RETAIL SPENDING PULSE

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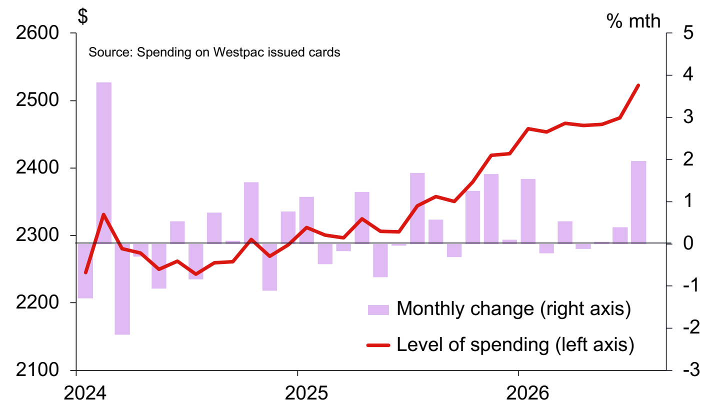
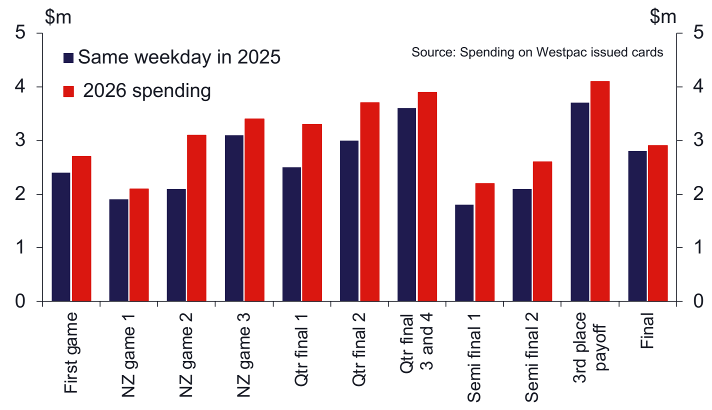
Goooooooooooal!!!!!

- After trending sideways for most of this year, spending levels took a step higher in July, with per-person spending on Westpac issued credit and debit cards rising 2% over the month.
- Helping to support July's lift in spending were falls in fuel prices. The price of 91-unleaded averaged $2.96/ltr over July, down from over $3.11/ltr in June. We also saw the average price of diesel falling by around 30c/ltr.
- Looking across categories, July saw a nearly 3% lift in spending on groceries.
- We also saw a 2% lift in spending on utilities, which will in part be related to the large increases in electricity prices over the past year.
- Discretionary spending also took a step higher in July. That includes sizeable increases in spending in restaurants (up 5%) and on other entertainment (up 2%). That lift in entertainment spending coincided with the FIFA World Cup, with hospitality spending taking a step higher on days when major matches were played (compared to the same time last year).
- July also saw increases in sports betting, as well as increased purchases of Lotto tickets in response to the large Powerball jackpot.*

Monthly retail spending (per person)



Hospitality spending and the FIFA World Cup



* I obviously did not win Powerball, hence I am still writing these reports.

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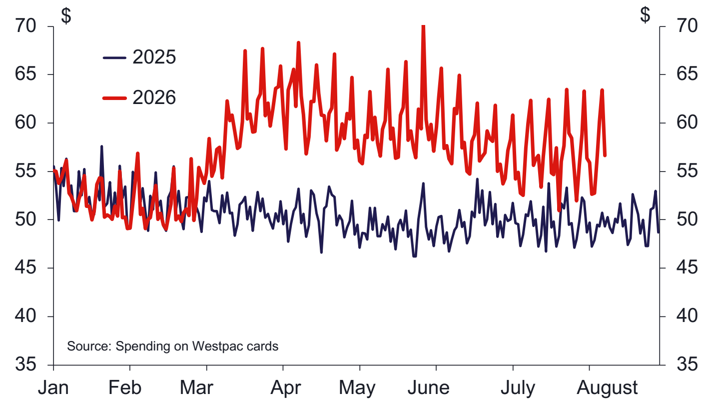
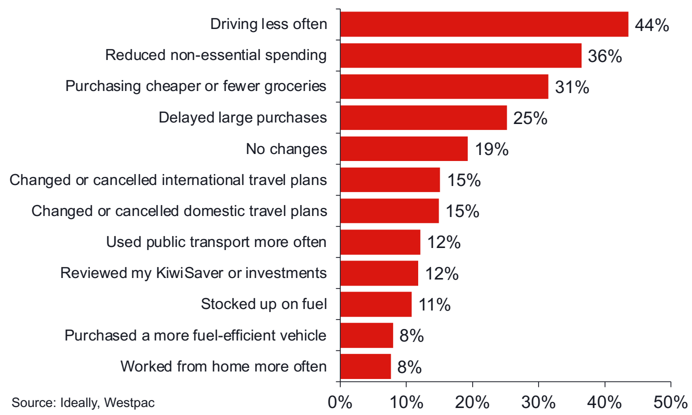
Pain at the pump continues.

- While fuel prices have fallen from their earlier highs, they remain well above the levels that we saw prior to the war in the Middle East. At the time of writing, 91-unleaded was averaging $3.05/ltr around the country, compared to around $2.44/ltr back in February.
- Those high prices have sucked a large amount of cash out of many households wallets, and that seen many of us changing our spending habits.
- 36% of the households we've spoken to recently told us they've wound back their discretionary spending, and around 15% have delayed or cancelled travel plans.
- Even when it comes to spending on essentials like groceries, around 30% of those we spoke to said they've changed how they shop, purchasing fewer or cheaper items. With continued cost of living pressures, a soft labour market and ongoing economic uncertainty, we expect spending levels are likely to rise only gradually through the back part of the year.

Average fuel spend per transaction



What changes, if any, have New Zealand households made as a result of the middle east conflict?



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Regional breakdown – commodities boom.

- Strong prices for New Zealand's commodity exports have continued to boost earnings, confidence and spending in many regional centres.
- There have been particularly large increases in regions with large dairying sectors, like Southland, Otago and Canterbury.
- We've also seen strength in the prices for key horticultural exports (like apples and kiwifruit), which is helping to boost spending in regions like Bay of Plenty.
- Spending growth in Auckland and Wellington is continuing to trail the rest of the country, consistent with the softness in their labour markets.

Spending growth by region (seasonally adjusted)

	Mth% (July vs June)	Yr% (July vs same month last year)
Total	2.0	7.6
Northland	1.5	9.5
Auckland	1.6	7.2
Bay of Plenty	2.7	8.6
Waikato	1.8	7.2
Gisborne/Hawkes Bay	1.0	7.8
Manaw-Whang/Taranaki	2.2	8.3
Wellington	1.7	6.7
Nelson/Tas/Marlb/West Coast	2.5	8.0
Canterbury	2.3	7.8
Otago	2.9	7.8
Southland	3.8	11.3

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