

Data for November 2023

ANZ NZ Merchant and Card Spending Chartpack

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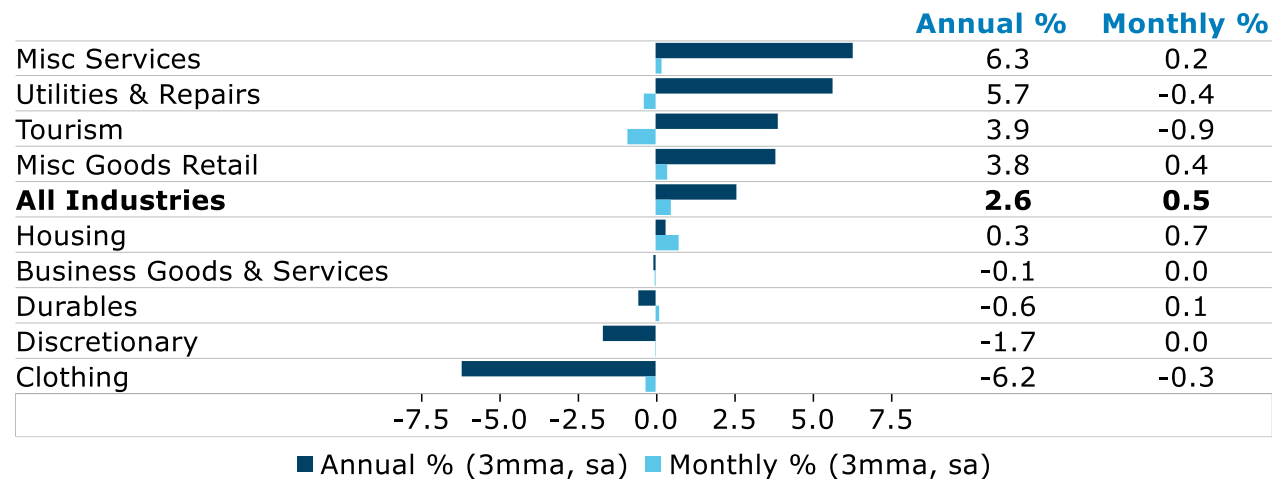
Notes

- Prior to the October 2023 release, this data was based on ANZ issued card spending plus money spent at ANZ merchants. From that release onwards, we have changed to ANZ issued card spend only as the default, as it is less prone to level shifts.
- However, where necessary, for either confidentiality reasons or where it appears to better capture the dynamics of actual spend, we also include spend from the merchants who bank with ANZ (eg this captures spending on foreign cards, which is important for capturing spending dynamics in categories like accommodation).
- Spending is nominal, meaning observed moves are a mix of price and volume changes. Goods or services with more volatile prices will also have more volatile spending, all else equal (eg fuel, fresh food).
- Categories where individual merchants or customers might be identifiable have been aggregated or omitted.
- Many data series are volatile month-to-month at this very disaggregated level. We therefore present the data in rolling 3-month average terms to make trends clearer. The data is also seasonally adjusted where the diagnostics support this (the majority of series).
- The data may be revised each month depending on the source data, which is regularly updated, and seasonal adjustment.



Overall categories

- Annual growth in most categories of spending continued to slip in November. Annual growth in total spend dropped from 3.2% to 2.6%. Recent momentum is a mix of small ups and downs – pretty weak considering population growth well in excess of 2% and still-strong inflation.
- The flattening off in spending is also evident in the levels charts on the next two slides.
- Spending on miscellaneous services continues to outperform. Spending related to housing is lacklustre, and clothing retail continues to weaken.

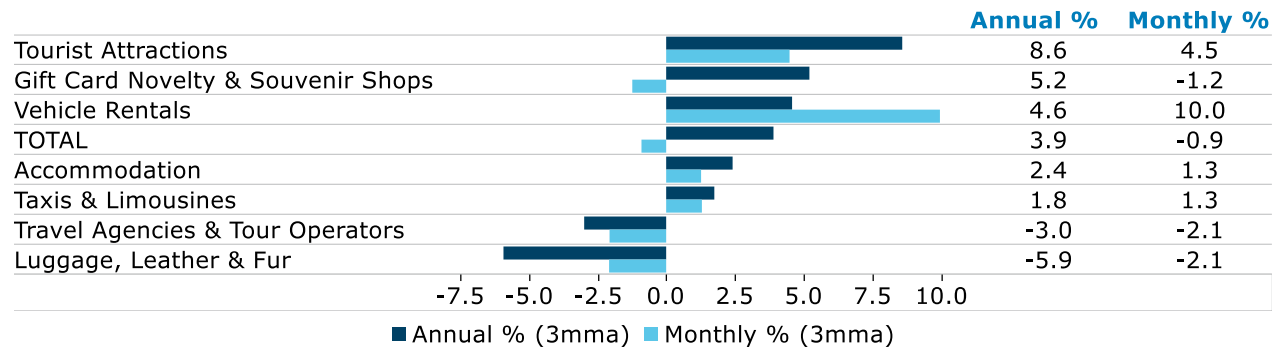


Source: ANZ Research



Tourism-related spending

- Now the border has been open for more than a year, annual growth in tourism-related spending continues to normalise from unsustainable growth rates.
- There was particularly strong growth in vehicle rentals recently. Travel agencies are slipping – spending here will also reflect demand for outbound travel.
- Now Australia is on the approved list for outbound group travel from China, the prospects for tourist arrivals from this market this summer have improved.



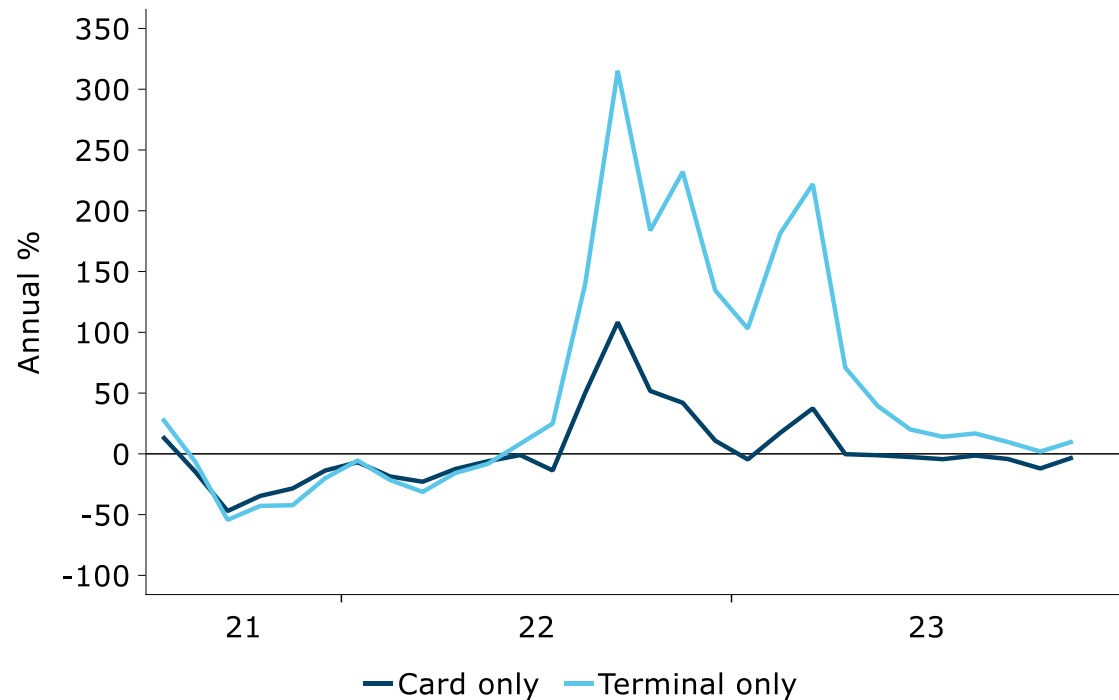
Source: ANZ Research



Staying power

- Spending just on ANZ cards will capture primarily domestic tourism spend, while terminal spend will capture spending on foreign cards as well.
- Looking at dynamics in the two different measures suggests that weaker domestic spending is dragging down total accommodation spending growth.

Accommodation spending

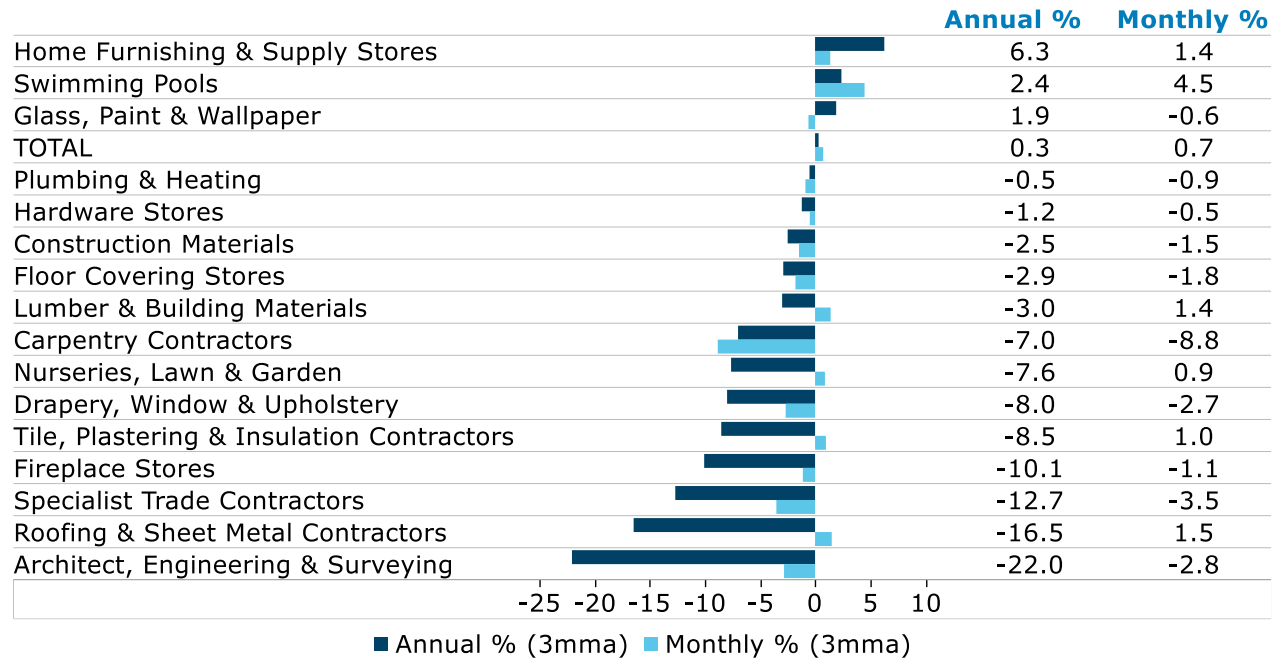


Source: ANZ Research



Housing-related spending

- There were very few positives in the recent spending data in the housing category, unlike last month.
- In annual terms, most housing-related spending is well down, reflecting a decline in house prices, house sales and construction over the past year.



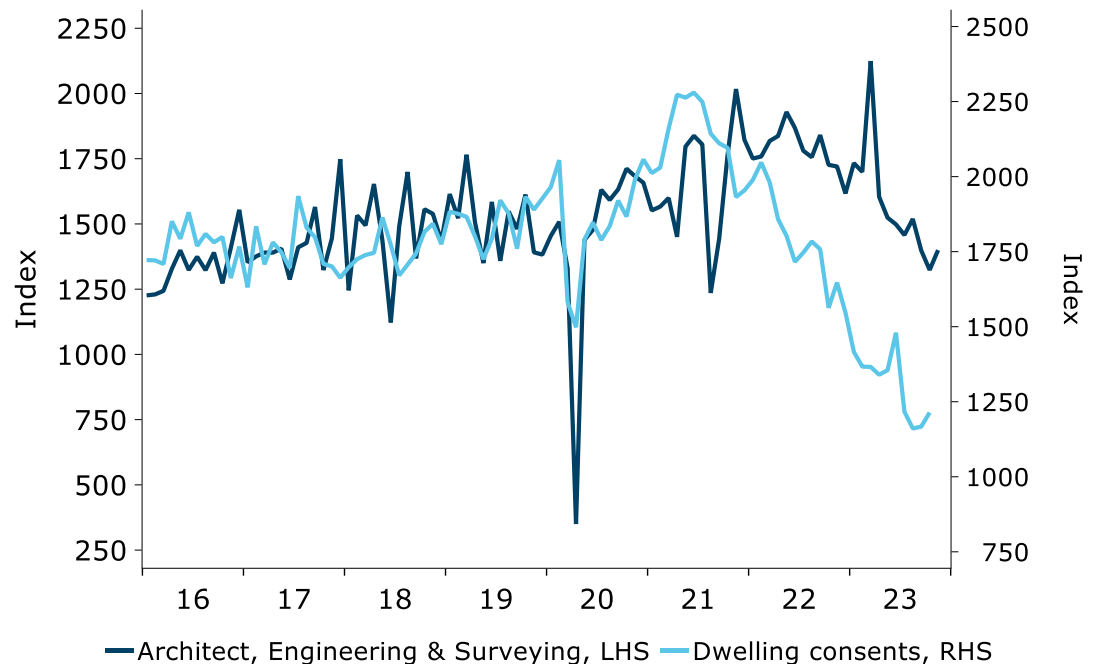
Source: ANZ Research



Pressure building

- It's clearly not yet the case that the turnaround in house prices is causing any kind of rush to renovate or build, though there was a small tick up in November.
- The fall is consistent with the fall in dwelling consents.
- More optimistic builder expectations in our ANZBO survey suggest a floor could be close, but there's no evidence for it in card spending yet.

Architectural services vs. dwelling consents

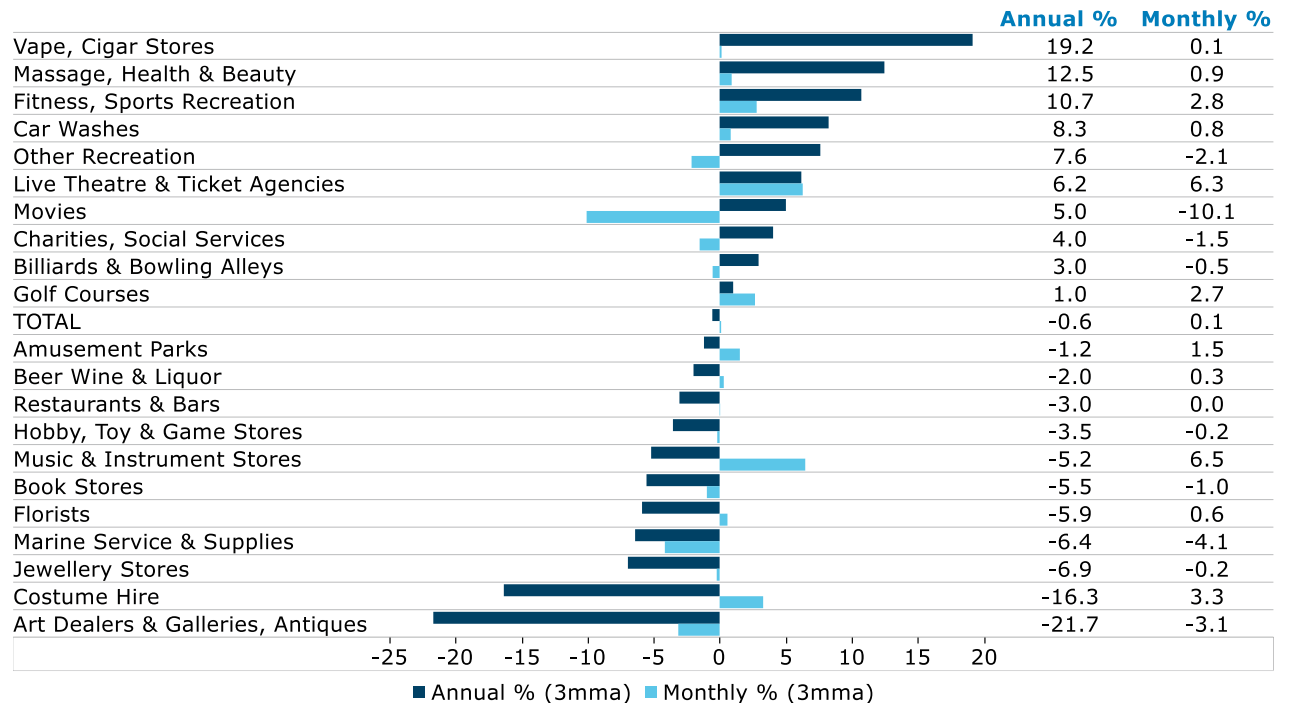


Source: ANZ Research



Discretionary

- There's a mixed picture in annual growth across a range of spending categories that could reasonably be considered as "discretionary" spending.
- Vape stores took top spot for annual growth this year, taking the gong from movies, with Barbinheimer having dropped out of the 3-month period used for comparison.



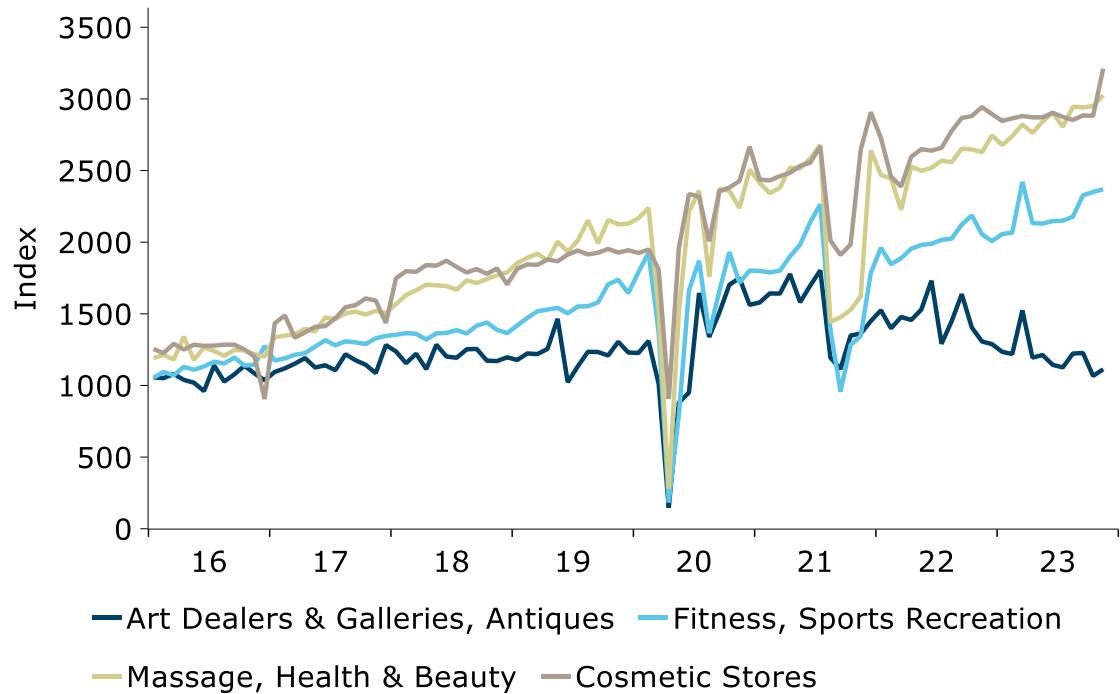
Source: ANZ Research



Beauty is in the eye of the beholder

- It appears we currently care more about what we look like than what our walls look like.

Art vs. health and beauty spending

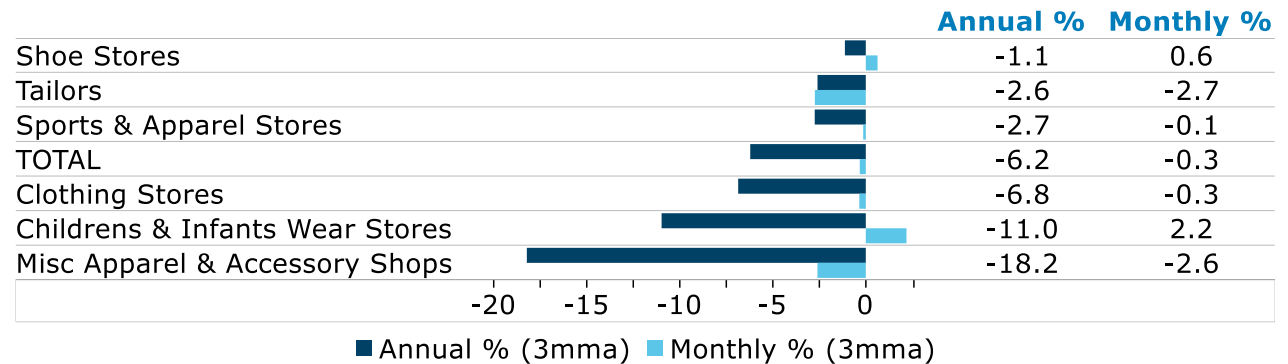


Source: ANZ Research



Clothing

- Clothing retail is doing it particularly tough at present. Every category is now negative versus a year ago, which is remarkably weak when both inflation and strong population growth are taken into account.



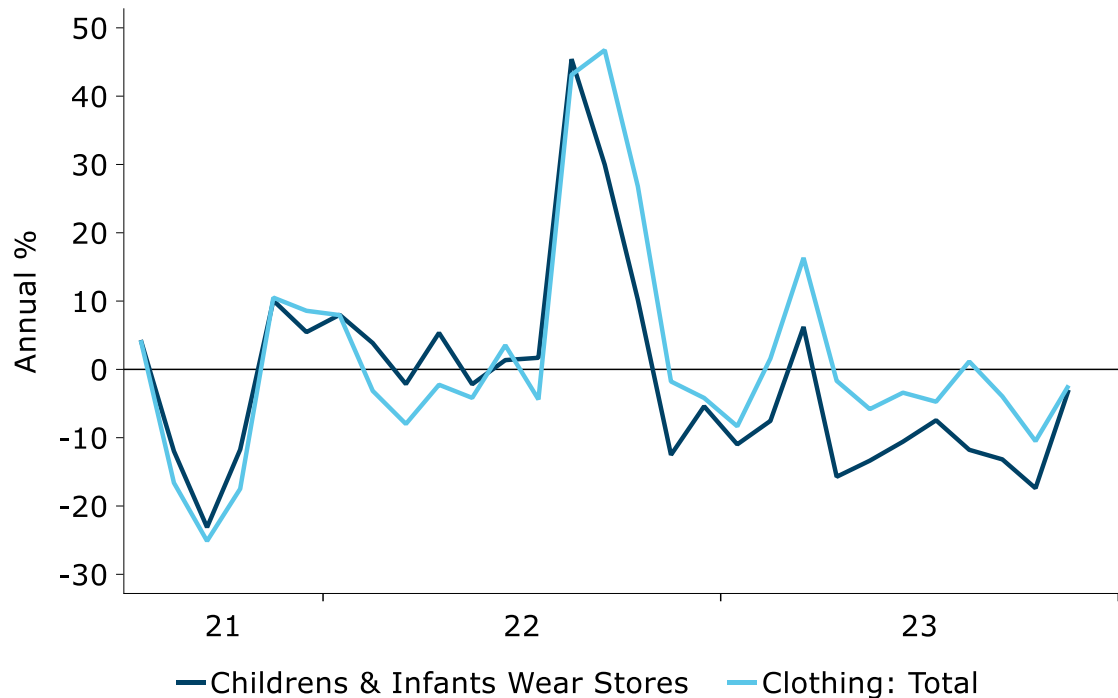
Source: ANZ Research



It all hangs on Christmas

- The slowdown in children's and infants' wear in the past 18 months has been more marked than for overall clothing spend.

Children/infants wear vs. overall clothing spend

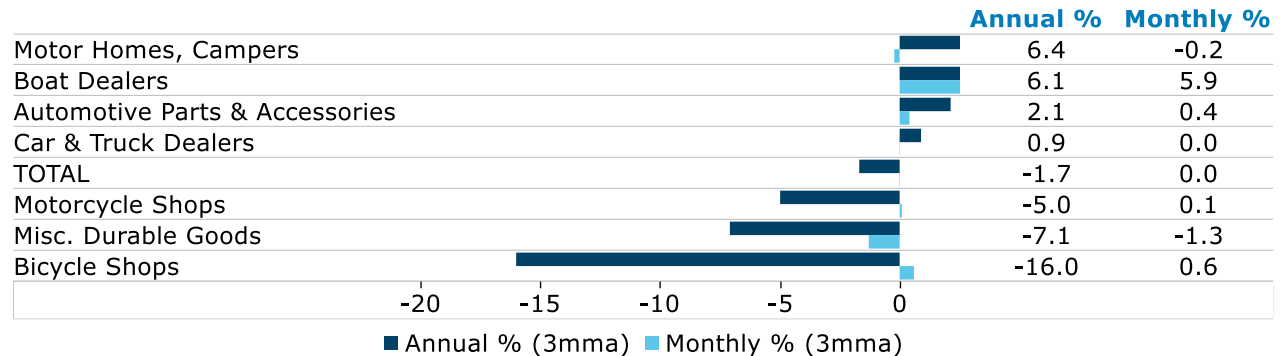


Source: ANZ Research



Durables

- Durables spending tends to be more cyclical than other types of retail. In November more categories tipped into negative versus a year ago.
- Bicycle sales remain particularly weak, though there was a small tick up this month.



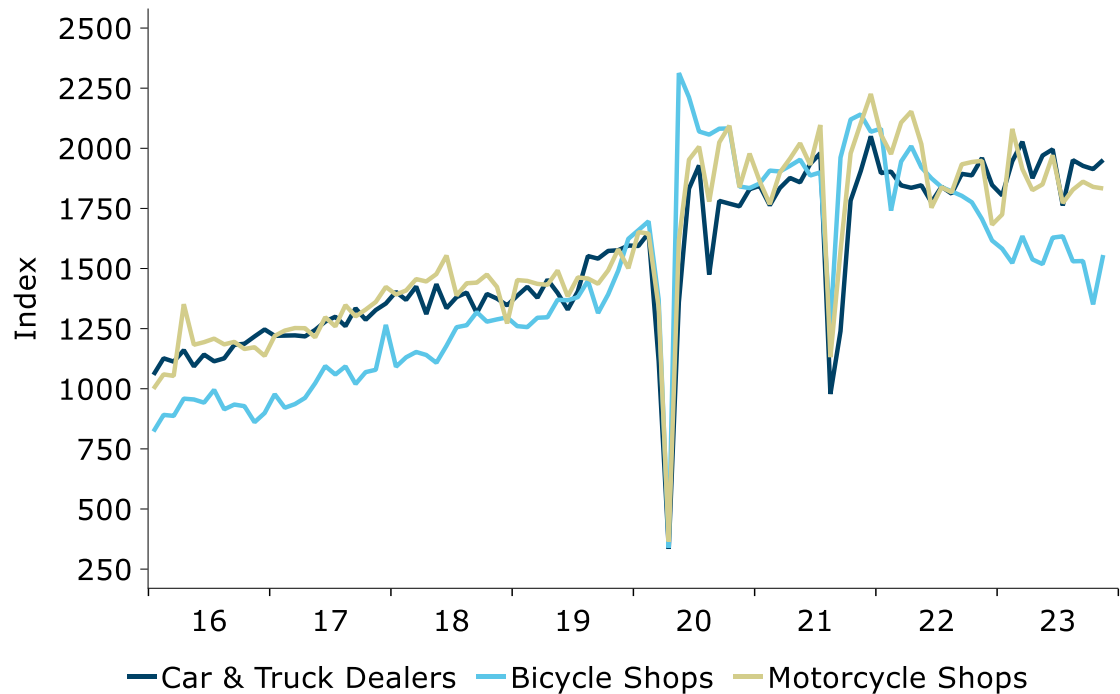
Source: ANZ Research



On two wheels

- Bicycle sales may be bottoming out.
- Card spending at other vehicle dealers is relatively flat. Not many people buy a car on a card, but it may capture deposits or accessories.
- New car registrations are falling, so what growth there is might be in prices rather than volumes.

Selected vehicle spending

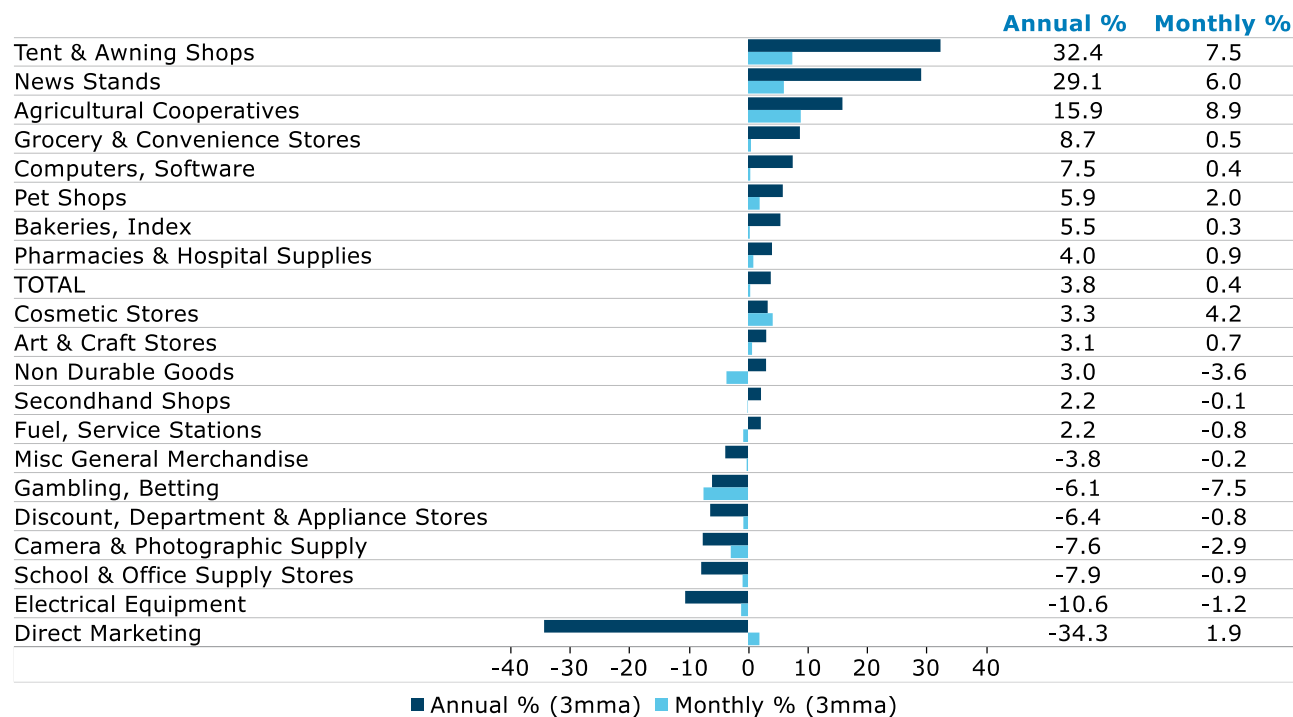


Source: ANZ Research



Misc goods retail

- Goods retail was a mixed shopping bag last month. However, there aren't many annual % changes that are outpacing CPI inflation (5.6%).



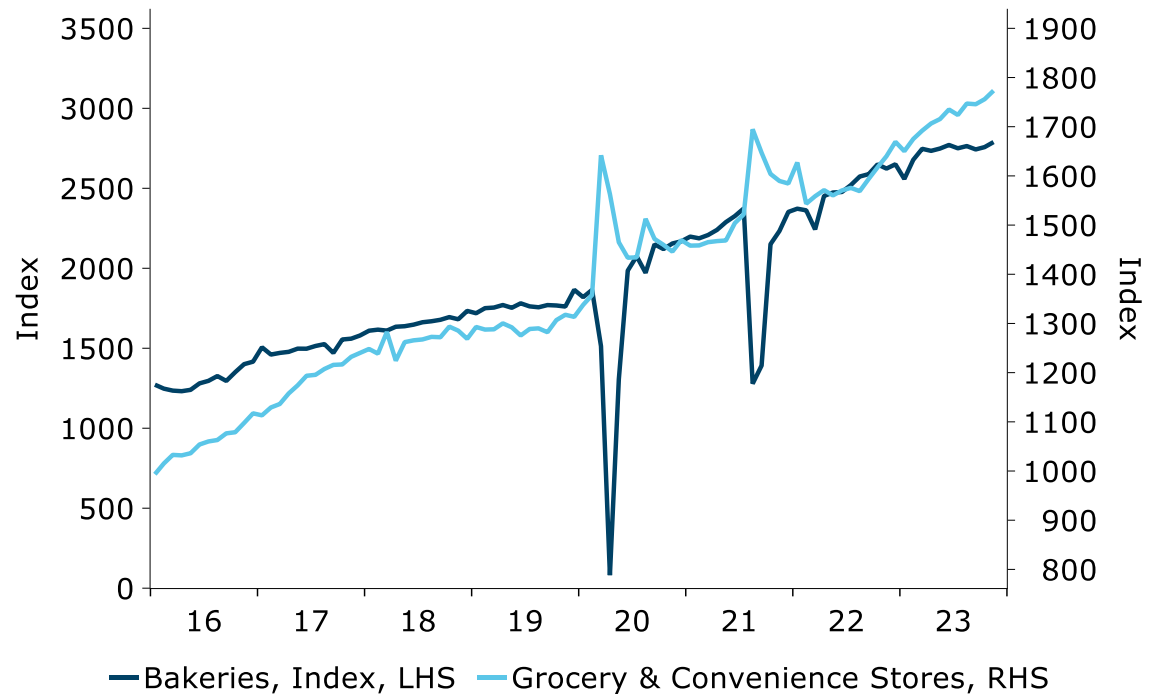
Source: ANZ Research



Make your lunch

- Grocery stores versus bakeries certainly highlights the lockdown winners and losers.

Grocery spend vs bakery spend

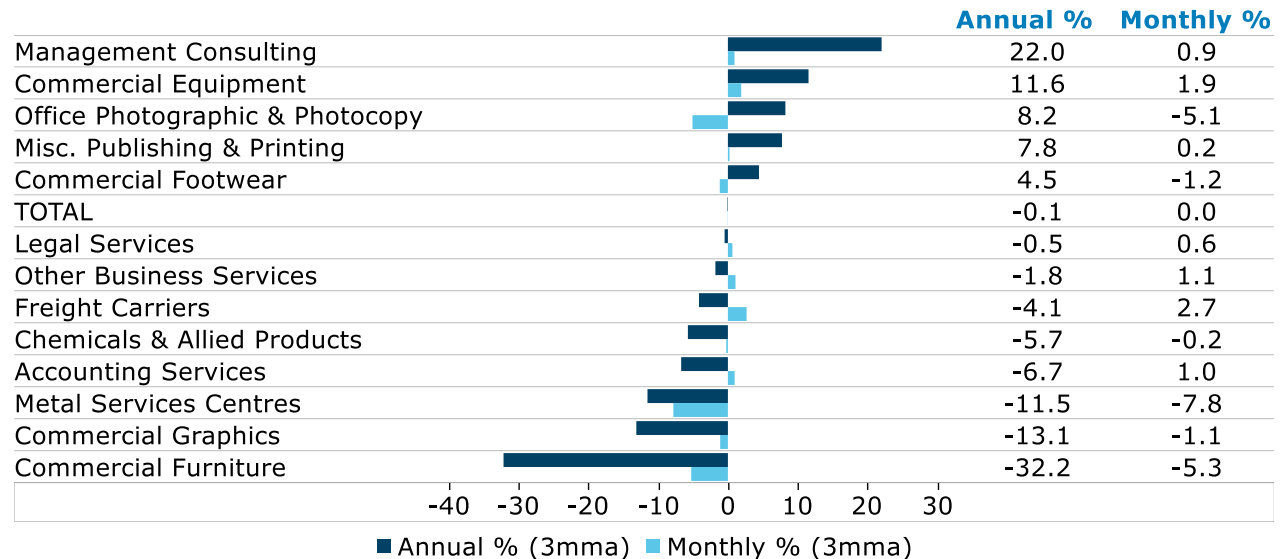


Source: ANZ Research



Business goods & services

- Spending on goods and services that are predominantly for business purposes has been flat to falling in recent months.
- Consulting is the bright spot, along with commercial equipment.
- The weakness in commercial furniture spend suggests general caution in business investment in office space.
- Weakness in commercial graphics spend may be starting to reflect the availability of cheap (or free) AI-generated graphics.



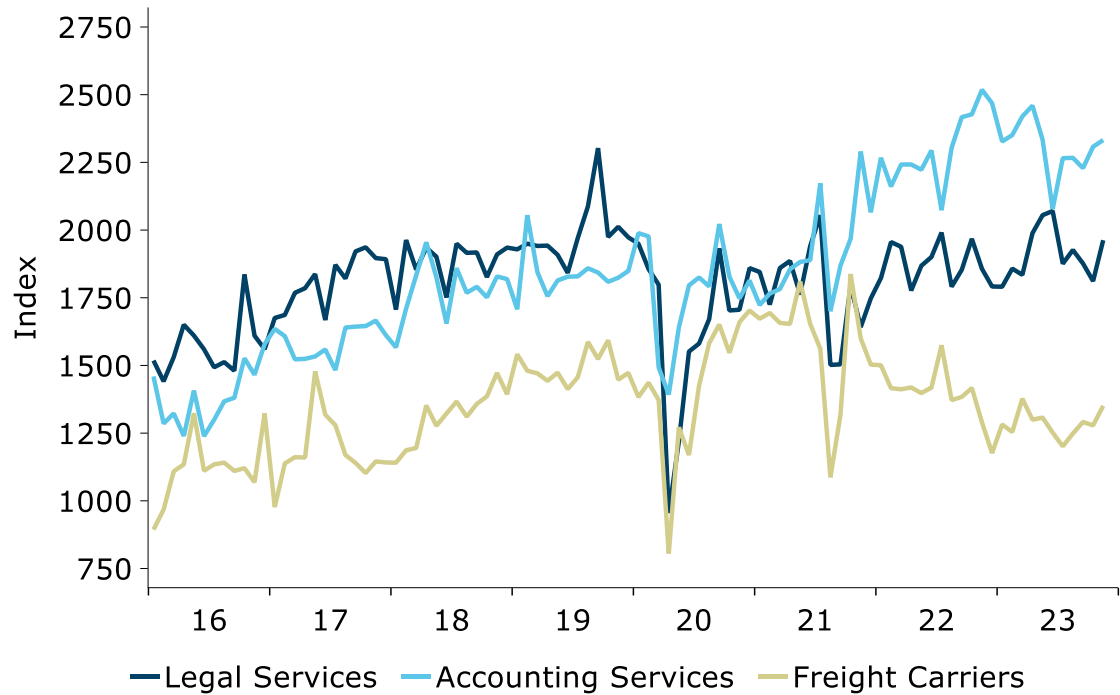
Source: ANZ Research



Unders and overs

- Accounting services are in high demand, spending on legal services is steady, and spending on freight carriers is declining.

Misc business services spending

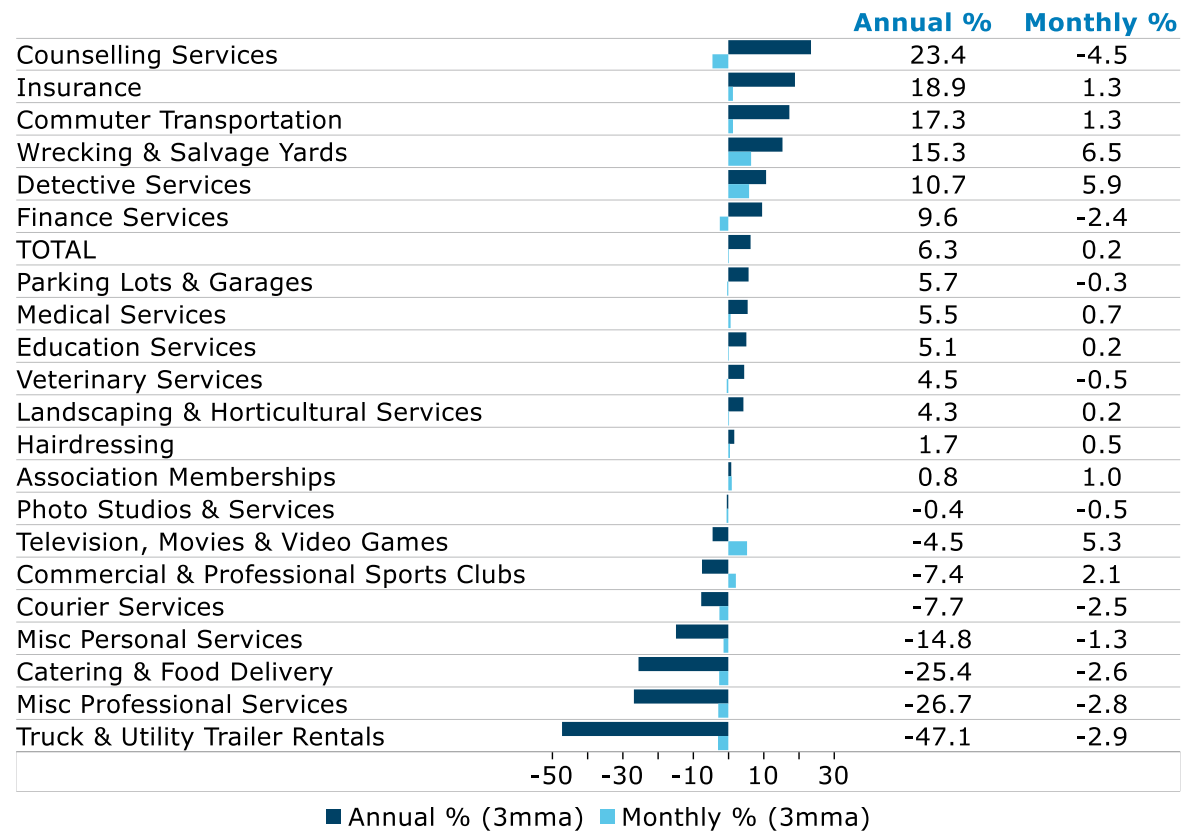


Source: ANZ Research



Miscellaneous services retail

- Stronger spending on insurance is more likely to be prices than volumes. Similarly, commuter transportation will be impacted by the temporary subsidy on public transport.
- The decline in truck and trailer rental is consistent with reduced DIY activity and housing turnover.



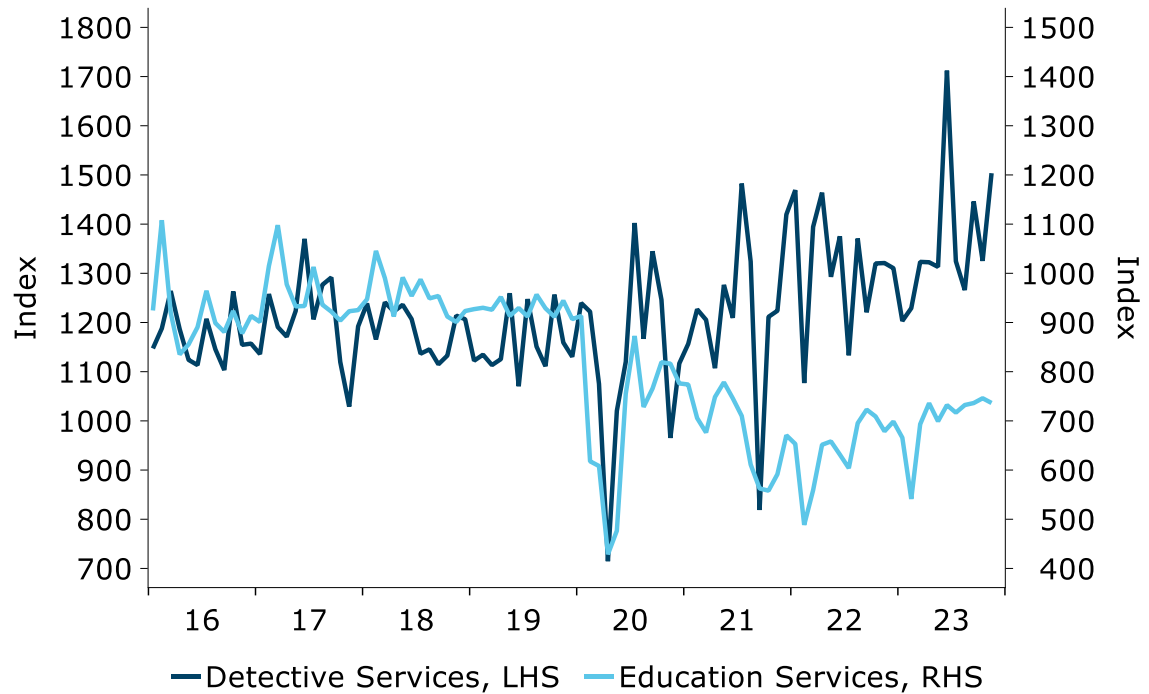
Source: ANZ Research



Calling Scooby Doo

- Sleuthing trumps education in the post-COVID era?

Detective and education services

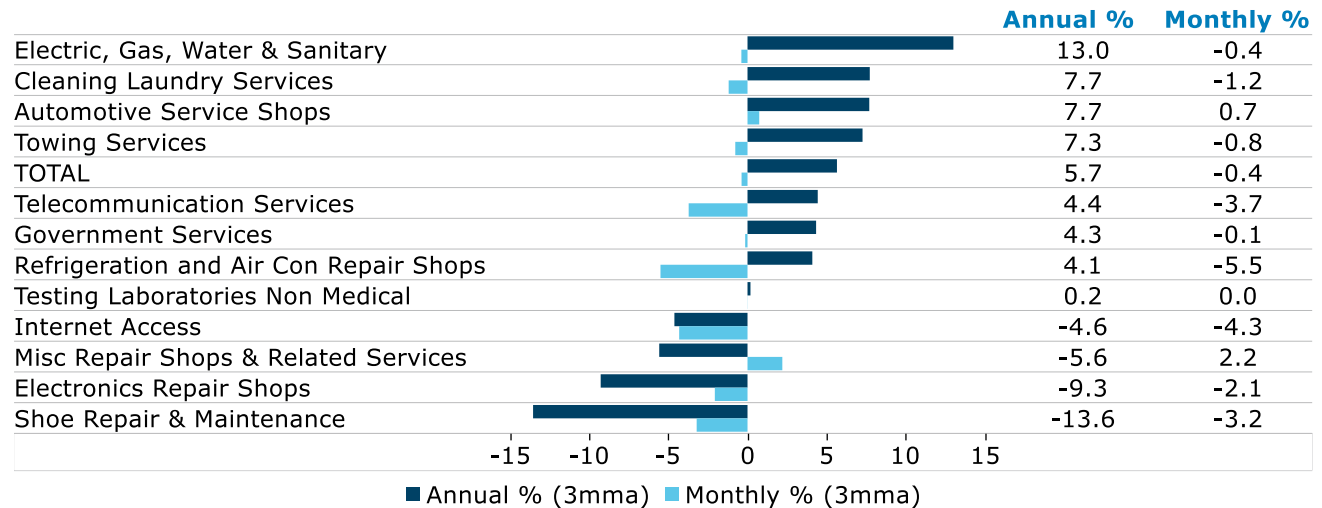


Source: ANZ Research



Utilities & repairs

- A relatively high proportion of sectors in this category have maintained year-on-year growth in spending (though not necessarily volumes).
- However, growth rates declined markedly versus last month.



Source: ANZ Research



The shoe is on the other foot

- Spending on shoe repairs has dropped away compared to spending at shoe shops.
- Make of that what you will.

Shoe stores versus shoe repairs



Source: ANZ Research

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