



25 OCTOBER 2024

WESTPAC-DATAx CARD TRACKER

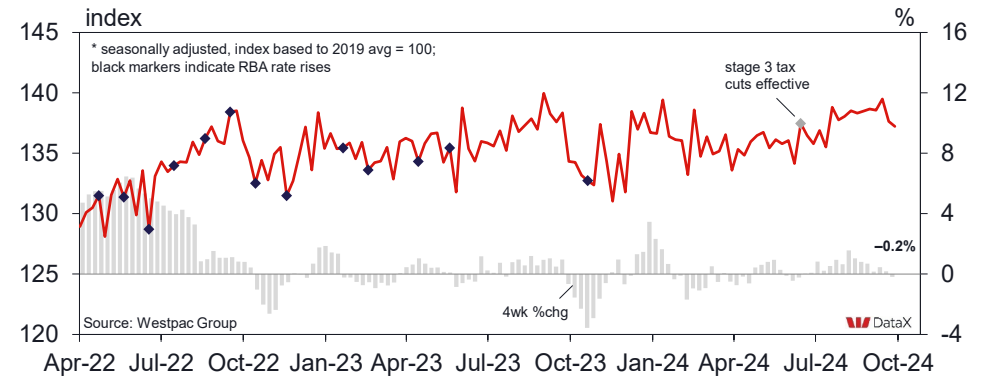
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Card activity dips back

- The **Westpac Card Tracker Index*** dipped slightly over the last fortnight, falling -2.3pts to 137.2 for the week ended October 19. This takes the weekly index back to early-July levels and means it has only moved 1.9pts (+1.4%) higher since the stage 3 tax cuts came into effect.
- The latest month-to-month growth pulse has also weakened to -0.2%*mth* from +0.5%*mth* two weeks ago.
- Abstracting from this fortnightly volatility, quarterly growth momentum appears more robust, with the latest quarterly pulse on a weekly basis running at +1.5%*qtr*. This is stronger than the reads from Q1 through to Q3.
- The detail by category continues to show spending gains in discretionary services, however momentum has softened slightly. Card activity in other categories remain relatively muted, likely impacted by government energy rebates and lower fuel costs.
- By state, NSW and Vic continue to outpace the smaller states, even when accounting for population growth.
- While card activity has picked up post the introduction of tax cuts and other support measures, the overall trend remains subdued. Historically it has taken some time for tax cuts to flow through to spending, but there are [indications](#) that households are less inclined to spend the latest tax cuts than they were with comparable boosts in the past.
- The week ahead will see the release of nominal and real retail sales for September, as well as the household spending indicator. The quickening in card activity to the end of September suggests there should be some lift in these results. Westpac is expecting a rise of +1.4%*qtr* in nominal retail sales and +0.8%*qtr* in real terms. A +2%*mth* lift in the household spending indicator is also expected.

“Card activity softens in October but the quarterly momentum remains robust.”

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 25 October 2024.

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Quarterly momentum still holding at a reasonable pace

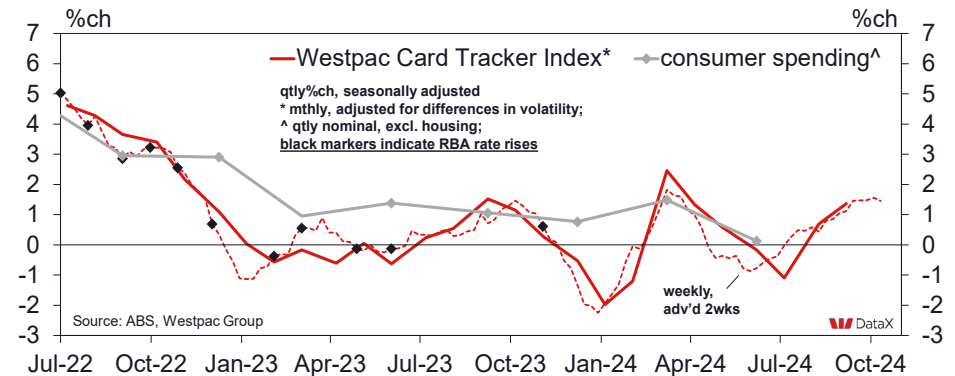
- Chart 2 shows the **Westpac Card Tracker's** quarterly growth pace alongside ABS's household spending and business turnover measures.
- Card activity rebounded in Q3, rising +1.1%qtr and accelerating to +1.5%qtr as at the latest week. This marks a notable turnaround from the -0.3%qtr recorded in Q2 and slightly higher than the Q1 print of +1.2%qtr.
- Other monthly indicators tell a different story but only have data up to August. Given tax cuts and other fiscal support, the ABS household spending indicator has been unexpectedly soft through July and August, contracting by -0.1%

- on a 3mth avg basis. This trend is corroborated in the recent **Westpac-DataX Consumer Panel** update which estimates household's marginal propensity to consume at 16% - households are spending around 16% of the boost to incomes from the tax cuts and saving the remainder.
- Meanwhile the ABS business turnover measure also showed a weak result for consumer-related sectors in August.
- The next fortnight will see September updates of the ABS's monthly indicators, with the ABS household spending indicator due November 1 and the ABS business turnover indicator due November 8.

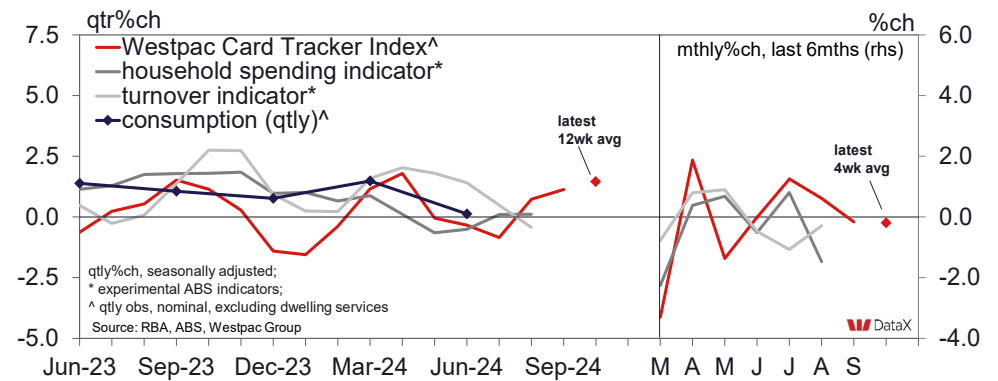
qtrly%ch	Q1	Q2	Q3	latest
Westpac Card Tracker*	1.2	-0.3	1.1	1.5
Other indicators (nominal)				
Household spending*	1.1	0.3	n.a.	-0.1
Turnover*	1.6	1.4	n.a.	-0.4
Consumer spending (qtrly)#				
Nominal	1.5	0.1	n.a.	n.a.
Real	0.7	-0.3	n.a.	n.a.

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

2. Card activity and spending: growth momentum



3. Consumer spending: selected indicators



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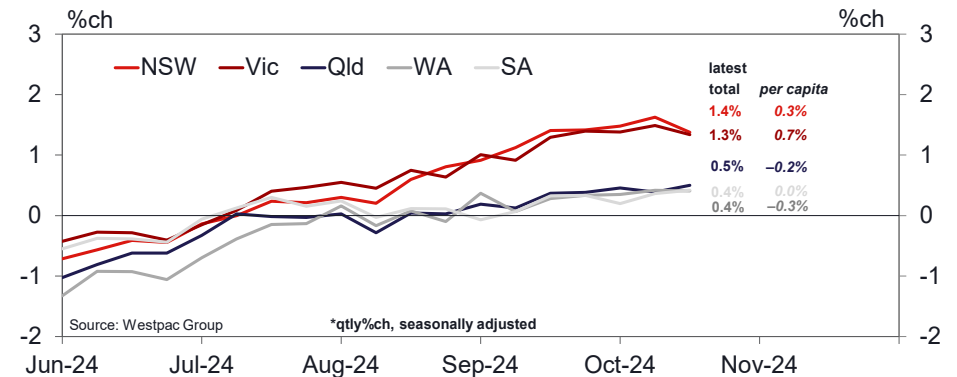
Discretionary segments outpace essentials

- NSW and Vic remain ahead of the pack, with quarterly growth in card activity tracking at 1.4%qtr and 1.3%qtr respectively. This strength holds even after accounting for population growth. However some moderation has become evident in recent weeks.
- This compares to more muted trends in the smaller states, with card activity up +0.5%qtr in Qld and +0.4%qtr in both WA and SA.
- By category, growth in discretionary services remains strong at +3.8%qtr, while spending on essential services has pulled-back recently to +0.1%qtr due to lower utility costs.
- Spending on essential goods remains weak at -0.6%qtr reflecting lower fuel prices, while discretionary goods hold steady at 0.5%qtr.
- Spending across most of the detailed sub-categories is growing at a similar pace to mid-year. Notable departures from this include spending on travel and housing-related goods, where growth has moderated quite substantially, while hospitality spending has picked-up since.

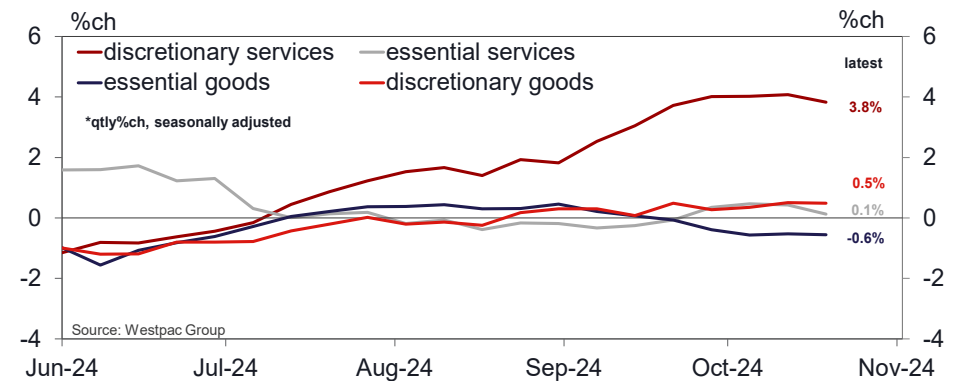
	Jul	Aug	Sep	19/10
Westpac Card Tracker	137.0	137.9	137.6	137.2
By category				
- discretionary	136.9	137.6	138.2	138.0
- essential	134.5	135.3	134.2	133.0
By state				
- NSW	130.8	131.5	131.5	130.0
- Vic	133.2	134.1	132.9	134.4
- Qld	147.9	148.8	148.9	146.9
- WA	146.8	147.5	148.5	144.8
- SA	144.0	145.0	145.1	143.8

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: states



5. Card activity: major categories



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Retail spending more subdued

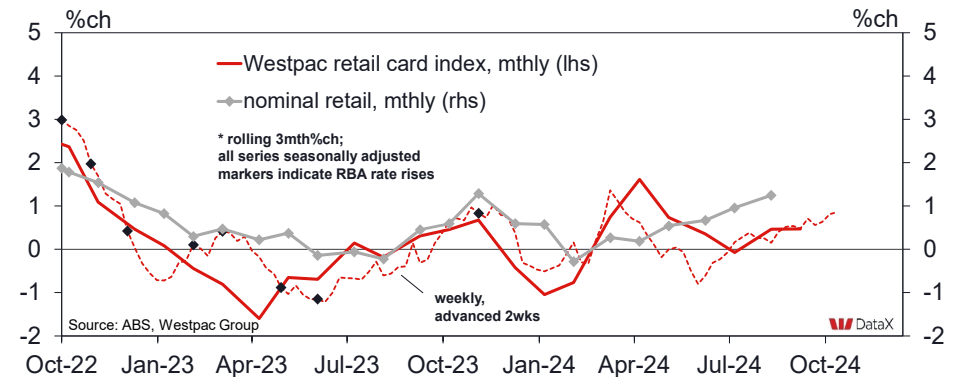
- Our 'retail' measure covers a narrower subset of card activity that aligns more closely to the ABS retail survey.
- Retail card activity remains more subdued than the overall measure, with the quarterly growth pulse tracking +0.9%qtr. Although this has lifted in recent months, it remains below its series average of 1.6%qtr.
- The detail shows hospitality retail continuing to grow at an elevated level, tracking +2.1%qtr. Non-food retail remains steady at around +0.6%qtr, partially offsetting a -0.1%qtr decline in the large basic food retail segment. This segment

- is the only one to remain below its series average, but declines have stabilised and may turn positive in the coming weeks.
- As noted previously, ABS retail sales unexpectedly rebounded in August, up +0.7%mtm from a +0.1%mtm gain in July, as warmer weather and tax cuts boosted spending.
- The September retail report will be released on October 31, which will include estimates of Q3 real retail sales (i.e. adjusted for inflation). Westpac is forecasting a +1%mtm lift in nominal sales (market f/c: +0.4%mtm) and a +0.8%qtr rise in real terms, (market f/c: +0.8%qtr).

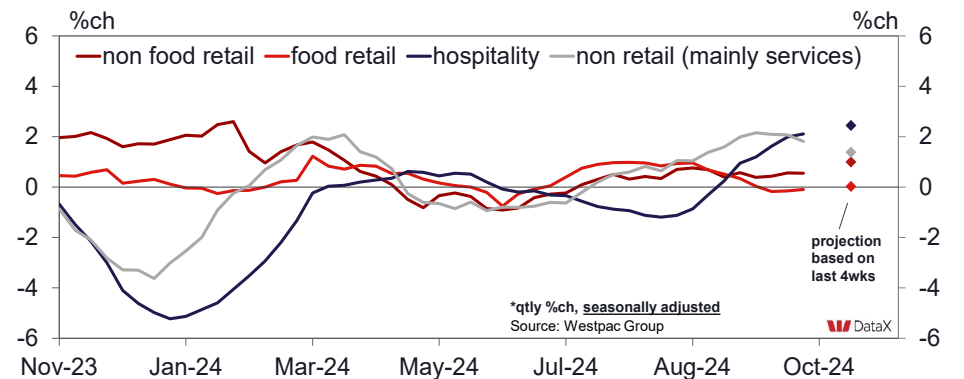
	Jul	Aug	Sep	19/10
By retail/non retail				
Retail card index	142.4	142.7	142.8	143.2
- qtly%ch	-0.1	0.5	0.5	0.9
- qtly, ann%ch	0.9	1.1	1.2	1.1
Non-retail card index	131.1	132.4	131.9	131.2
ABS retail sales				
- %ch	0.1	0.7	n.a.	n.a.
- ann%ch	2.4	3.1	n.a.	n.a.
- qtly%ch	0.9	1.2	n.a.	n.a.
- qtly ann%ch	2.3	2.8	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

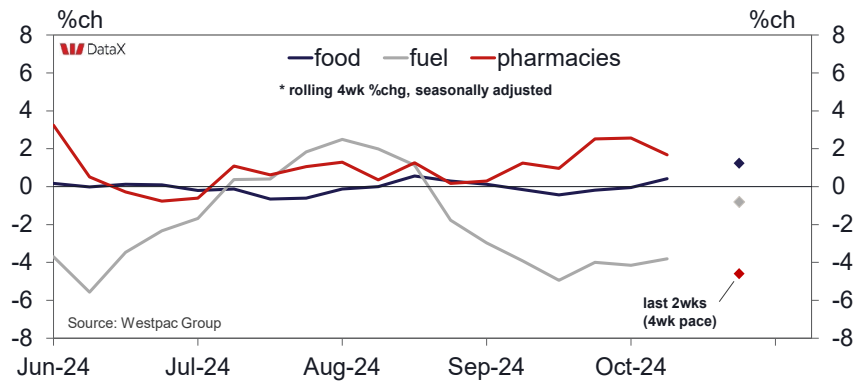


7. Card activity: broad retail and non-retail groups

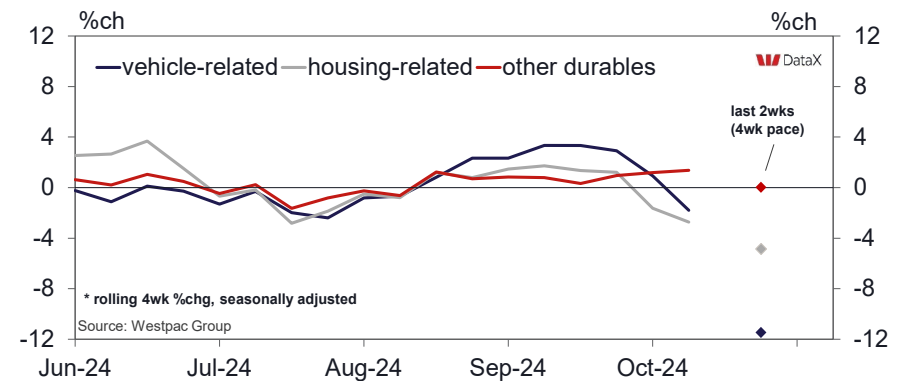


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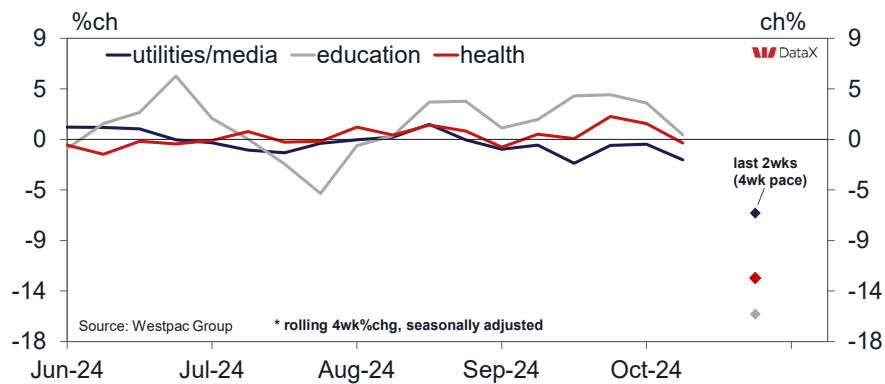
8. Card activity: essential goods



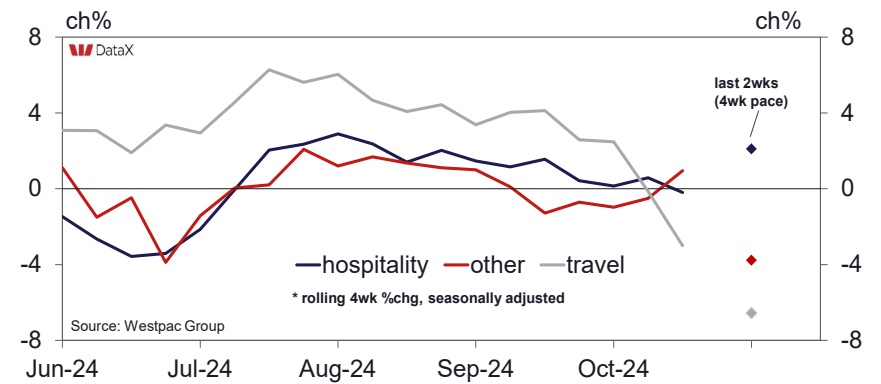
9. Card activity: discretionary goods



10. Card activity: essential services

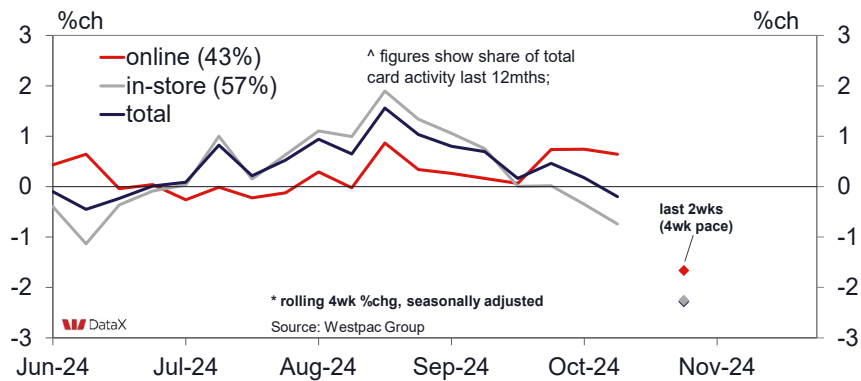


11. Card activity: discretionary services

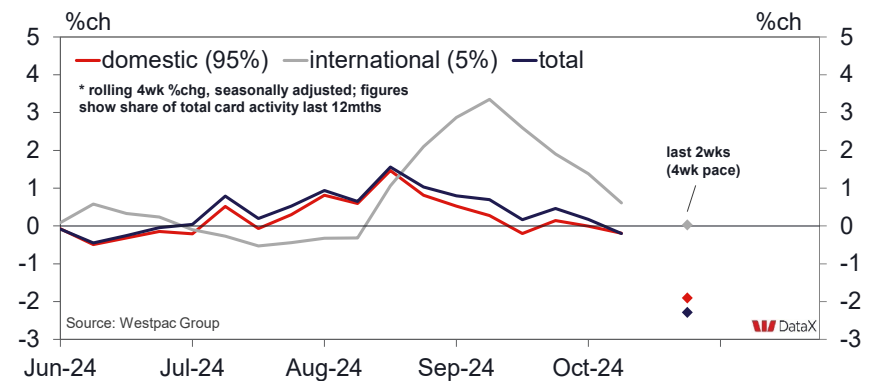


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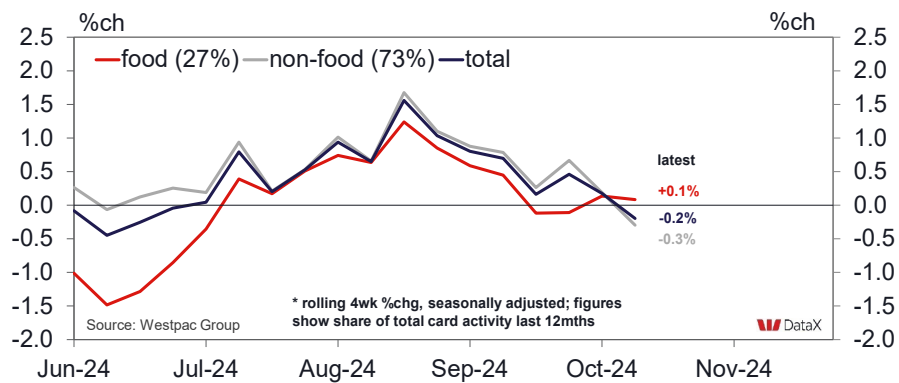
12. Card activity: online and in-store



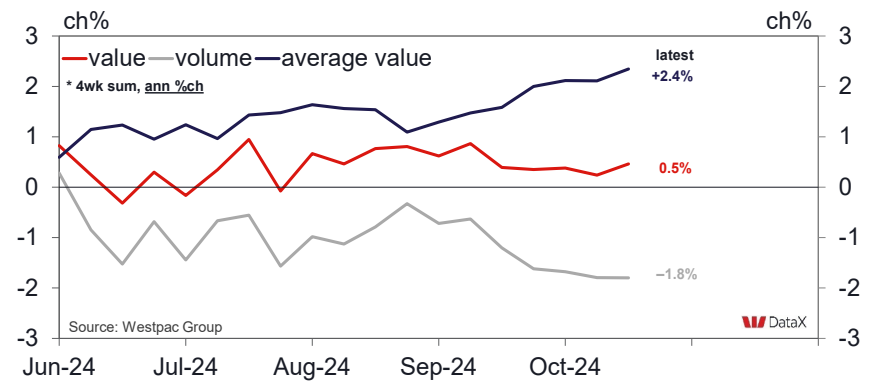
13. Card activity: domestic and international



14. Card activity: food and non-food



15. Card activity: value and volume



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	2022	2023			2024				week ending:						
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul	Aug	Sep	28/9	5/10	12/10	19/10
Westpac Card Tracker Index	135.8	135.6	134.7	136.8	134.9	136.4	136.0	137.5	137.0	137.9	137.6	138.6	139.5	137.6	137.2
qtly%ch	1.1	-0.2	-0.6	1.5	-1.4	1.2	-0.3	1.1	-0.8	0.7	1.1	1.5	1.5	1.6	1.5
qtly, ann%ch	14.0	10.6	4.0	1.8	-0.7	0.6	0.9	0.5	0.5	0.6	0.5	0.4	0.5	0.5	0.6
By category															
- discretionary	137.4	136.0	135.0	137.3	134.7	135.6	134.9	137.6	136.9	137.6	138.2	139.3	140.2	138.5	138.0
- essential	132.1	132.5	132.2	133.5	132.9	135.3	135.6	134.7	134.5	135.3	134.2	134.8	135.4	132.7	133.0
services	128.0	130.2	132.7	134.7	129.1	132.6	131.8	135.7	137.5	133.7	136.0	137.8	138.4	135.3	134.8
- discretionary services	131.1	131.1	132.9	136.6	129.5	132.3	131.4	135.5	134.6	136.0	135.9	138.1	138.7	137.4	136.2
- essential services	123.7	125.8	127.3	129.9	129.1	131.6	134.9	134.7	134.2	135.3	134.7	136.9	137.5	128.9	130.7
goods	139.7	138.0	137.1	137.2	137.1	137.8	138.3	137.9	138.0	137.9	137.9	137.6	138.6	137.4	137.4
- discretionary goods	142.4	139.9	139.1	138.6	138.7	138.5	140.1	140.5	140.5	140.1	141.0	140.6	142.0	139.7	140.0
- essential goods	136.7	135.1	134.9	135.2	135.2	136.8	136.2	134.5	134.3	135.2	133.9	133.8	134.4	134.6	134.0
retail*	142.7	141.5	140.6	141.0	140.4	141.5	142.0	142.6	142.4	142.7	142.8	143.0	143.8	144.3	143.2
qtly%ch	0.5	-0.8	-0.7	0.3	-0.4	0.7	0.4	0.5	-0.1	0.5	0.5	0.6	0.6	0.8	0.9
qtly, ann%ch	9.0	6.2	2.0	-0.7	-1.6	-0.1	1.0	1.2	0.9	1.1	1.2	1.1	1.1	1.1	1.1
By state															
- NSW	132.5	131.0	129.6	130.3	129.4	131.7	130.3	131.3	130.8	131.5	131.5	131.5	133.4	131.0	130.0
- Vic	136.0	135.3	133.9	135.2	132.9	134.0	132.8	133.4	133.2	134.1	132.9	135.6	135.4	134.7	134.4
- Qld	143.7	144.3	144.6	146.0	145.3	147.2	147.5	148.5	147.9	148.8	148.9	146.7	148.6	146.2	146.9
- WA	140.5	141.7	141.7	142.9	144.6	146.2	146.3	147.6	146.8	147.5	148.5	146.9	145.9	144.7	144.8
- SA	142.5	142.1	141.3	142.9	143.7	144.0	144.6	144.7	144.0	145.0	145.1	143.0	145.8	141.8	143.8

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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