



8 NOVEMBER 2024

WESTPAC-DATAx CARD TRACKER

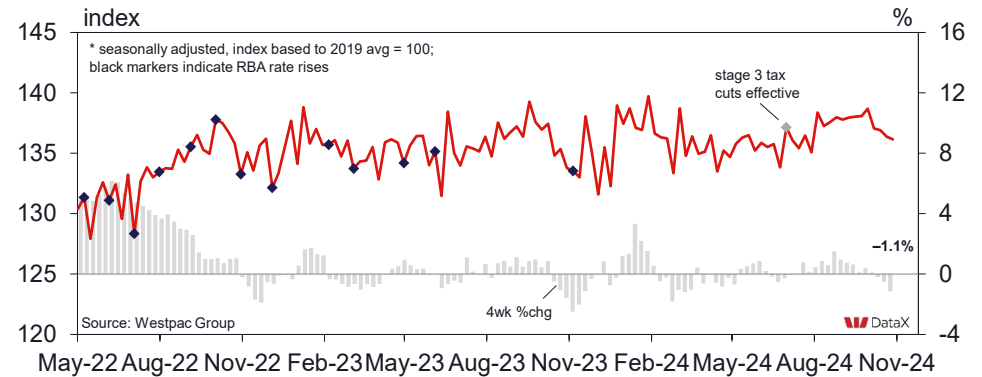
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Q4 off to a shaky start

- The **Westpac Card Tracker Index*** declined further over the last fortnight, falling -0.7pts to 136.2 for the week ended November 2.
- With the full October results now on hand, Q4 seems to have begun on a weak footing. The index has fallen for four consecutive weeks, a result only evidenced three times before (excluding the COVID-19 period), finishing October -0.4% lower than September.
- The quarterly growth pulse is holding up a bit better, running at +1.1%qtr. While this aligns with the Q3 pace, it marks a slight slowdown from the +1.5%qtr pace seen two weeks ago.
- The category breakdown continues to show spending activity concentrated on discretionary goods and services. However the monthly pulse points to some notable slowing, particularly for vehicle and travel related spending.
- By state, spending-related card activity in WA has continued to pick up in recent weeks, even on a per capita basis. This stands in contrast to other states, where momentum has slowed.
- The ABS has now released September results for the household spending indicator, business turnover, and retail sales. These reports reveal minimal impact from the stage 3 tax cuts so far, confirming the trends seen in the **Westpac Card Tracker Index**.
- It is possible that some of this muted effect reflects consumers delaying spend to take advantage of sales windows. This has been a clear pattern over the last year. For example, the week of Black Friday in 2023 saw a +6.1% lift in spending (discretionary ex. food) compared to the previous week, while the week of 'End of Financial Year' saw a +4.5% increase. As such, this year's Black Friday sales, set to kick off from November 29, will be the next key test of the Australian consumer – both the extent of this year's lift and the steepness of the post-sales drop-off.

“... Black Friday sales ... will be the next key test of the Australian consumer ...”

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 8 November 2024.

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Card activity loses some steam as other indicators confirm weak Q3

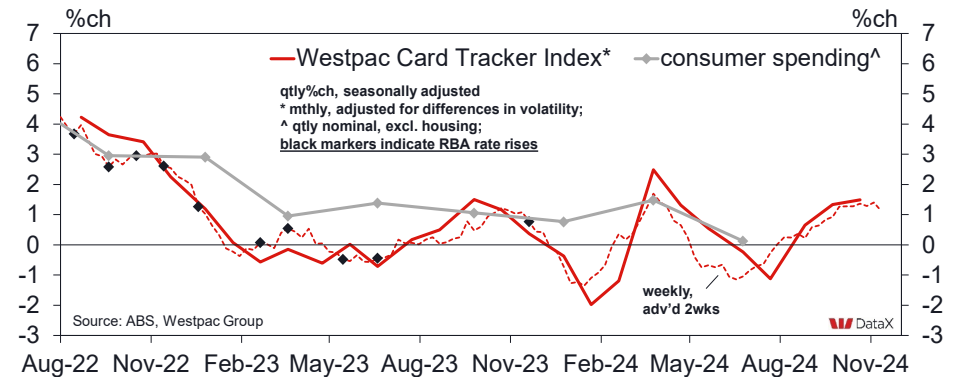
- Chart 3 shows the **Westpac Card Tracker's** quarterly growth pace alongside the ABS household spending and business turnover measures.
- After building momentum through Q3 and into mid-October, card activity has slowed recently, now growing at 1.1%qtr. While this aligns with the Q3 pace, it marks a decrease from the 1.5%qtr rate seen two weeks ago.
- Other monthly indicators have been unexpectedly soft so far, with the recently released September results confirming that this weakness persisted throughout Q3.
- The ABS household spending indicator fell -0.1%month in September, giving an underwhelming +0.2%qtr gain. The real (inflation-adjusted) estimates indicated a 1.6%qtr rise in Q3 but this figure is not seasonally adjusted. Westpac Economics' preliminary seasonally adjusted estimate points to a sizeable -0.8%qtr decline in real terms (see [here](#) for more).
- The ABS business turnover measure also highlighted a material deterioration for consumer-related sectors. Turnover has fallen for four consecutive months now, and on a quarterly basis declined -1.1%qtr in September, the weakest result since October 2021.

qtrly%ch	Q1	Q2	Q3	latest
Westpac Card Tracker*	1.2	-0.4	1.1	1.1
Other indicators (nominal)				
Household spending*	1.1	0.3	0.2	n.a.
Turnover*	1.6	1.4	-1.1	n.a.
Consumer spending (qtrly)#				
Nominal	1.5	0.1	n.a.	n.a.
Real	0.7	-0.3	n.a.	n.a.

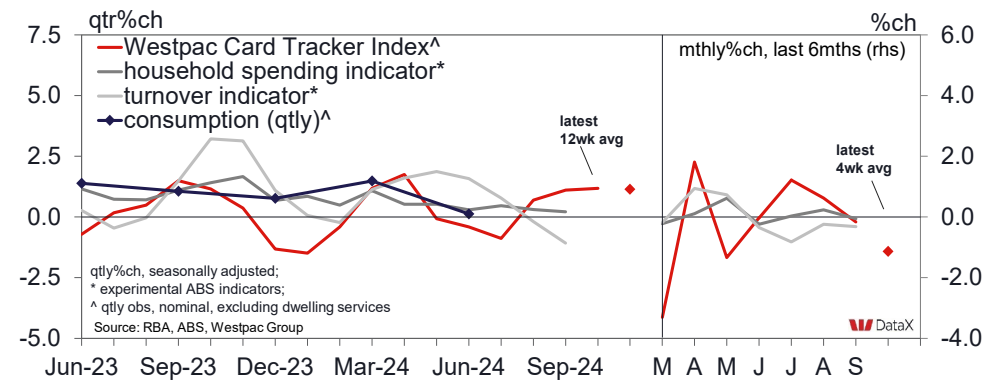
All series are seasonally adjusted, latest is latest weekly obs (12wks %ch on previous 12wks) or latest monthly obs (3mths %ch on previous 3mths). See p9 for more details.
 *ABS experimental measures. Household spending indicator based on bank transaction data (seasonally adjusted by Westpac). Turnover 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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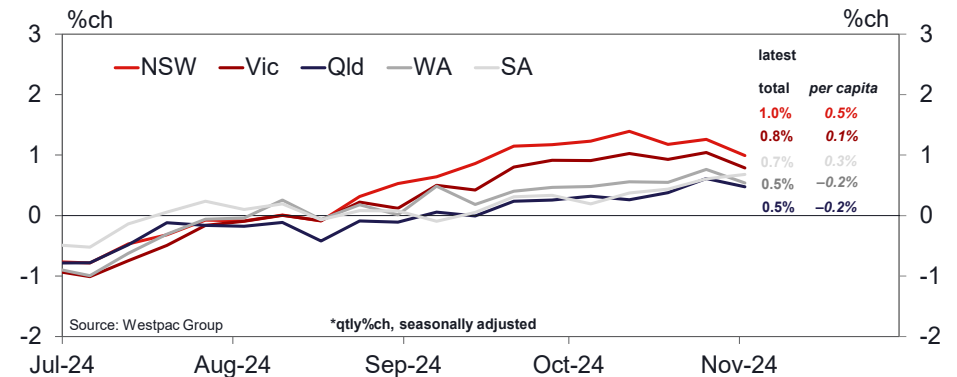
Momentum slowing across most states and categories

- Spending trends have eased across most states.
- NSW and Vic remain ahead, at 1.0%qtr and 0.8%qtr respectively, although momentum is showing clearer signs of softening. Meanwhile, spending in Qld and SA also moderated slightly, posting a +0.5%qtr lift, implying a slight decline in per capita terms.
- In contrast, WA continues to strengthen, with the latest result showing a +0.7%qtr increase. Growth has also firmly lifted into positive territory on a per capita basis. These results have likely been supported by a stronger labour and housing market relative to other states.
- By category, discretionary services continues to grow at a solid +2.9%qtr, but the pace has been slowing in Q4. Meanwhile, spending on essentials dropped by -0.6%qtr, partly due to the impact of government subsidies. Spending on essential goods remain weak at -0.7%qtr, albeit mostly reflecting lower fuel prices rather than volumes, while discretionary goods hold steady at 0.8%qtr.
- The detailed sub-categories (see p6) highlights a broad-based weakening in spending over the past month. Of the 12 sub-categories, the monthly growth pulse has been negative for all but food and other durables.

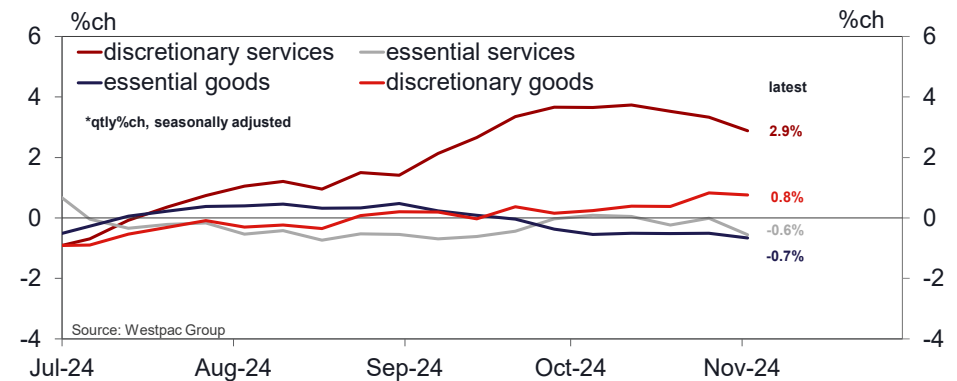
	Aug	Sep	Oct	2/11
Westpac Card Tracker	137.8	137.5	137.0	136.2
By category				
– discretionary	137.4	137.8	137.7	136.2
– essential	135.1	133.8	133.5	133.3
By state				
– NSW	131.7	131.5	131.1	129.3
– Vic	134.0	132.8	132.4	131.1
– Qld	148.7	148.8	148.6	146.3
– WA	147.4	148.3	148.1	147.9
– SA	145.0	145.2	145.6	145.3

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 continues its upward trajectory

- Our 'retail' measure covers a narrower subset of card activity that aligns more closely to the ABS retail survey.
- With a quarterly growth rate of +1.0%qtr, retail card activity remains more subdued than non-retail segments, but continues to steadily gain momentum.
- The detail shows hospitality retail continuing to grow at an elevated pace, tracking +2.3%qtr. Non-food retail rose to +1.0%qtr, while the large basic food retail segment lifted back into positive territory, growing +0.1%qtr.
- After an upside surprise in August, the ABS retail sales report for September was more downbeat, showing a nominal

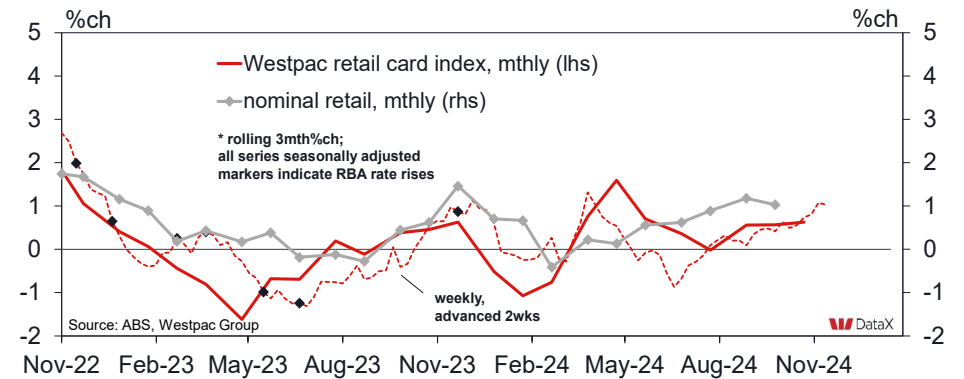
increase of +0.1%mtl to finish the quarter +1.0%qtr higher. Meanwhile retail volumes increased +0.5%qtr in Q3, marking only the second quarterly increase in the last two years. See [here](#) for more details.

- Retail activity should see a little more life going forward, particularly as Black Friday sales kick off on November 29. Cost-of-living pressures have seen consumers gravitate towards spending during discount periods, as evidenced during End of Financial Year sales earlier in the year. Importantly that means we need to pay close attention to both the sales responses and the extent of weakness outside of sales windows.

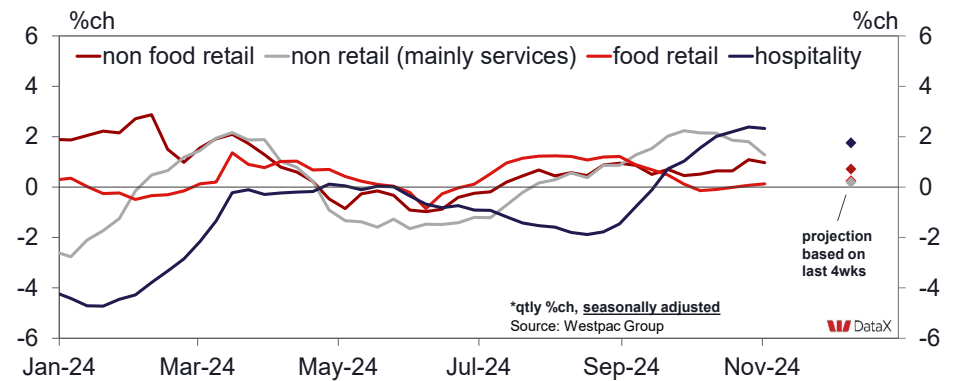
	Aug	Sep	Oct	2/11
By retail/non retail				
Retail card index	142.8	142.9	143.1	143.0
- qtly%ch	0.6	0.6	0.6	1.0
- qtly, ann%ch	1.1	1.2	1.1	1.2
Non-retail card index	132.1	131.6	130.2	129.0
ABS retail sales				
- %ch	0.7	0.1	n.a.	n.a.
- ann%ch	3.1	2.3	n.a.	n.a.
- qtly%ch	1.2	1.0	n.a.	n.a.
- qtly ann%ch	2.8	2.6	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

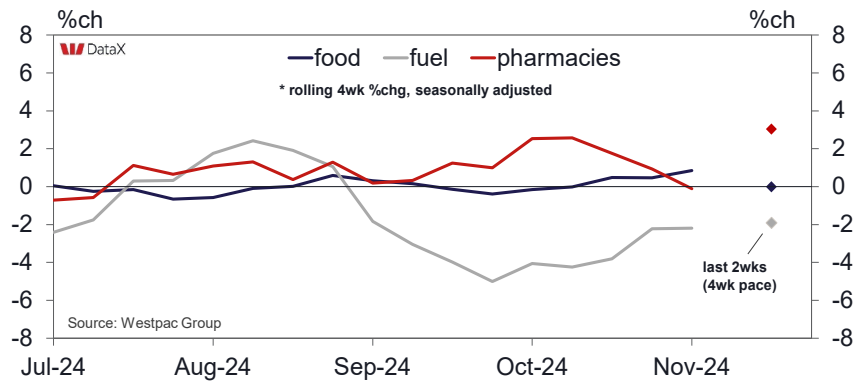


7. Card activity: broad retail and non-retail groups

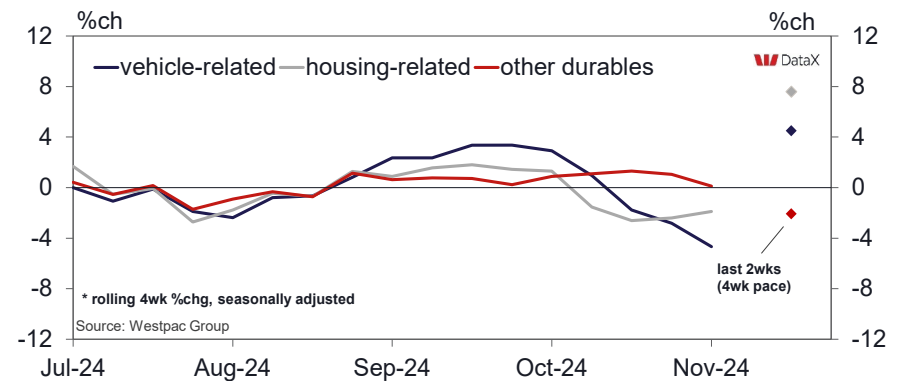


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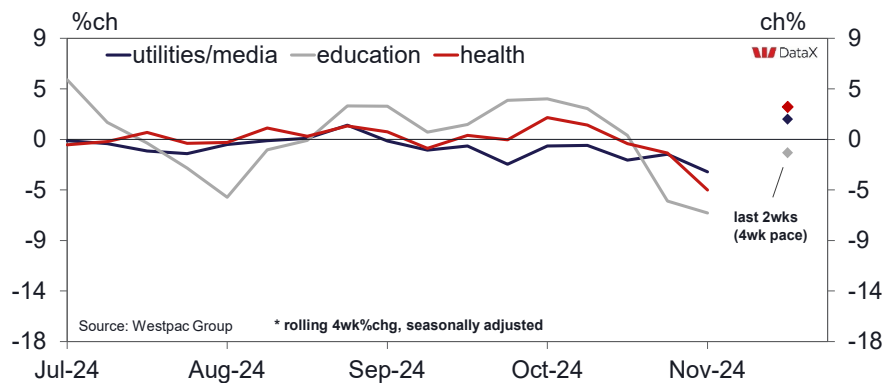
8. Card activity: essential goods



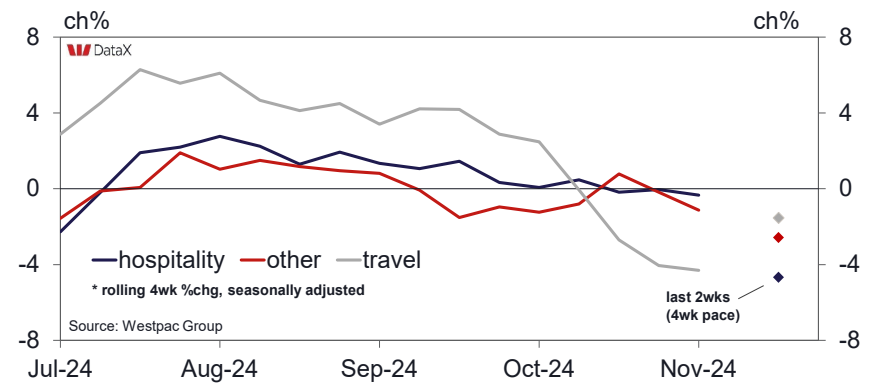
9. Card activity: discretionary goods



10. Card activity: essential services

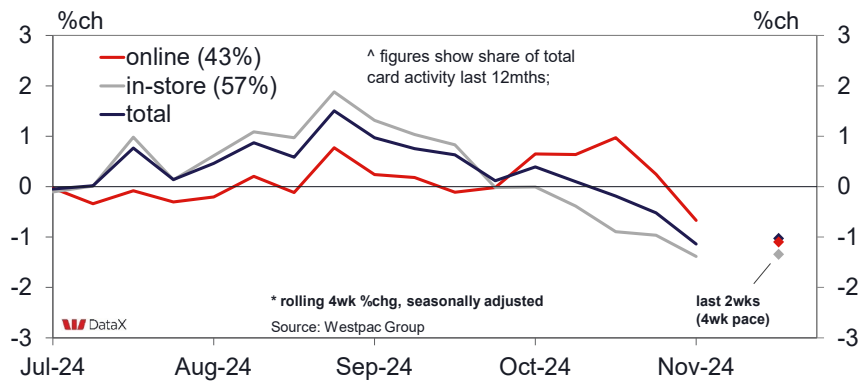


11. Card activity: discretionary services

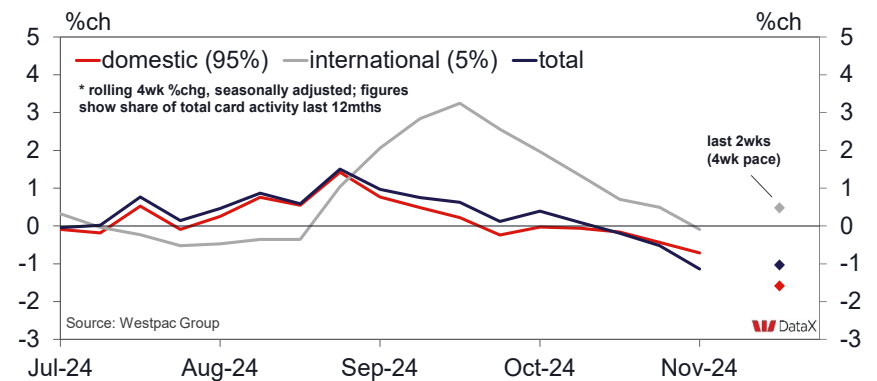


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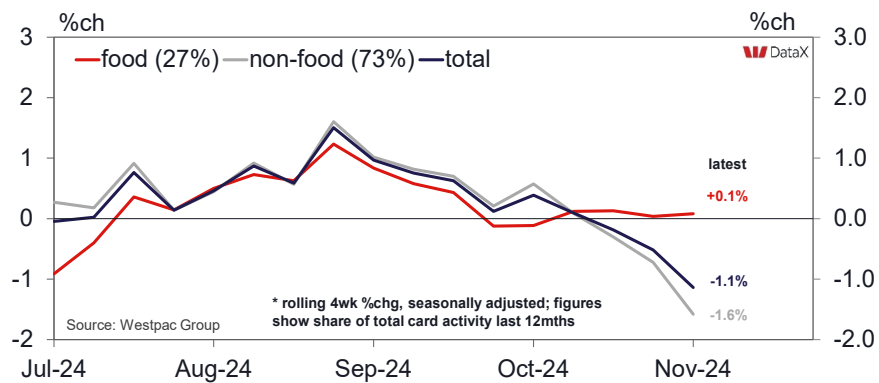
12. Card activity: online and in-store



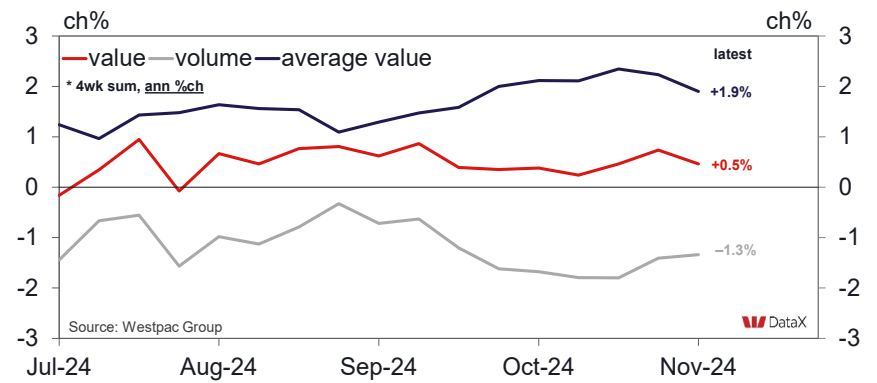
13. Card activity: domestic and international



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	Aug	Sep	Oct	12/10	19/10	26/10	2/11
Westpac Card Tracker Index	135.8	135.6	134.7	136.7	134.9	136.5	135.9	137.4	137.8	137.5	137.0	137.0	136.9	136.4	136.2
qtly%ch	1.2	-0.1	-0.7	1.5	-1.3	1.2	-0.4	1.1	0.7	1.1	1.2	1.4	1.3	1.4	1.1
qtly, ann%ch	14.0	10.6	4.0	1.8	-0.7	0.6	0.9	0.5	0.6	0.5	0.5	0.5	0.6	0.7	0.6
By category															
- discretionary	137.1	136.5	135.2	136.8	134.6	136.0	135.1	137.2	137.4	137.8	137.7	137.8	137.5	136.8	136.2
- essential	132.2	132.5	132.2	133.3	133.1	135.4	135.6	134.4	135.1	133.8	133.5	132.4	133.0	132.7	133.3
services	128.4	130.6	132.6	134.1	129.6	133.0	131.8	134.8	132.7	134.7	133.7	134.2	134.1	133.4	132.3
- discretionary services	133.1	131.7	132.4	135.0	130.9	132.9	131.0	134.3	134.8	134.8	134.6	136.4	135.5	134.1	133.4
- essential services	123.7	126.0	127.3	129.8	129.0	131.7	134.8	134.6	135.2	134.5	130.9	127.8	130.2	131.4	129.0
goods	139.7	138.0	137.1	137.2	137.2	137.8	138.3	137.9	138.0	137.9	137.6	137.2	137.3	137.0	137.6
- discretionary goods	142.4	139.9	139.0	138.6	138.7	138.5	140.0	140.5	140.1	141.0	140.9	139.3	139.7	139.9	139.4
- essential goods	136.7	135.1	134.9	135.1	135.2	136.8	136.2	134.4	135.2	133.7	133.9	134.6	134.3	133.4	135.4
retail*	142.7	141.5	140.5	141.1	140.4	141.4	141.9	142.7	142.8	142.9	143.1	144.0	143.2	142.3	143.0
qtly%ch	0.4	-0.8	-0.7	0.4	-0.5	0.8	0.4	0.6	0.6	0.6	0.6	0.7	0.8	1.1	1.0
qtly, ann%ch	9.0	6.2	2.0	-0.7	-1.6	-0.1	1.0	1.2	1.1	1.2	1.1	1.2	1.1	1.2	1.2
By state															
- NSW	132.0	131.5	130.0	130.5	129.7	131.5	130.7	131.4	131.7	131.5	131.1	130.4	129.6	129.6	129.3
- Vic	136.1	135.4	133.9	135.1	133.0	134.1	132.7	133.3	134.0	132.8	132.4	133.3	133.6	132.6	131.1
- Qld	143.7	144.4	144.5	145.9	145.3	147.3	147.4	148.4	148.7	148.8	148.6	146.0	146.5	146.1	146.3
- WA	140.5	141.8	141.6	142.8	144.7	146.2	146.2	147.5	147.4	148.3	148.1	145.1	145.1	144.6	147.9
- SA	142.5	142.1	141.3	143.0	143.5	144.0	144.6	144.8	145.0	145.2	145.6	142.0	143.6	142.9	145.3

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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