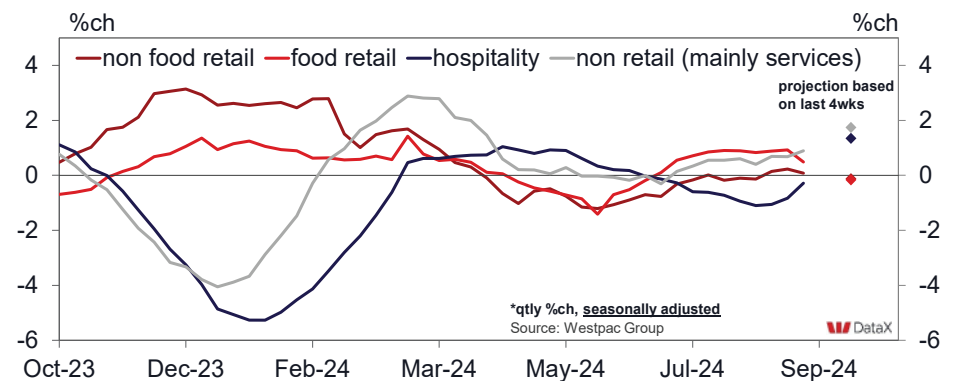
	Jun	Jul	Aug	7/9
<b>By retail/non retail</b>				
<b>Retail card index</b>	141.9	141.6	142.3	139.4
- qtly%ch	0.7	0.3	-0.2	0.1
- qtly, ann%ch	0.4	1.0	0.9	1.2
<b>Non-retail card index</b>	127.8	128.2	131.0	133.1
<b>ABS retail sales</b>				
- %ch	0.5	0.0	n.a.	n.a.
- ann%ch	2.9	2.3	n.a.	n.a.
- qtly%ch	0.6	0.9	n.a.	n.a.
- qtly ann%ch	2.0	2.3	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

## 6. Card activity: retail

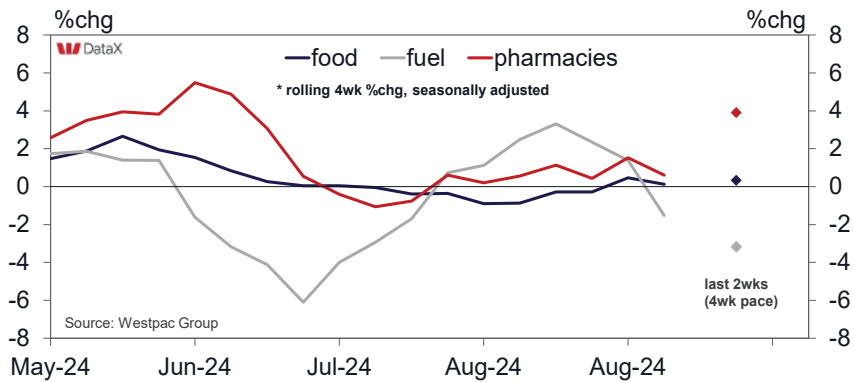


## 7. Card activity: broad retail and non-retail groups

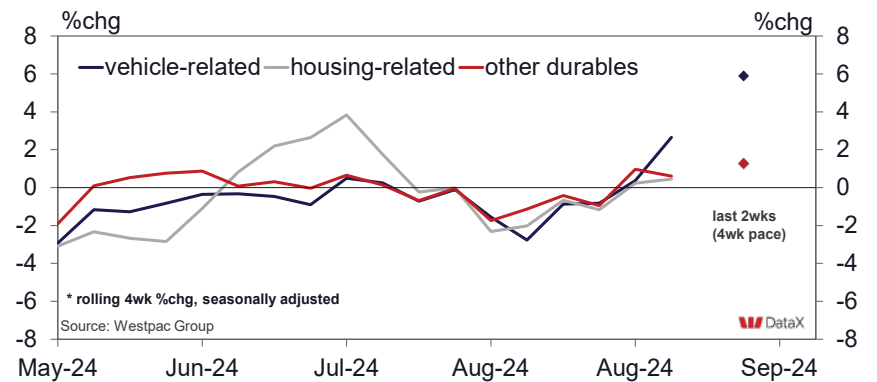


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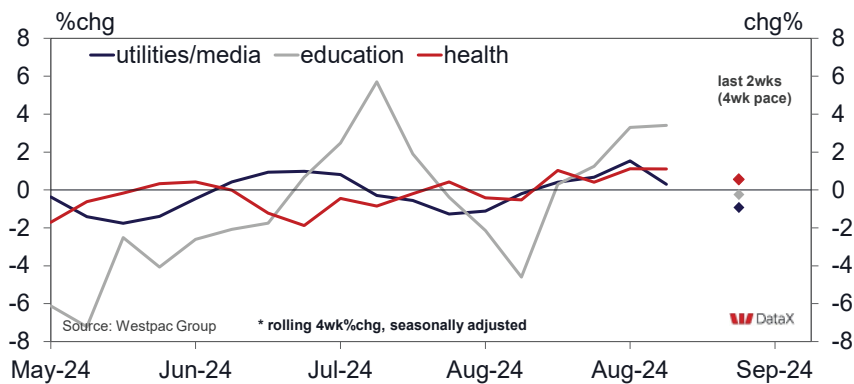
### 8. Card activity: essential goods



### 9. Card activity: discretionary goods



### 10. Card activity: essential services

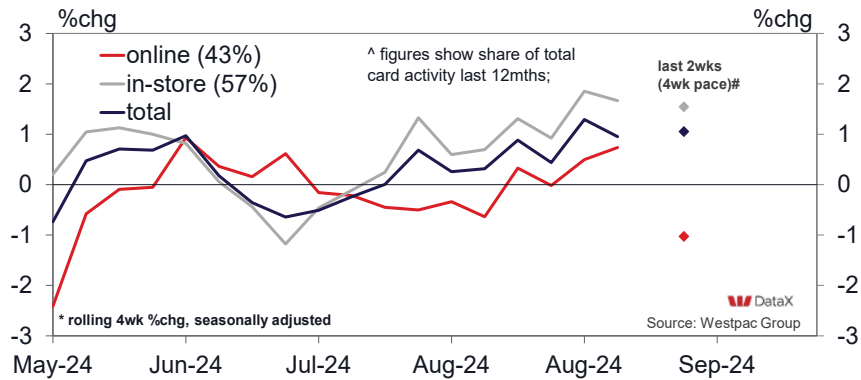


### 11. Card activity: discretionary services

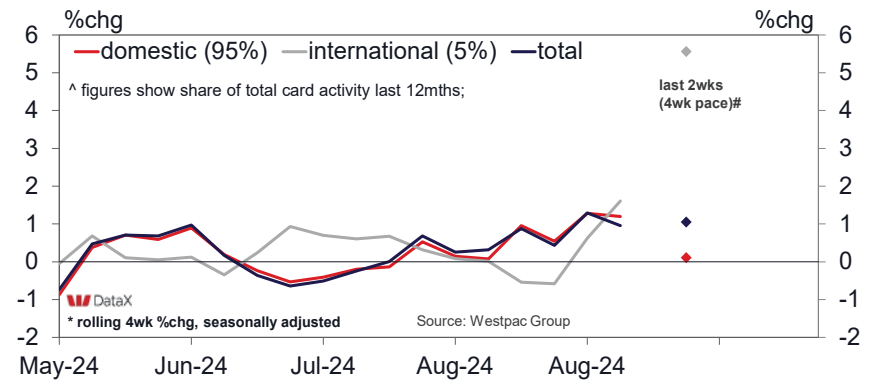


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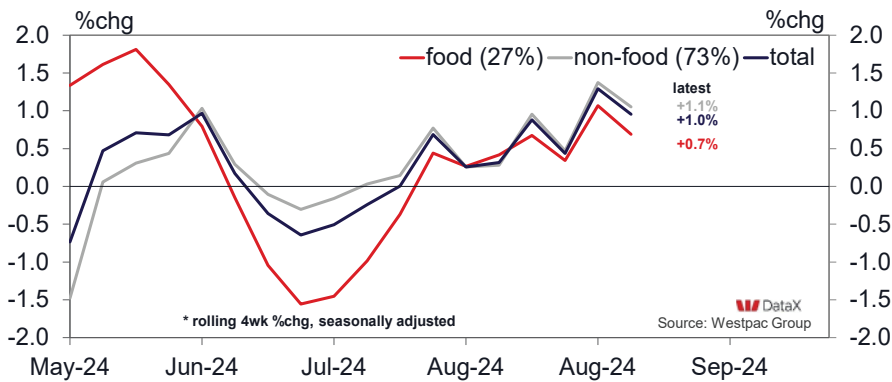
### 12. Card activity: essential goods



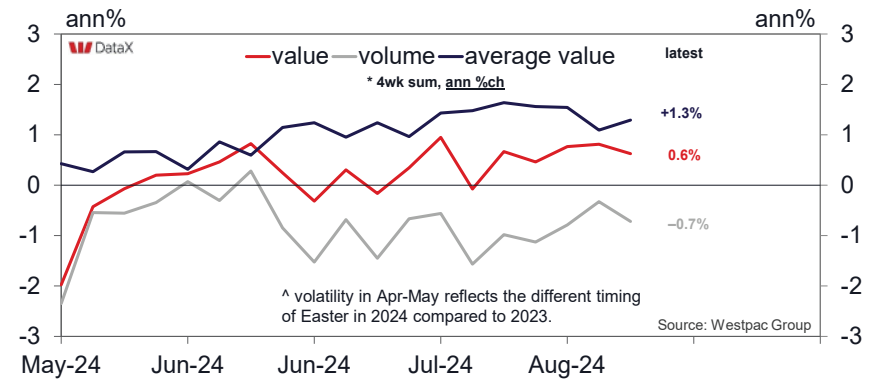
### 13. Card activity: discretionary goods



### 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>	17/8	24/8	31/8	7/9
<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>135.1</b>	<b>135.4</b>	<b>136.0</b>	<b>135.9</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	0.2	0.4	0.5	0.6
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	0.5	0.5	0.6	0.4
<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	134.5	135.4	135.5	136.4
- essential	129.4	132.1	132.4	132.4	133.4	132.9	135.3	135.8	134.4	134.7	135.5	133.7	132.8	134.1	132.2
services	127.9	128.5	130.3	132.4	134.2	129.8	132.7	131.4	131.5	136.7	132.4	135.2	134.9	135.6	135.7
- discretionary services	130.7	131.0	132.1	133.2	135.7	130.8	133.0	130.4	130.7	135.7	130.8	135.0	135.5	135.7	136.5
- essential services	120.1	123.7	125.8	127.3	129.9	129.0	131.6	134.9	133.3	134.3	135.3	135.8	133.1	135.5	133.2
goods	139.4	139.7	138.0	137.1	137.3	137.1	137.8	138.3	138.0	138.1	138.0	133.4	134.0	134.4	134.2
- discretionary goods	143.2	142.4	140.0	139.0	138.6	138.7	138.6	140.0	140.2	140.4	140.0	134.0	135.2	135.2	136.2
- essential goods	134.1	136.6	135.1	135.0	135.1	135.1	136.8	136.4	135.6	134.7	135.7	132.6	132.6	133.4	131.7
retail*	142.0	142.7	141.6	140.5	141.0	140.4	141.5	141.9	141.6	142.3	142.6	138.2	139.1	139.9	139.6
qtly%ch	3.1	0.5	-0.7	-0.8	0.3	-0.4	0.8	0.3	0.3	-0.2	0.4	-0.1	0.1	0.2	0.1
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	1.2	1.3	1.1
<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	136.2	136.4	137.3	137.0
- Vic	134.0	136.0	135.2	134.0	135.3	132.9	133.9	132.8	131.8	133.4	134.4	140.0	140.2	139.7	140.3
- Qld	139.7	143.6	144.3	144.6	146.1	145.2	147.2	147.6	147.0	148.1	149.0	151.2	152.0	151.2	152.7
- WA	134.7	140.5	141.8	141.7	142.9	144.6	146.2	146.3	146.0	146.8	147.5	149.7	149.4	150.9	151.5
- SA	138.3	142.5	142.1	141.4	143.0	143.5	144.0	144.6	144.1	144.1	145.1	145.7	147.1	148.9	146.8

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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