

Data for February 2024

ANZ NZ Merchant and Card Spending Chartpack

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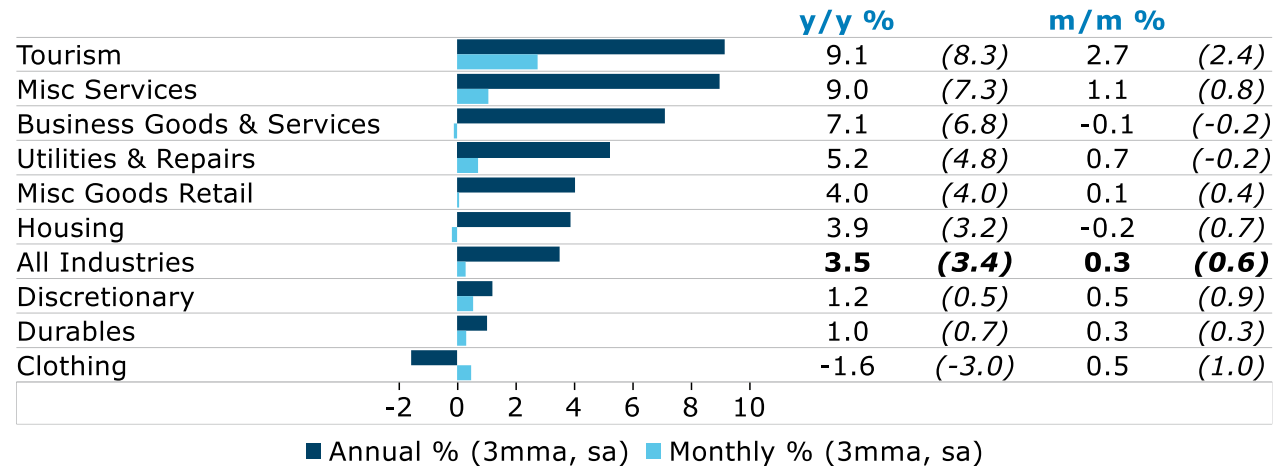
Notes

- Prior to the October 2023 release, this data was based on ANZ-issued card spending plus money spent at ANZ merchants. We now use 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. More volatile prices will result in more volatile spending, all else equal.
- 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 data may be revised each month depending on the source data, which is regularly updated, and seasonal adjustment.



Overall categories

- Annual growth in all categories of spending except clothing is back in the black. Annual growth in total spend is 3.5%, still lower than the rate of inflation. Changes in the 3-month average were mostly positive.
- Spending on clothing remains down from a year earlier, but the annual fall eased from -3% to -1.6%. Durables and discretionary spending are also still feeling the pinch from more cautious consumers.
- Tourism-related spending remains a bright spot, up around 9% y/y.

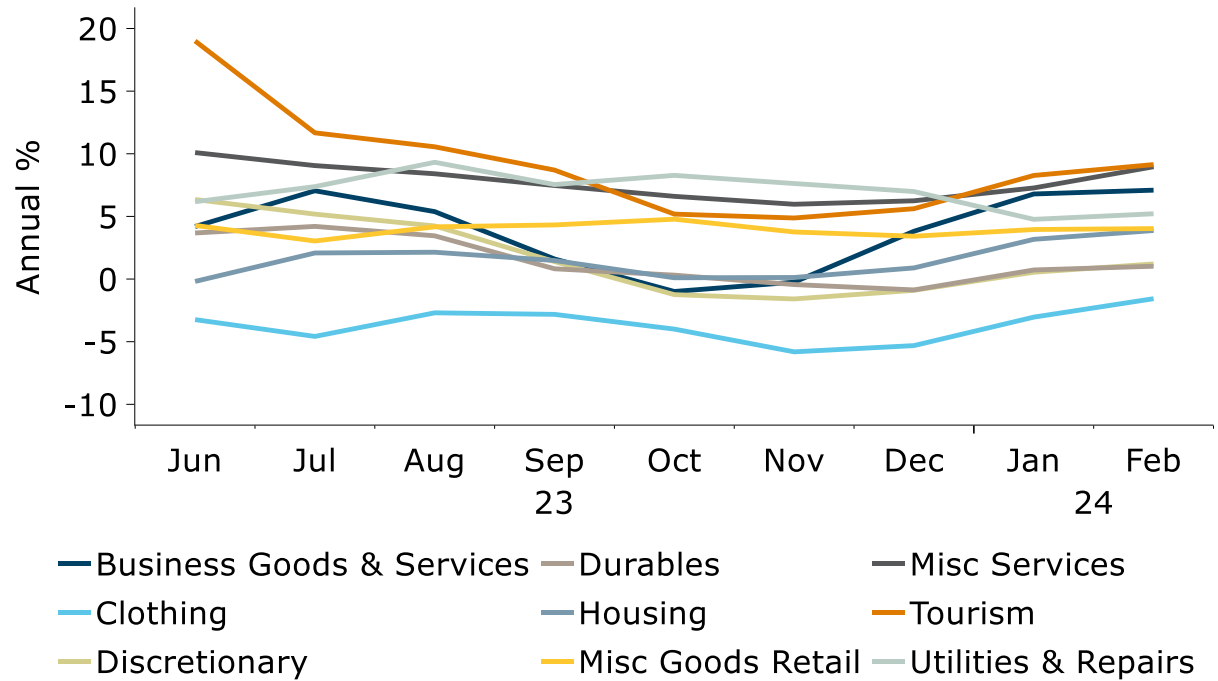


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Looking up?

- The annual change in most categories of spending is off its lows. Note, however, that the observed change in spending will be a mix of volume and price changes.

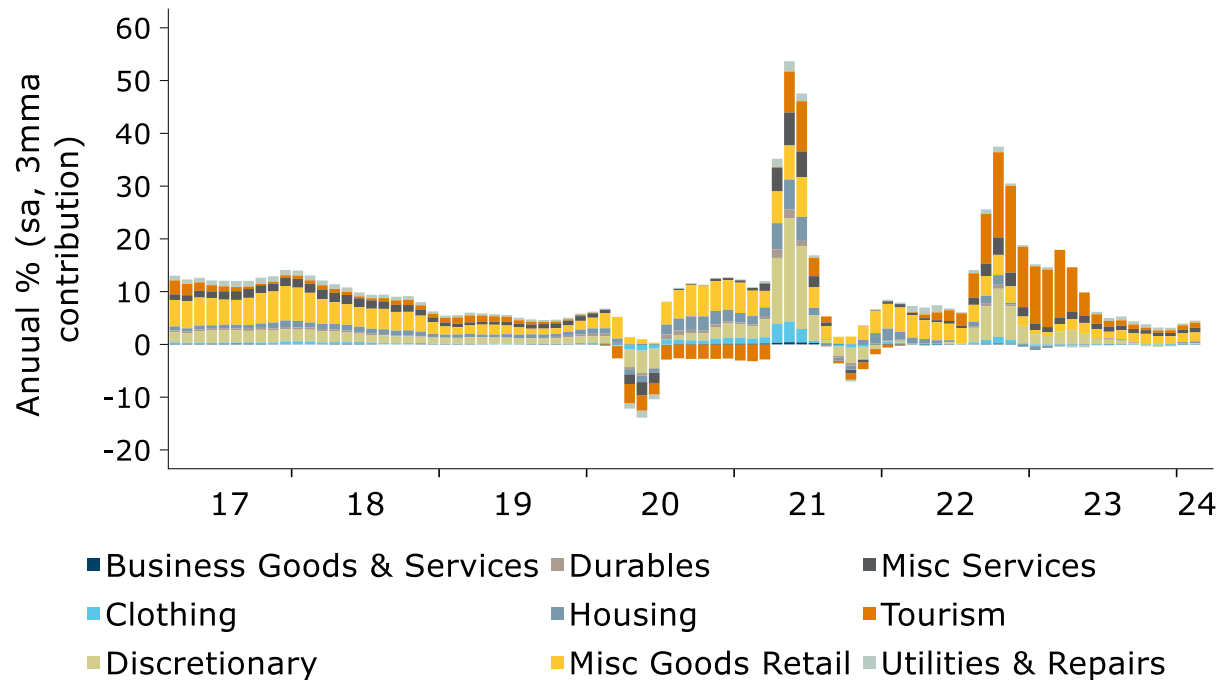


Source: Macrobond, ANZ Research



Wild ride for retailers

- Some categories are much larger than others. The chart below shows the contributions of each category to total card spending growth since 2017 showing 'normality', the COVID bust and boom, inflation, the tourism comeback, and now the impact of the consumer slowdown.

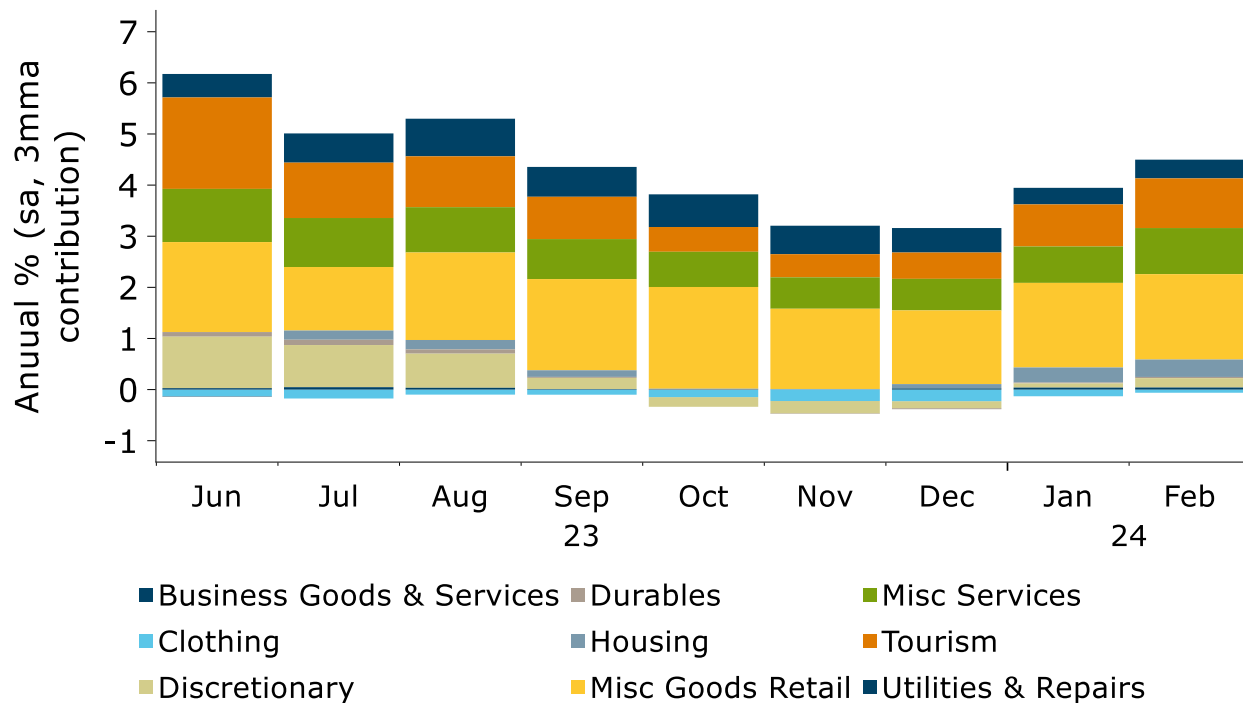


Source: Macrobond, ANZ Research



Wild ride for retailers

- Zooming in on the contributions of each category to total card spending growth in the past year shows spending on clothing and discretionary items subtracting from the change in total spend last year, but housing-related spending making a tentative comeback.

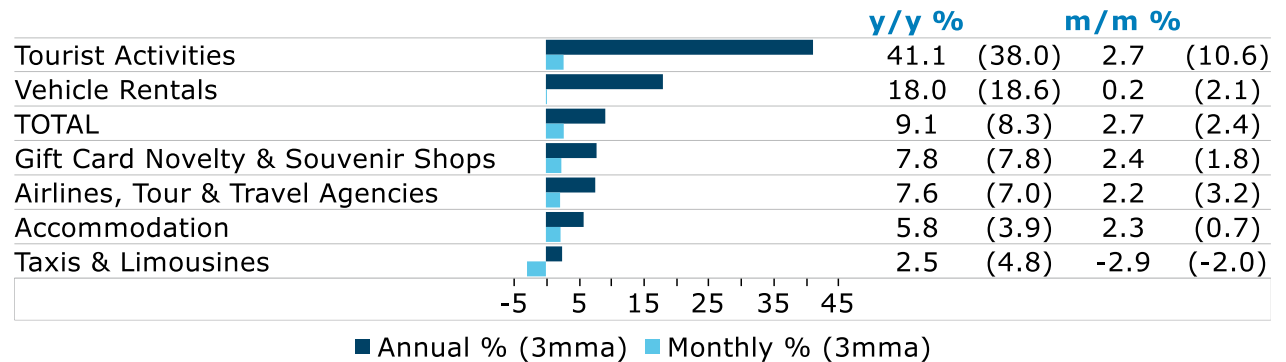


Source: Macrobond, ANZ Research



Tourism-related spending

- The annual growth rate of spending in this category continues to rise, running at 9.1% versus 8.3% last month (3-month average). Note data is seasonally adjusted.
- The lift in spending at tourist activities remains particularly notable.



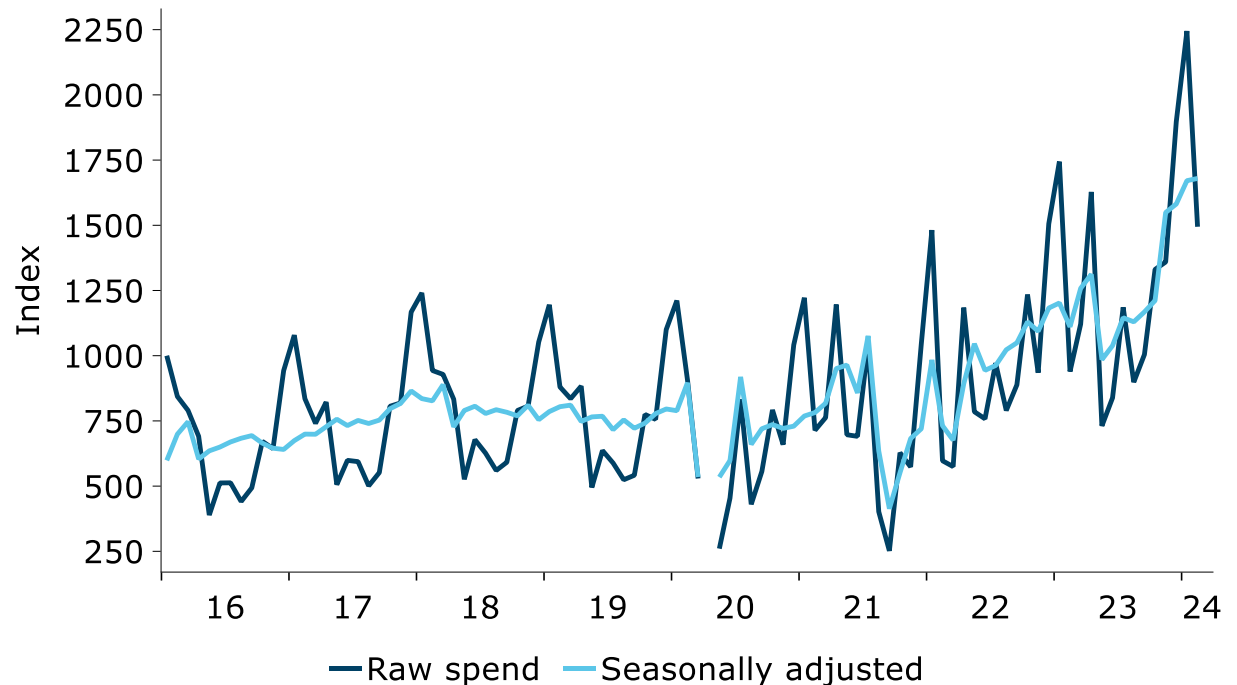
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Welcome back

- The summer tourism peak is over, but seasonally adjusted spending held up in February.
- **Cashflow in real life isn't seasonally adjusted, and retail and hospitality in tourist hot-spots will feel the drop in footfall, given the cautious spending of the locals.**

Tourist activities

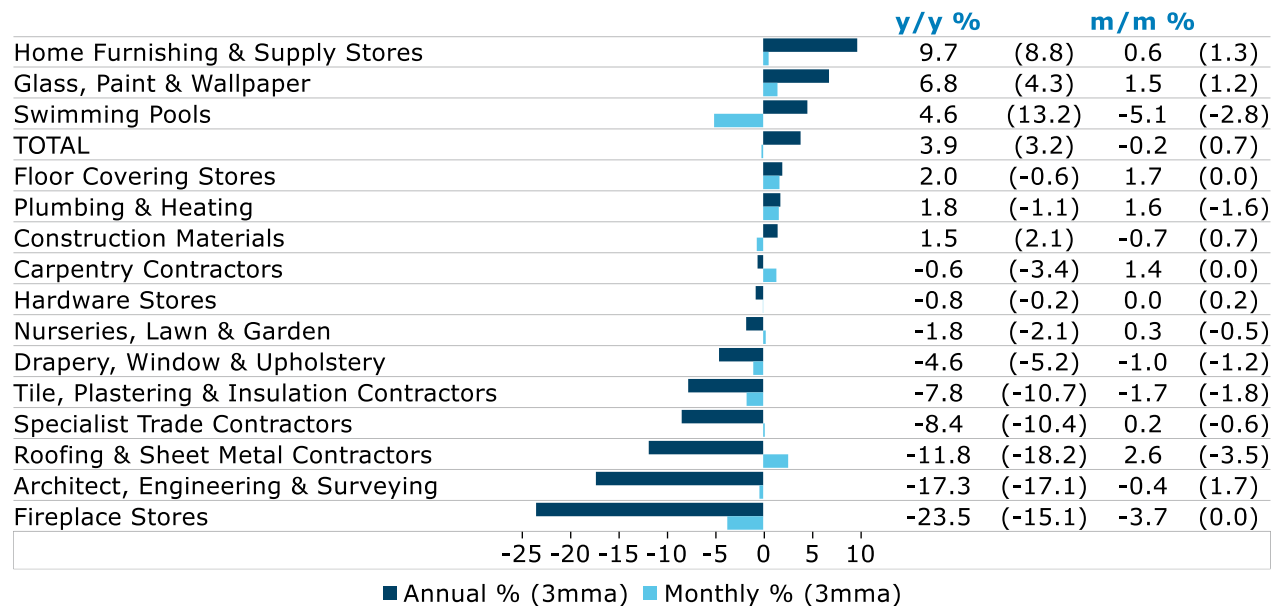


Source: Macrobond, ANZ Research



Housing-related spending

- The housing group still contains a tail that is well down year-on-year, but overall, the category is back in the black and rising.
- Home furnishing and supply stores is a big chunk of this category, and its growth is running at almost 10% y/y.
- The architectural pipeline remains well down on a year ago, with spending down 17%.



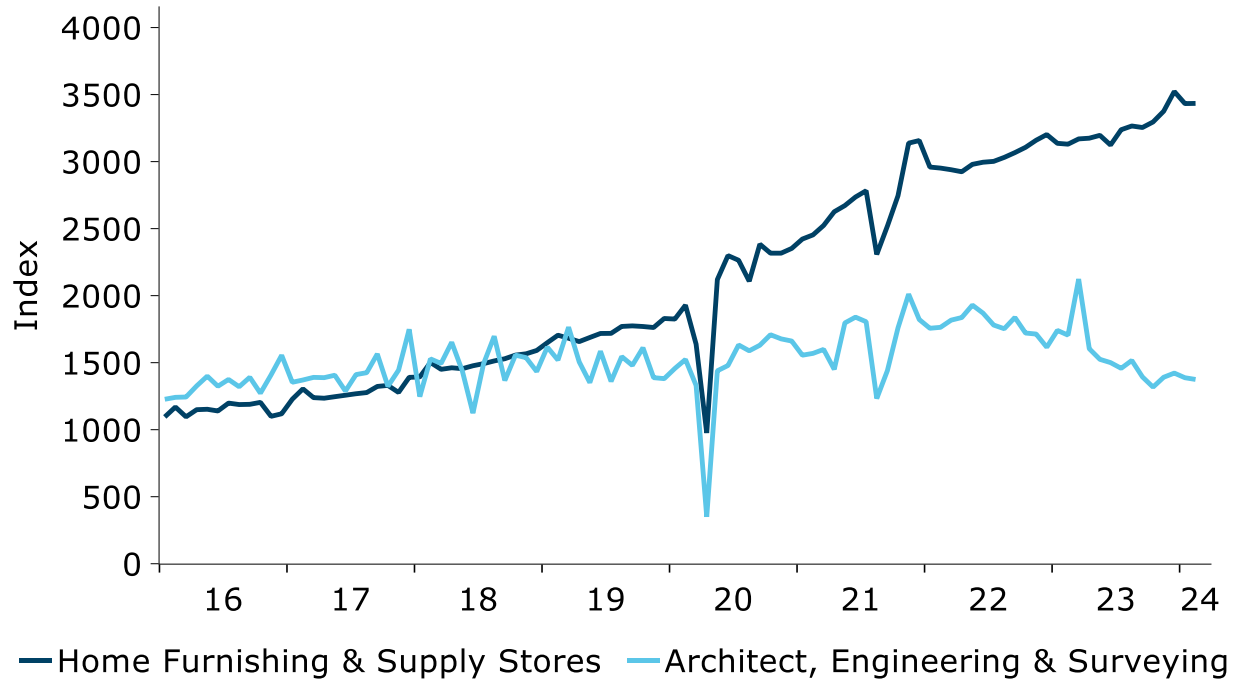
Source: Macrobond, ANZ Research
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Pimp my lounge

- Consumers are sprucing up their current home with furnishings rather than major renovations.

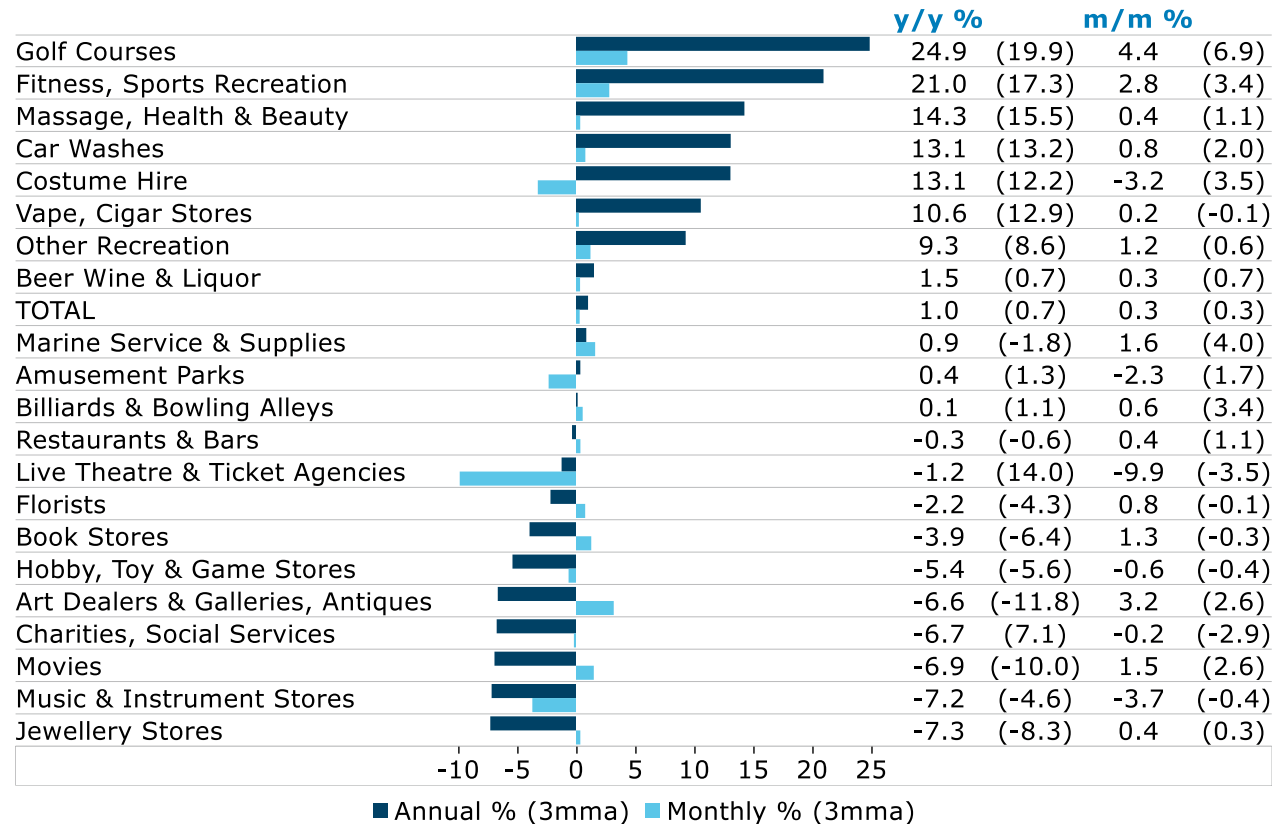
Architectural services and home furnishings & supply stores



Source: Macrobond, ANZ Research

Small treats

- Annual growth across a range of spending categories that could reasonably be considered as “discretionary” is also picking up compared to a year ago, but at just at 1% lift in spend, volumes are clearly still well down.



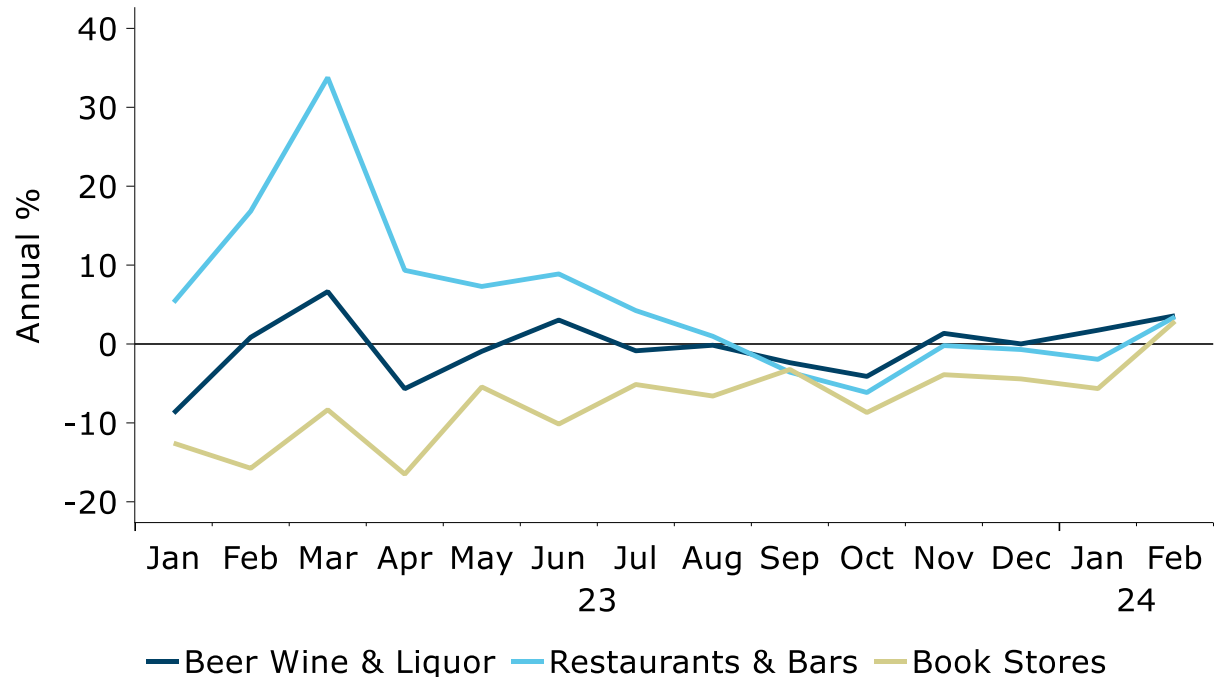
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Bar, booze at home or a book?

- After wildly different trajectories in 2023, the three categories have all converged in terms of the annual change in spending.

Spending at liquor stores, restaurants & bars and bookshops

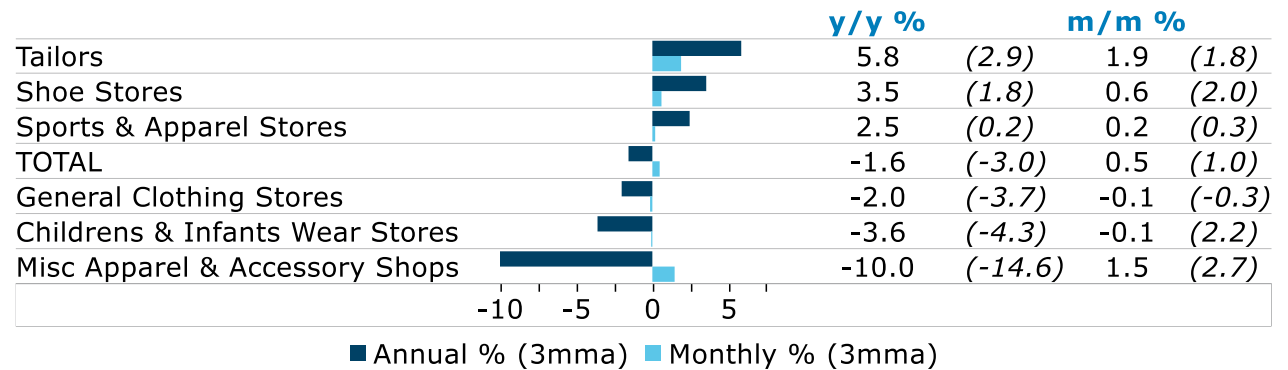


Source: Macrobond, ANZ Research



Clothing

- The decline in spending at clothing retailers continues to ease.



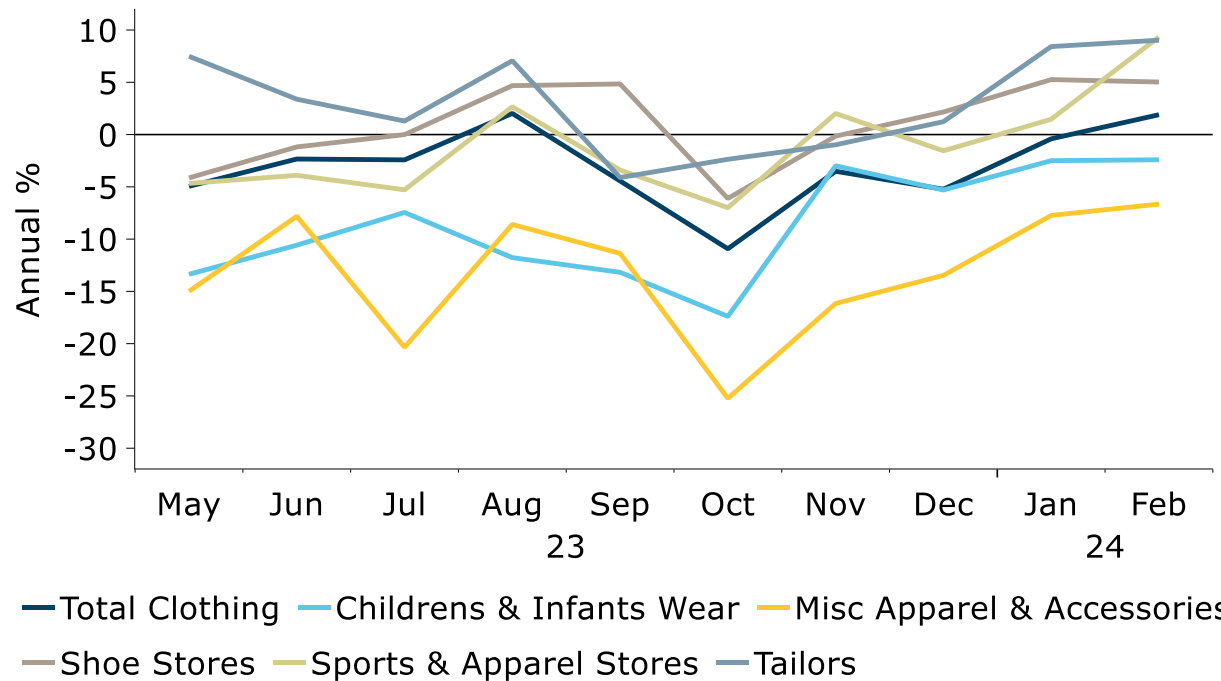
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Clothing hard pressed

- Clothing shops have done it tougher than most any other type of retail in the past year, but things are finally looking up in terms of turnover.
- Spending at childrenswear and miscellaneous apparel & accessory stores remains down on a year ago.

Clothing spending

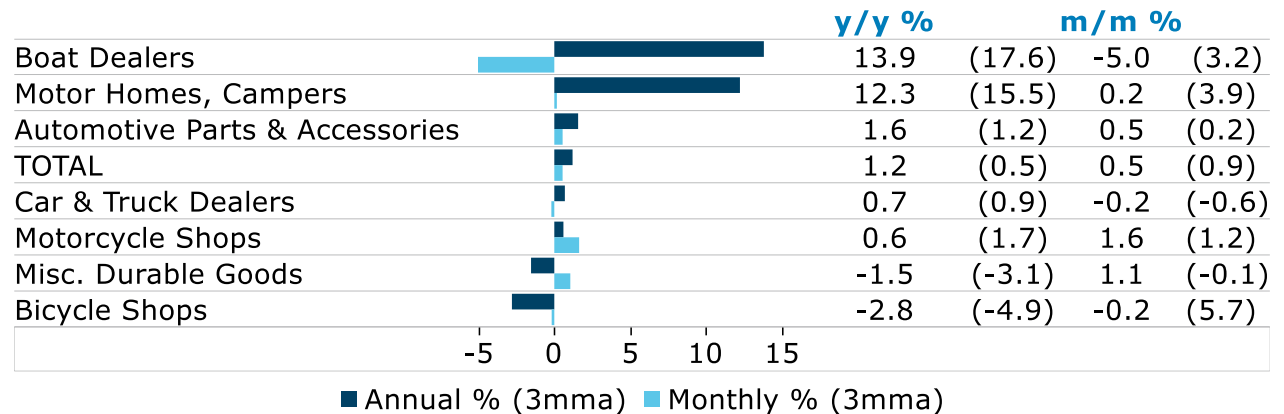


Source: Macrobond, ANZ Research



Durables

- Durables spending remains under pressure due to higher interest rates.
- Spending at motor home dealers may be partly due to the tourism recovery.
- The annual fall in spending at bicycle shops is easing, **but that's a long way from a rebound.**



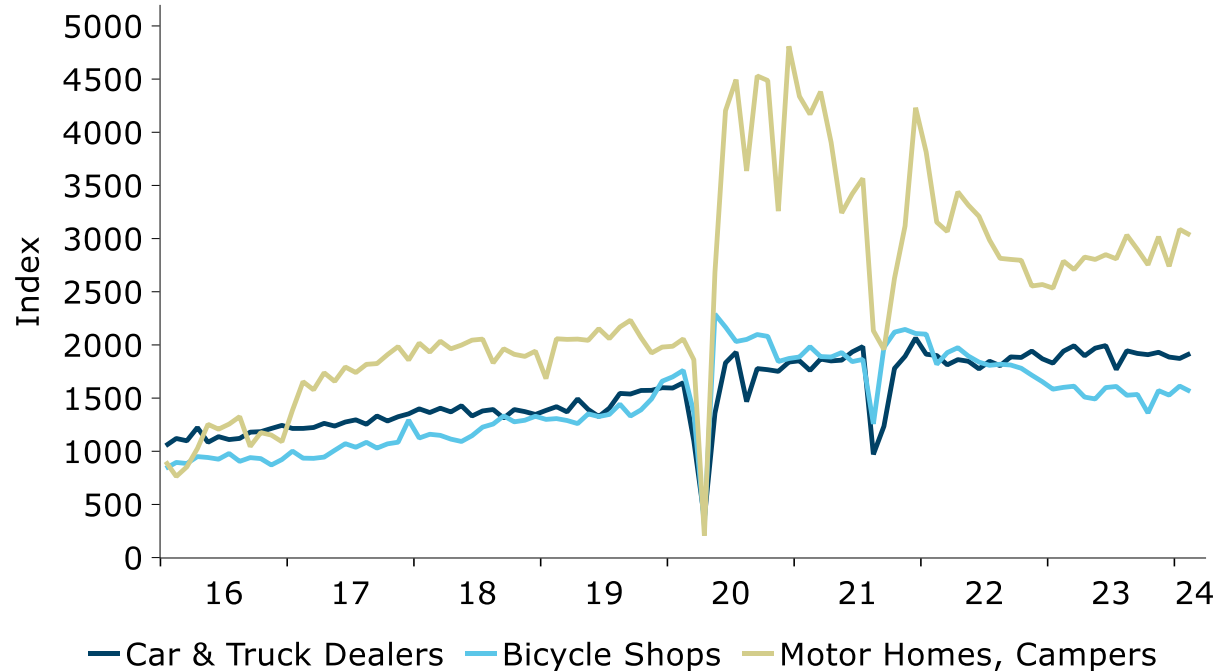
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Wheelies

- Turnover at motor home retailers is rising steadily but is well off levels seen in the COVID closed-border boom.
- Spending at car and truck dealers remains flat.
- Spending at bicycle retailers has levelled out on par with pre-COVID in nominal terms, but anecdotally it appears overstocking is an issue.

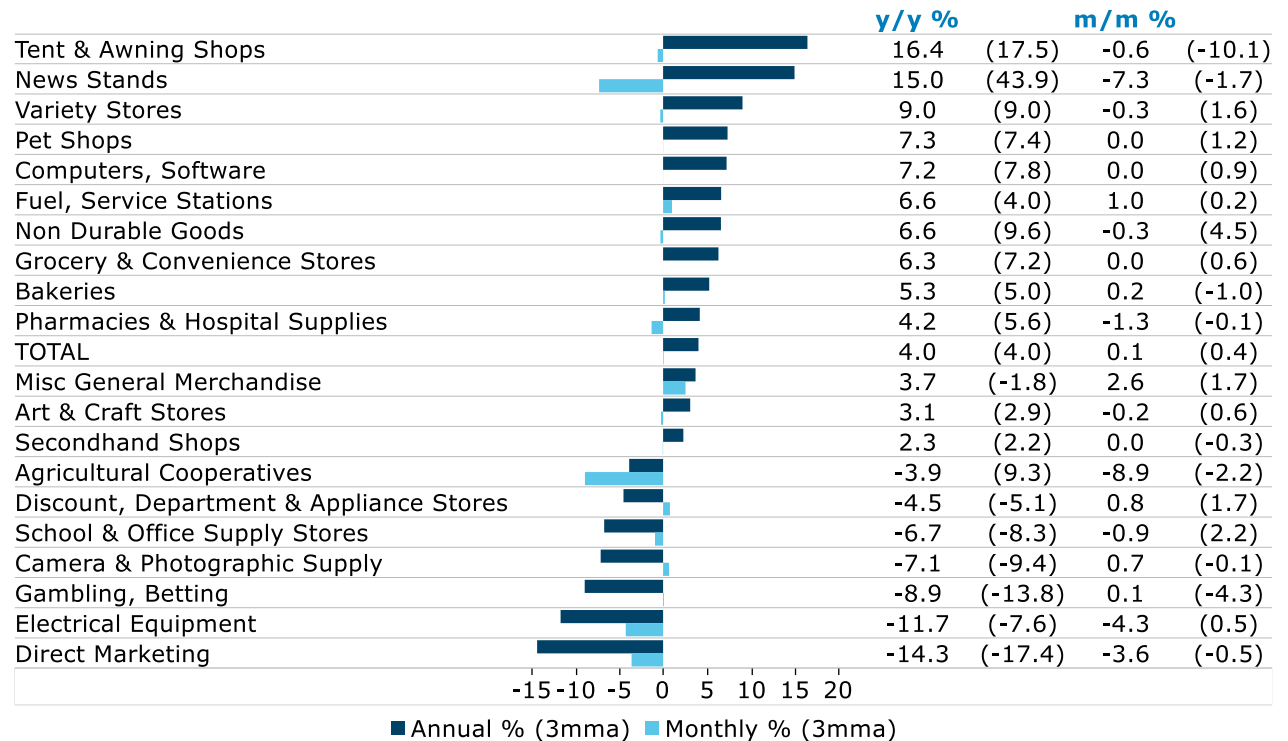
Spending at vehicle retailers



Source: Macrobond, ANZ Research

Miscellaneous goods retail

- Total spending in this category is running at 4% y/y.
- Fuel spending has lifted along with fuel prices.



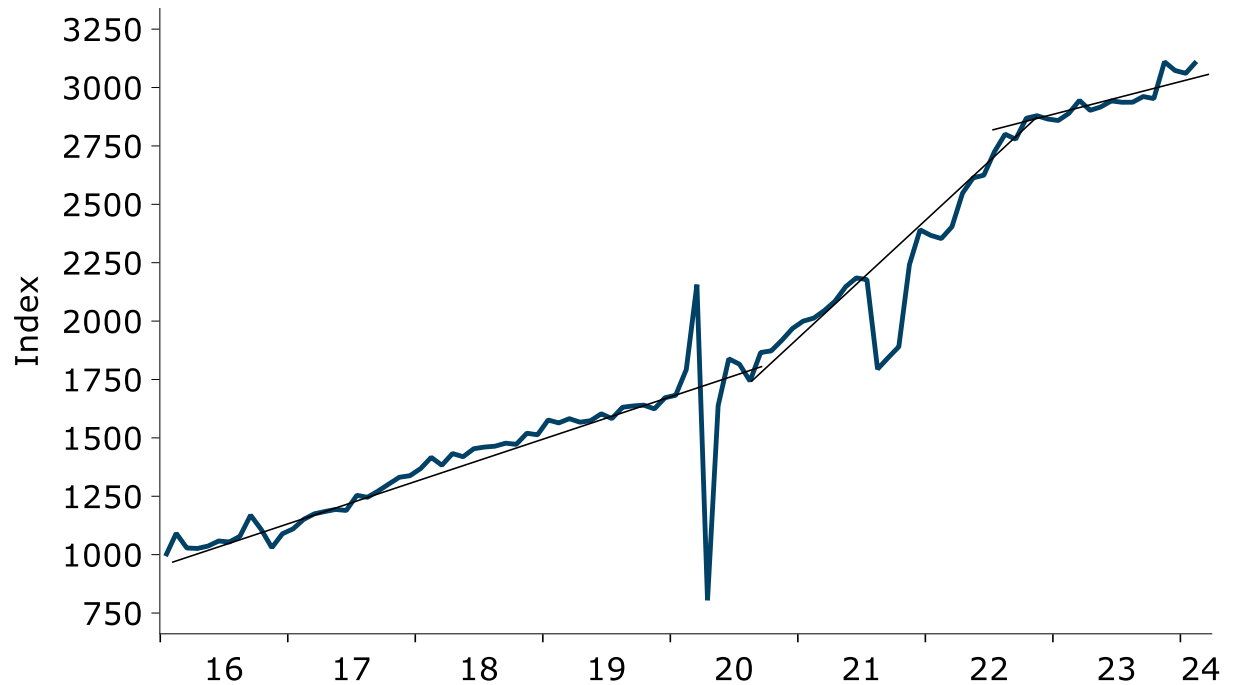
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Petty cash

- Spending at pet shops is growing much less quickly than during the COVID pet boom.

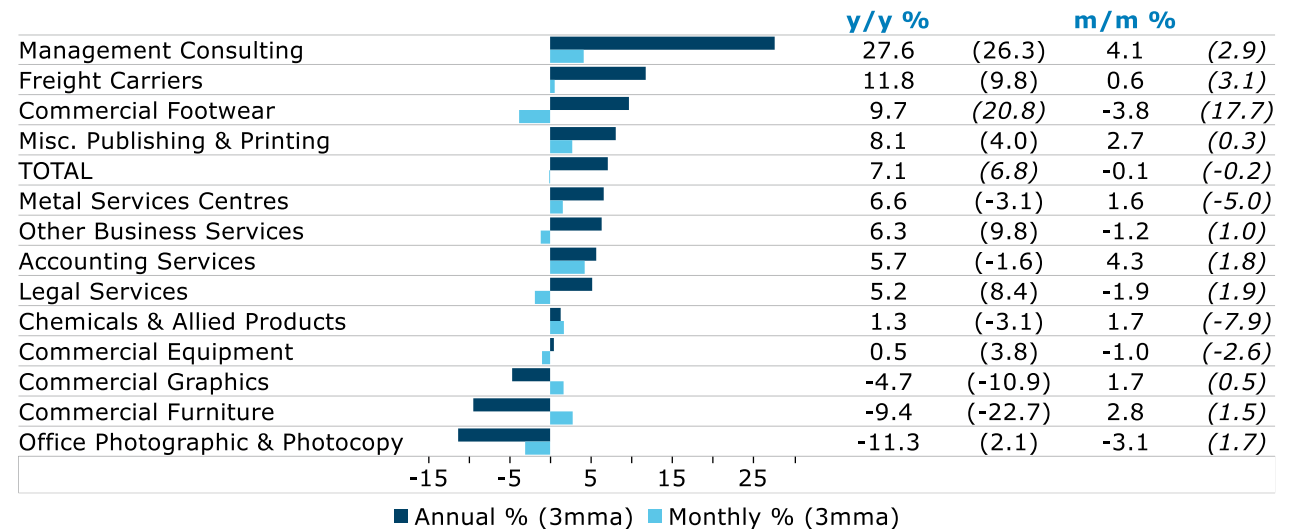
Spending at pet shops



Source: Macrobond, ANZ Research

Business goods & services

- Spending on goods and services that are predominantly for business purposes has been mixed in recent months.
- Management consulting spending remains strong.
- The weakness in commercial furniture spend is consistent with cautious business investment. Weakness in commercial graphics spend may reflect the availability of cheap/free AI-generated graphics.



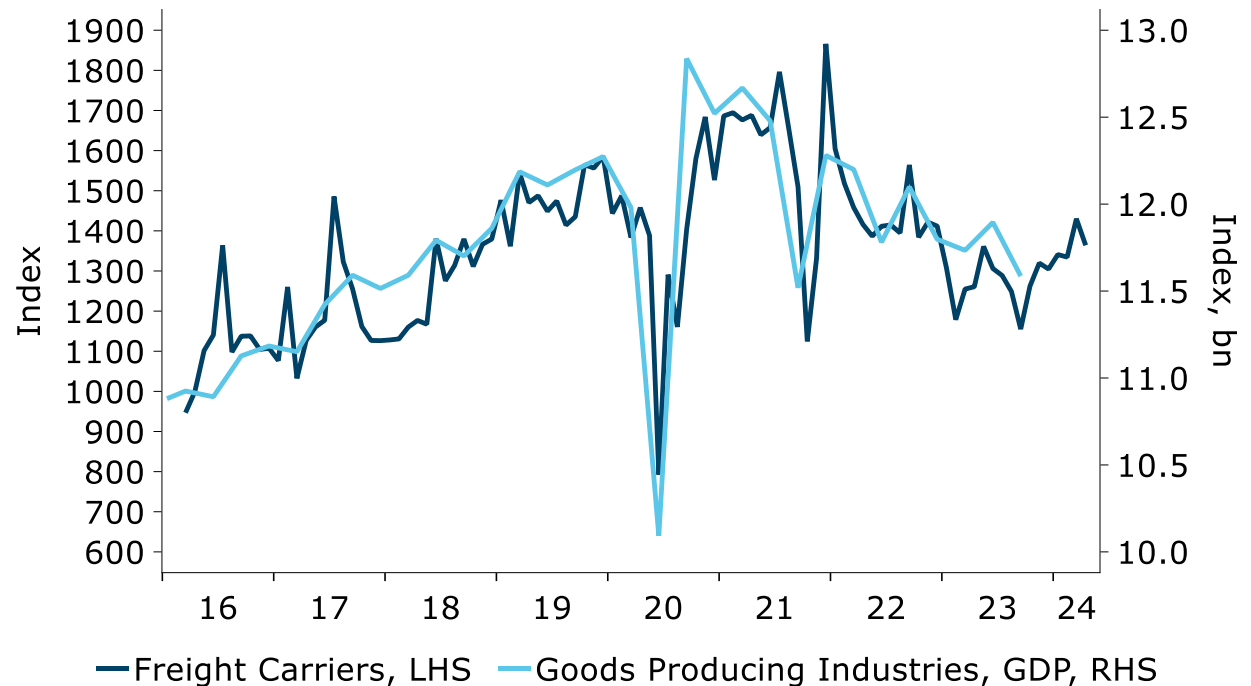
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Good stuff?

- Spending on freight services has lifted off its lows, possibly indicating better times ahead for goods-producing industries.

Freight carriers vs goods-producing industries real GDP

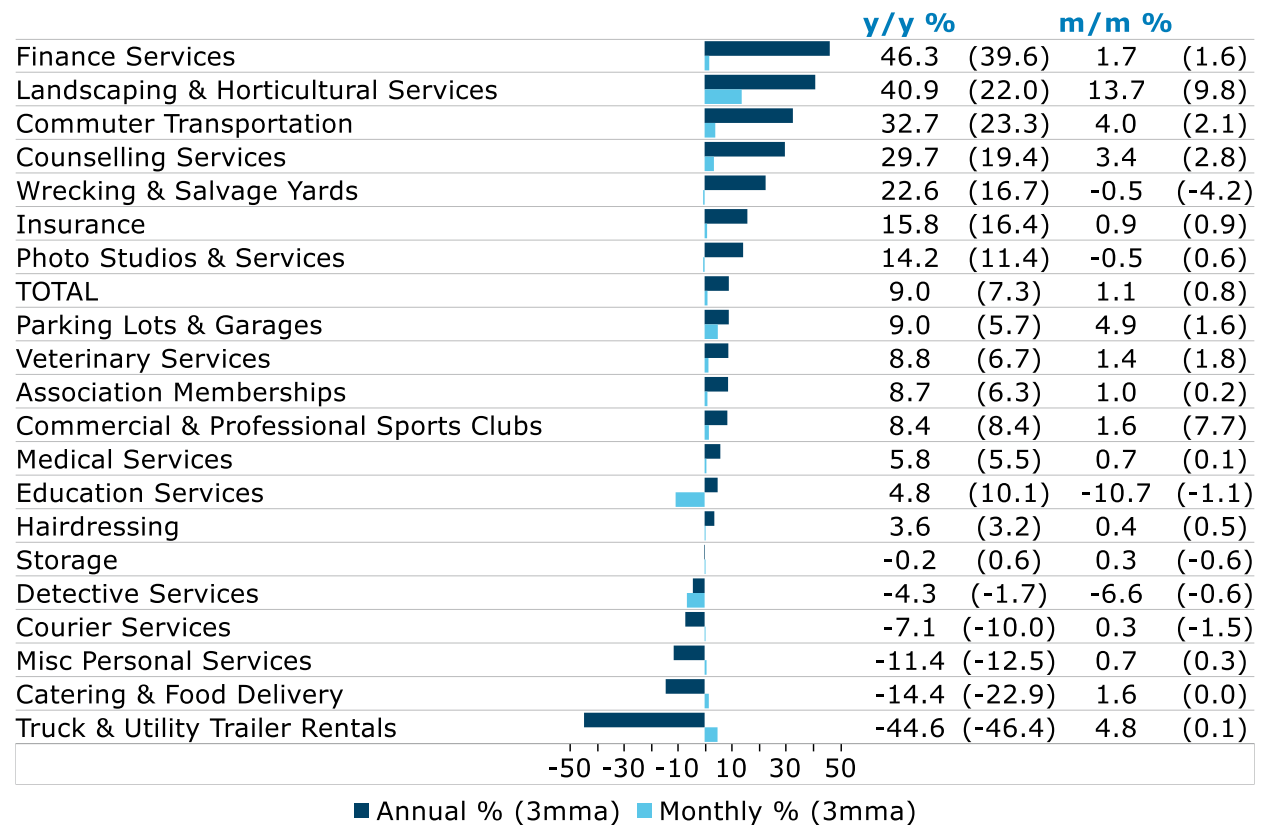


Source: Macrobond, ANZ Research



Miscellaneous services retail

- Overall miscellaneous services retail is up 9% y/y.
- Parking lots had a strong month.
- Industries still coming off their COVID highs and also feeling the consumer slowdown include courier services and food delivery.



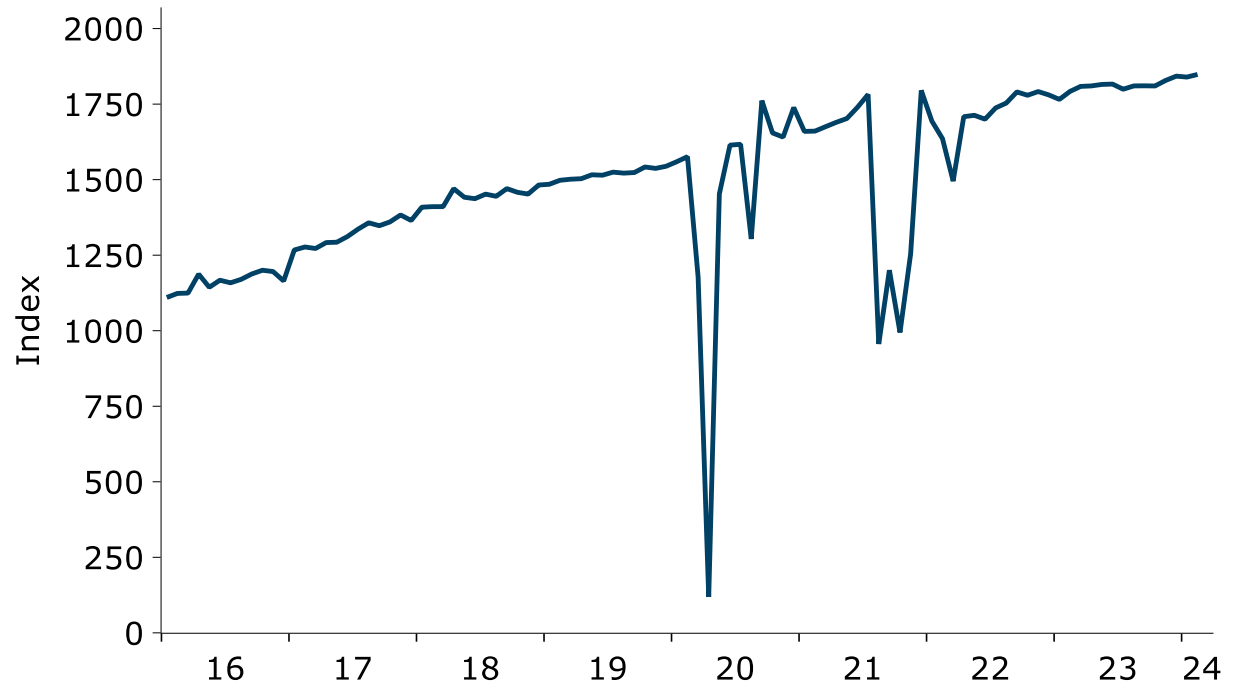
Source: Macrobond, ANZ Research



Trimming spending

- Apart from the COVID lockdowns, hairdressing is one of the most stable categories of spending.

Card spend at hairdressers

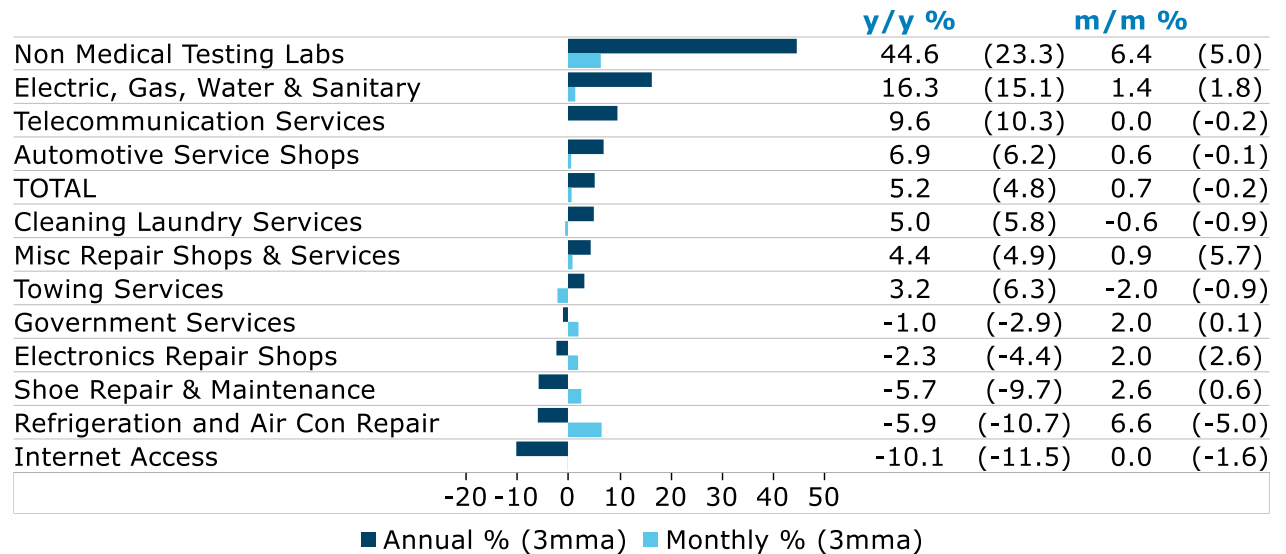


Source: Macrobond, ANZ Research



Utilities & repairs

- Many of these goods and services sit towards the “necessity” end of the spectrum of spending choices.
- Spending on electricity, gas, water and sanitary services is one of the least volatile series in the database. It is up 16.3% y/y.



Source: ANZ Research
 (Previous month's data in parentheses.)

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