

Data for March 2024

ANZ NZ Merchant and Card Spending Chartpack

Sharon Zollner
Chief Economist, New Zealand

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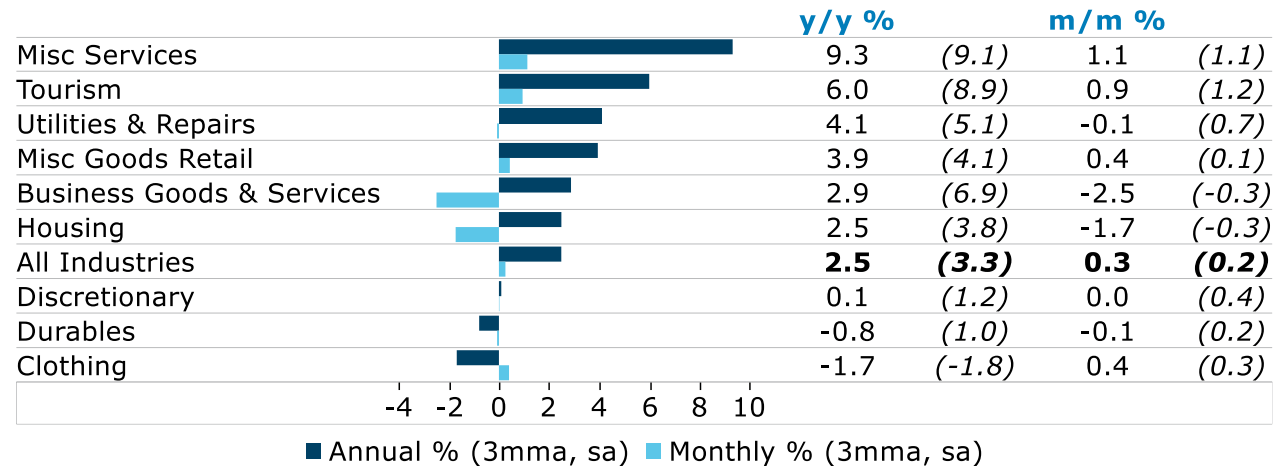
Notes

- 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 total spend is 2.5%, lower than last month and well below where the rate of inflation is expected to have been in Q1. Changes in the 3-month average were a mix of rises and falls.
- Durables and discretionary spending like clothing continue to be particularly exposed to more caution on the part of consumers.
- Tourism-related spending remains a bright spot, up more than 6% y/y. But now the summer season is behind us, that annual change is much less meaningful in terms of revenue growth.

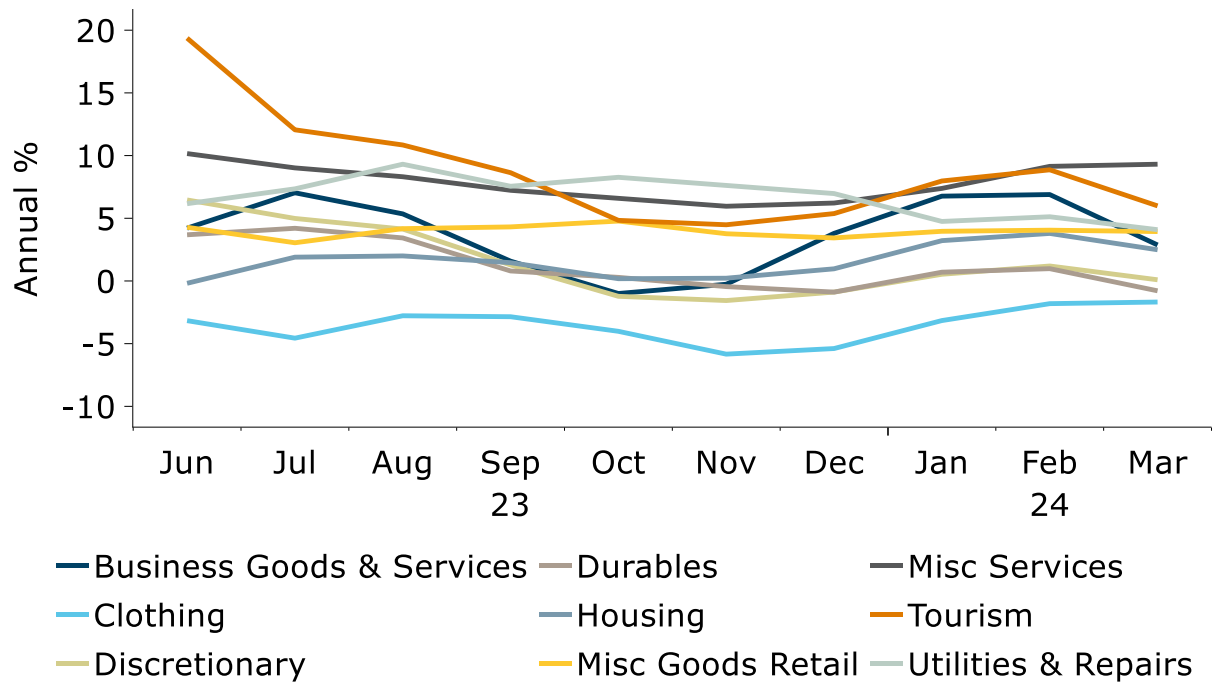


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Not going anywhere fast

- The annual change in most categories of spending is off its lows, but there was a mix of rises and falls in March.
- Clothing, durables and discretionary are bottom of the pack, while services and tourism spending are the most robust.

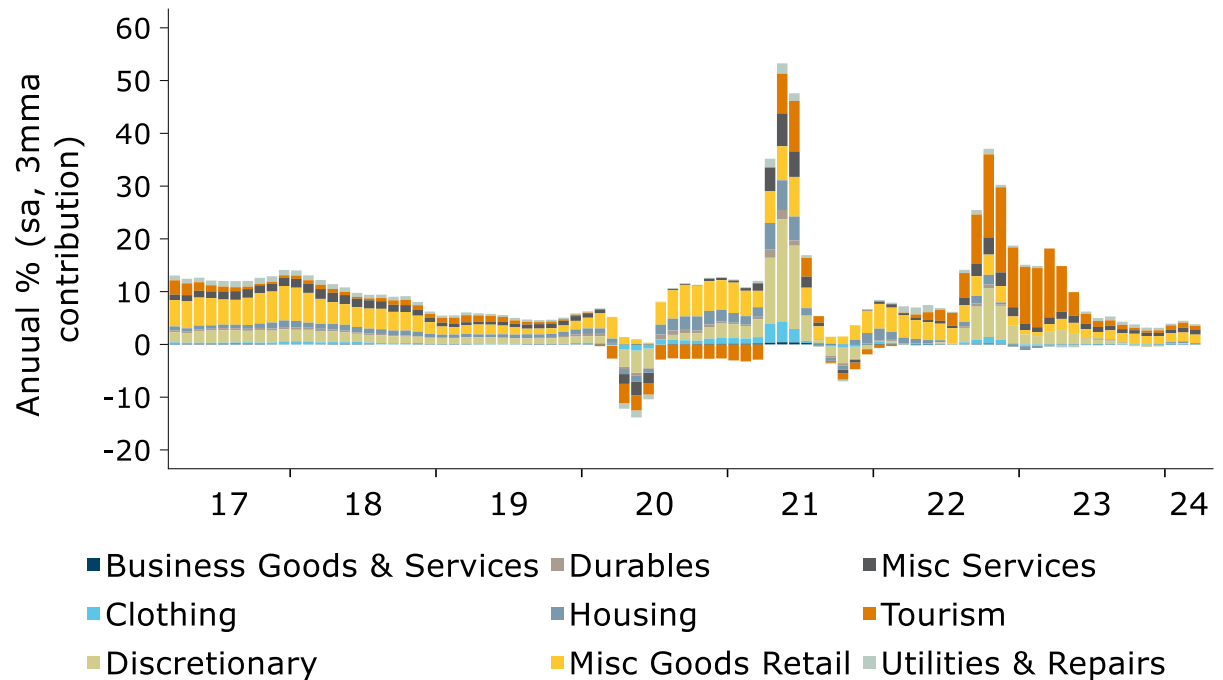


Source: Macrobond, ANZ Research



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.

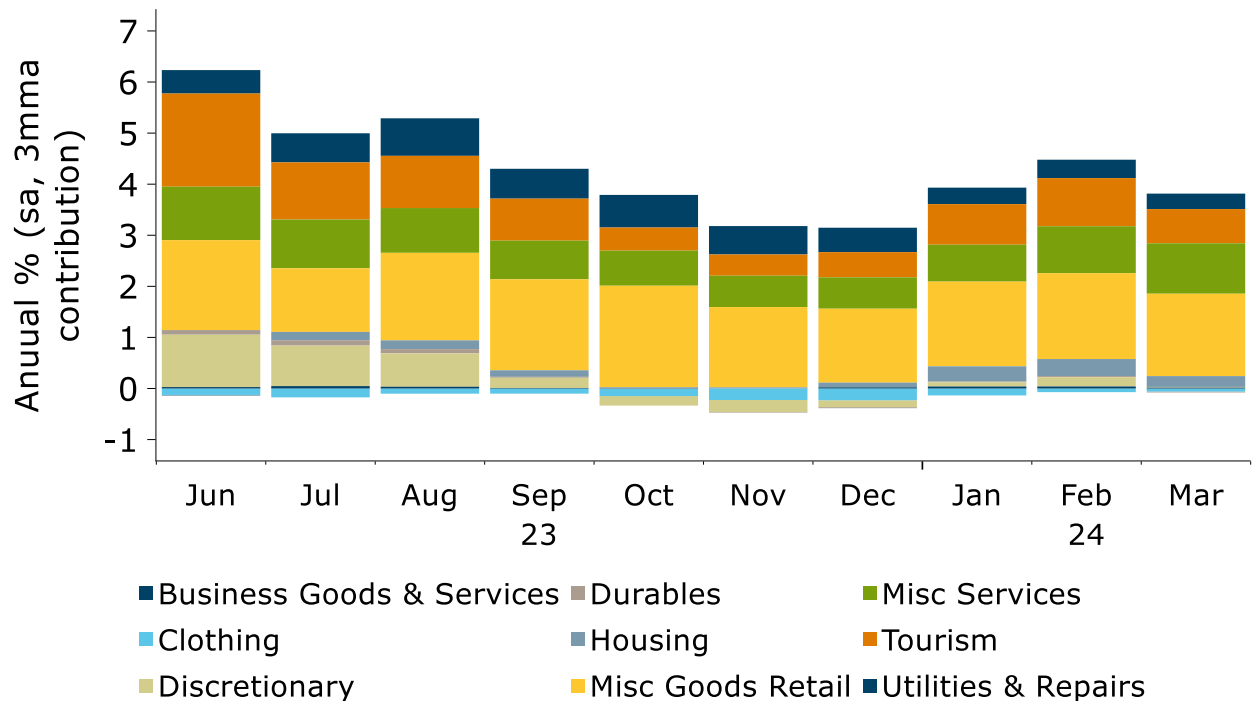


Source: Macrobond, ANZ Research



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, but housing-related spending making a (very) tentative comeback.

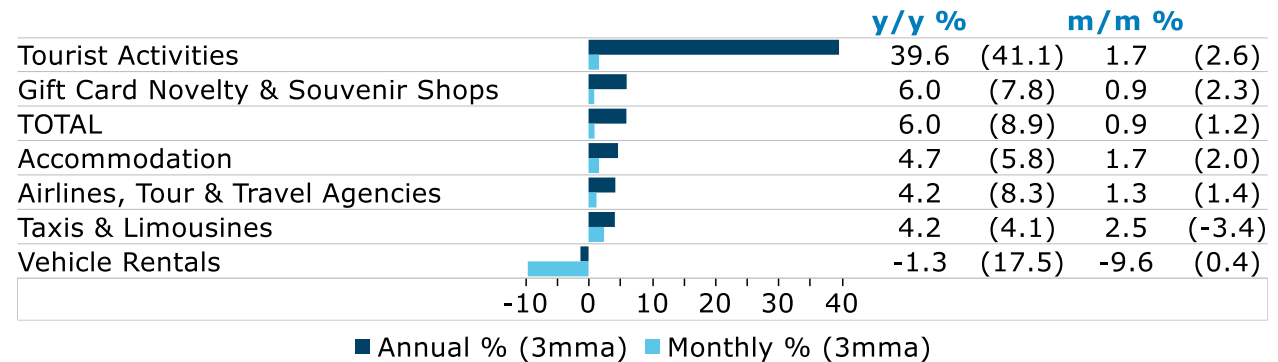


Source: Macrobond, ANZ Research



Tourism-related spending

- The annual growth rate of spending in this category fell from 9.1% to 6.0% in March (3-month average). Note data is seasonally adjusted.
- The lift in spending at tourist activities remains particularly notable, however. Meanwhile annual growth in car rentals has slipped back into the red.



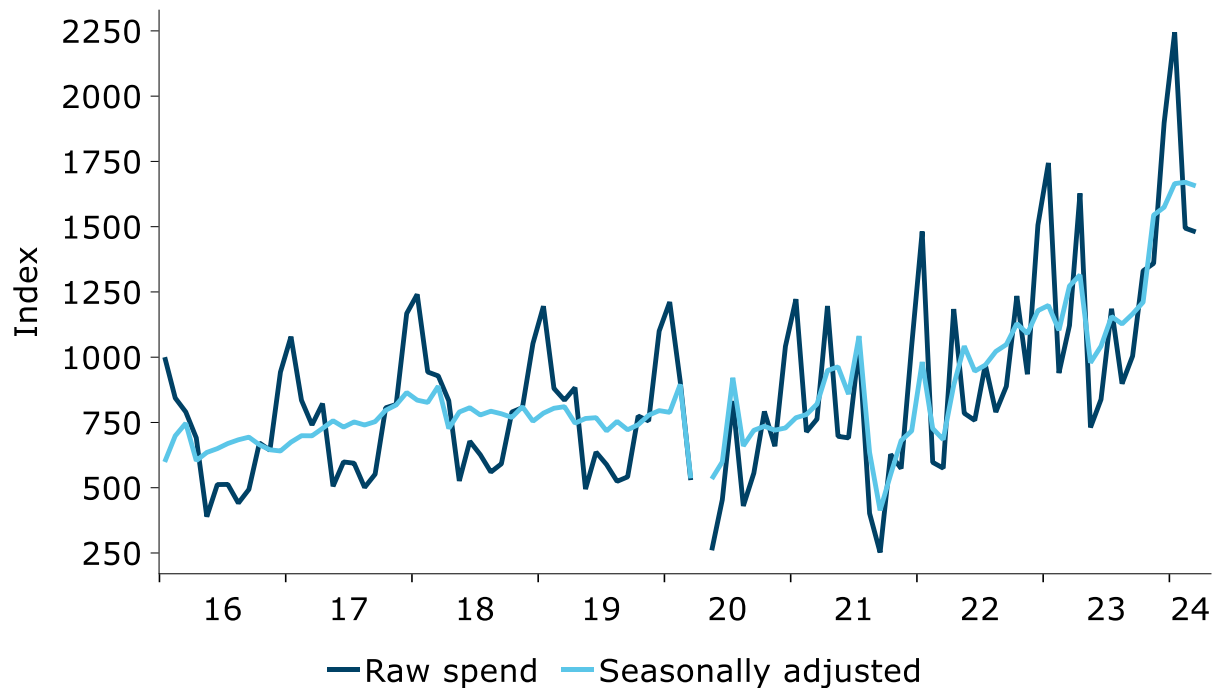
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Welcome back

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

Tourist activities

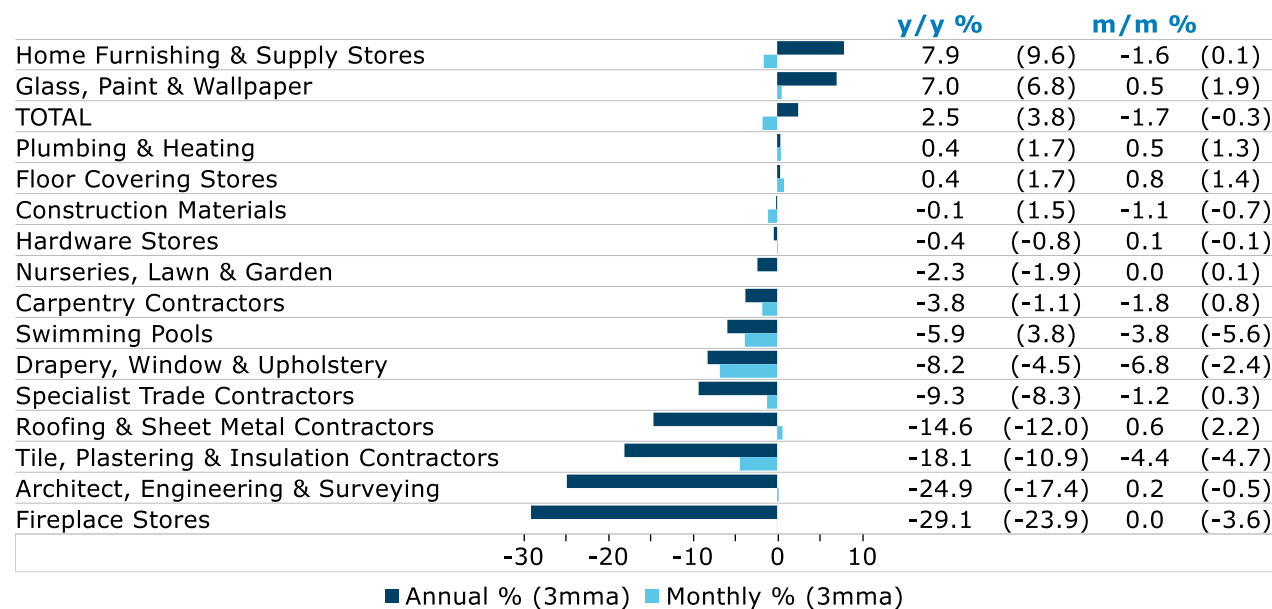


Source: Macrobond, ANZ Research



Housing-related spending

- The housing group contains a long tail that is well down year-on-year, but the overall category is in the black.
- **That's because home furnishing and supply stores is a big chunk of this category, and its growth is running around 8% y/y.**
- The architectural pipeline is significantly down on a year ago, with spending in the architect, engineering and surveying category down 25% y/y.



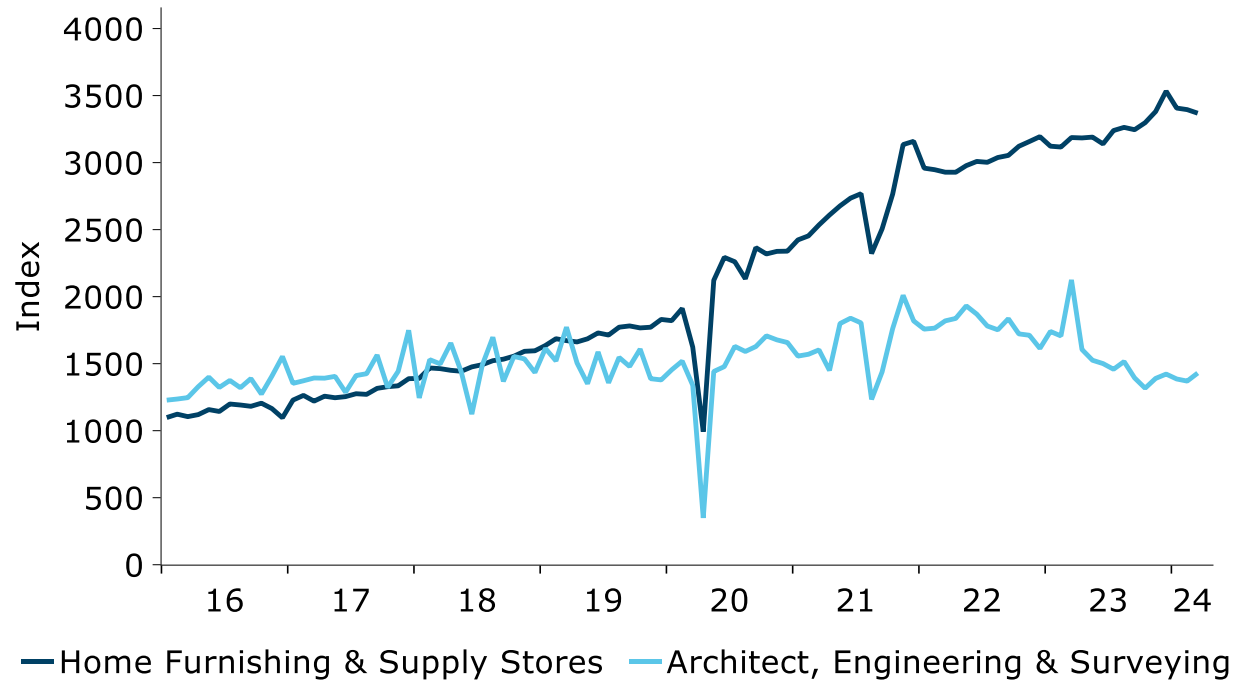
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Cushioning the blow

- Consumers continue to spruce up their current home with furnishings rather than major renovations.

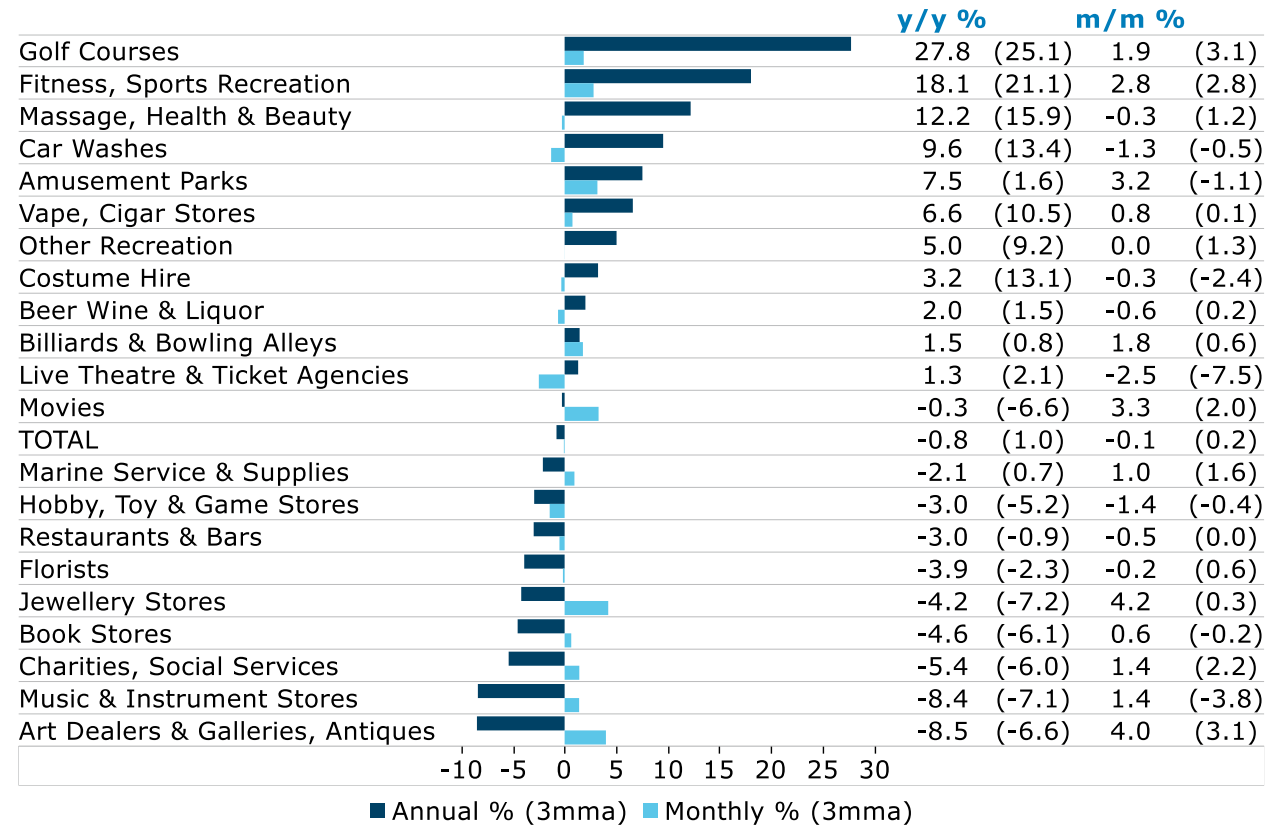
Architectural services and home furnishings & supply stores



Source: Macrobond, ANZ Research

Small treats

- Spending across a range of categories that can be considered discretionary is lower, compared to a year ago, even though prices will have gone up a lot over that period. That suggests turnover is well down.

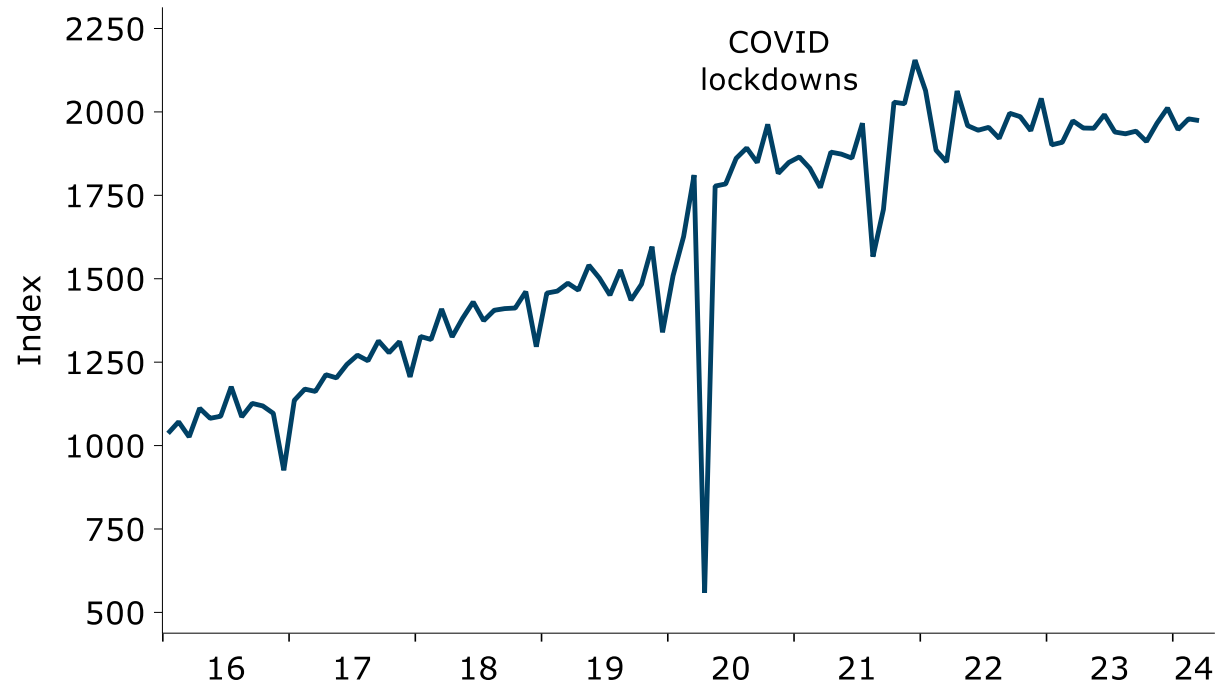


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Very flat beer

- No doubt to the delight of public health experts, alcohol spending in the post-COVID era is completely flat despite both inflation and strong population growth.

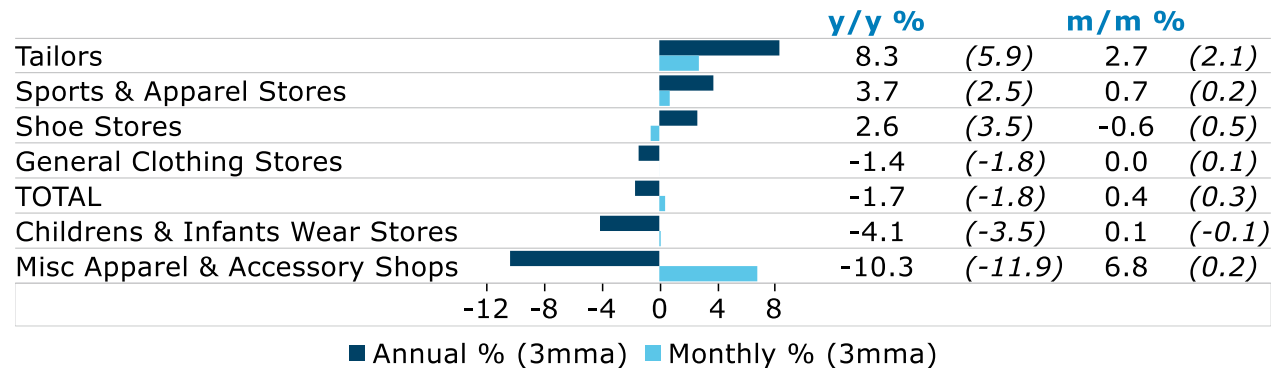


Source: ANZ Research



Wearing thin

- The decline in spending at clothing retailers continues to ease, but that's very different from a bounce-back.
- Strength of spending at tailors could be expensive bespoke suits, but it could also be repairs to get a bit more wear out of one's existing wardrobe.



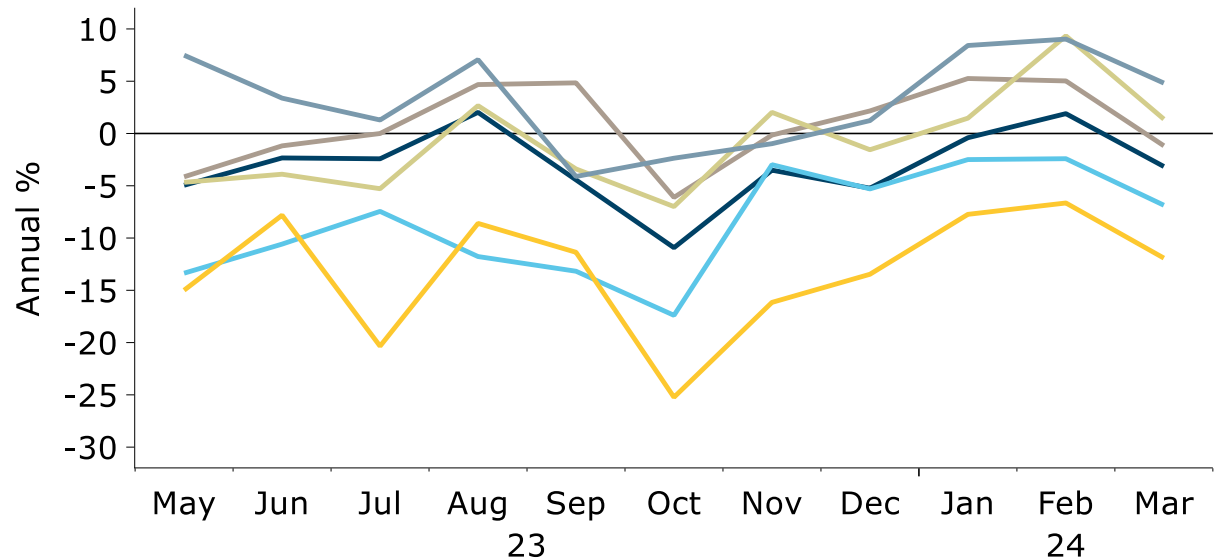
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Clothing hard pressed

- Clothing shops have done it tougher than almost any other type of retail in the past year. Turnover was looking brighter in February, but things unfortunately took a leg lower again in March.

Clothing spending



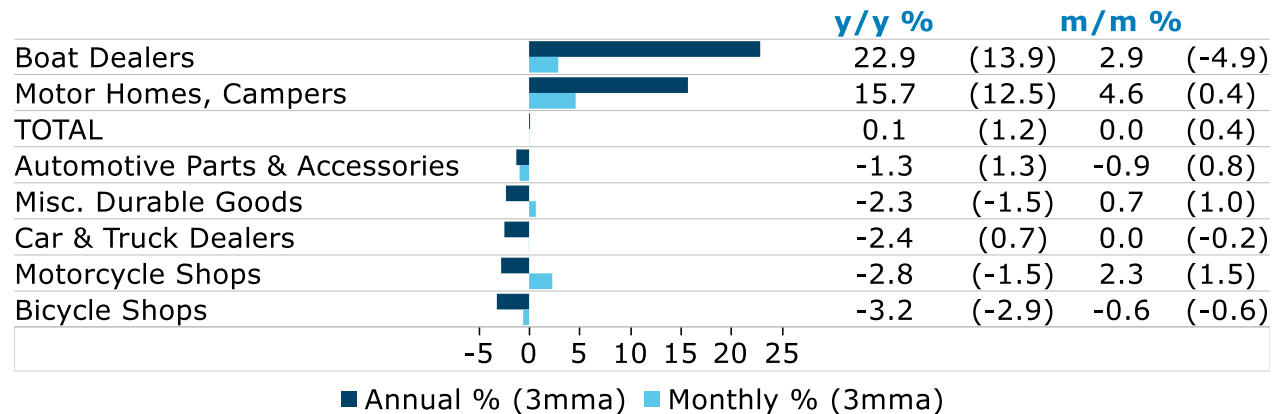
— Total Clothing — Childrens & Infants Wear — Misc Apparel & Accessories
— Shoe Stores — Sports & Apparel Stores — Tailors

Source: Macrobond, ANZ Research



Durables

- Durables spending remains under pressure due to higher interest rates.
- Strength of spending at motor home dealers may be partly due to the tourism recovery.
- Spending at bicycle shops is still down around 3% y/y. **Motorbikes aren't doing much better.**



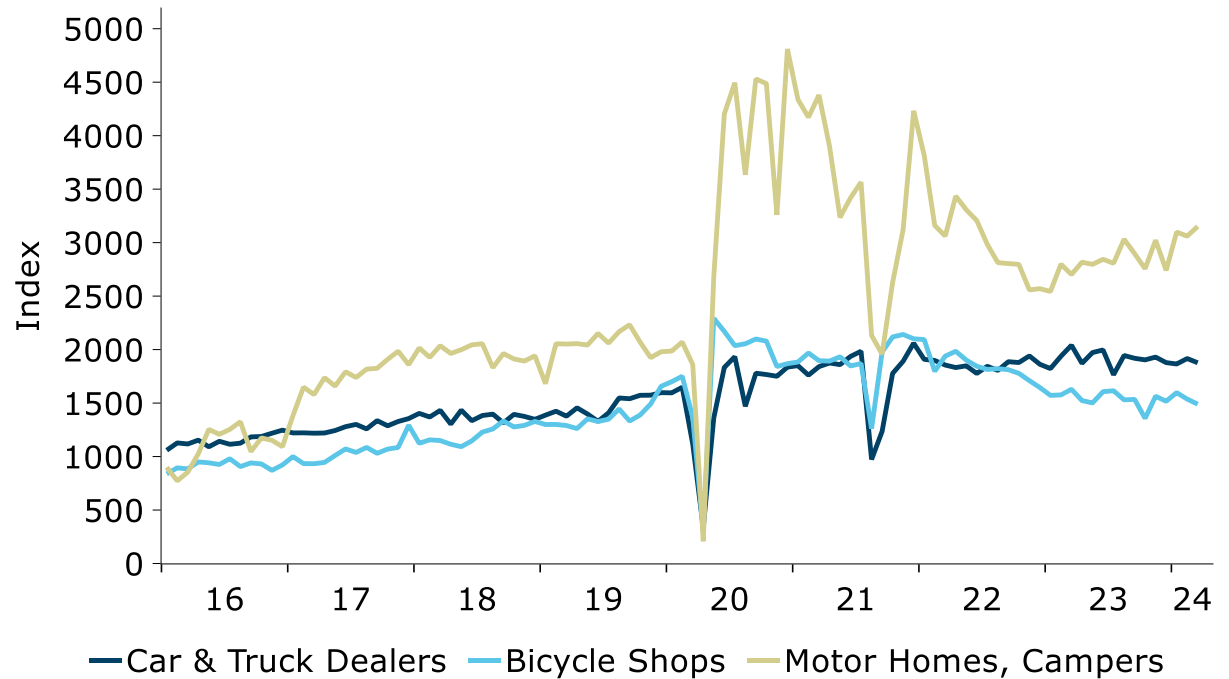
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Wheelies

- Turnover at motor home retailers is back on its upward trend following the COVID closed-border boom. The aging population is likely a support here, as well as the tourism recovery.
- Spending at car and bicycle dealers remains weak.

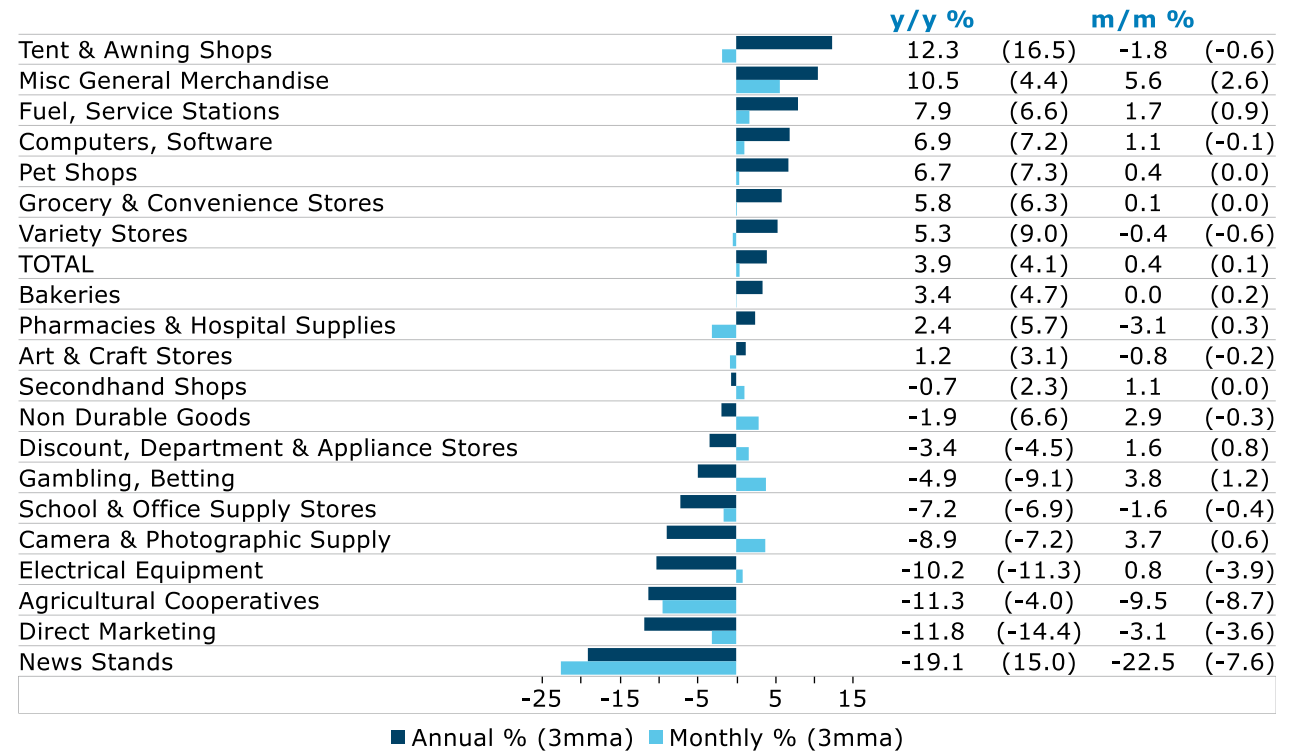
Spending at vehicle retailers



Source: Macrobond, ANZ Research

Miscellaneous goods retail

- Spending in this category is running around 4% y/y.
- Fuel spending is a big category – spending here has lifted along with fuel prices.



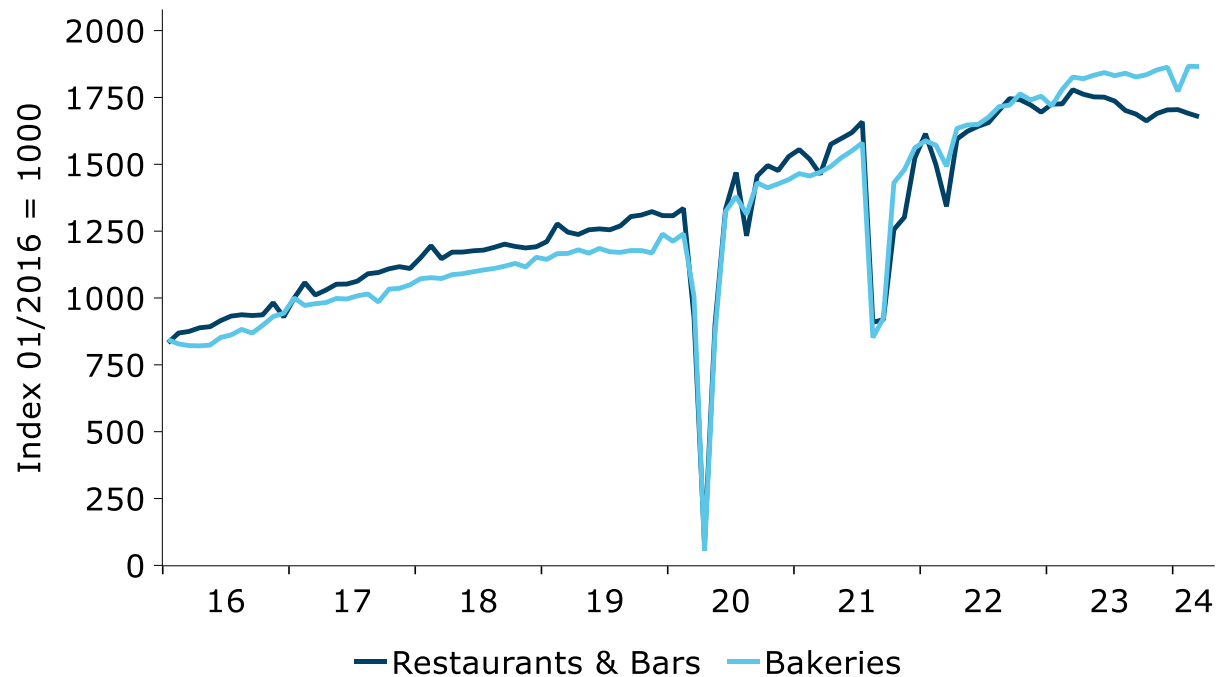
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Making bread

- COVID lockdowns aside, bakeries seem to be a more stable business than restaurants and bars in terms of turnover.

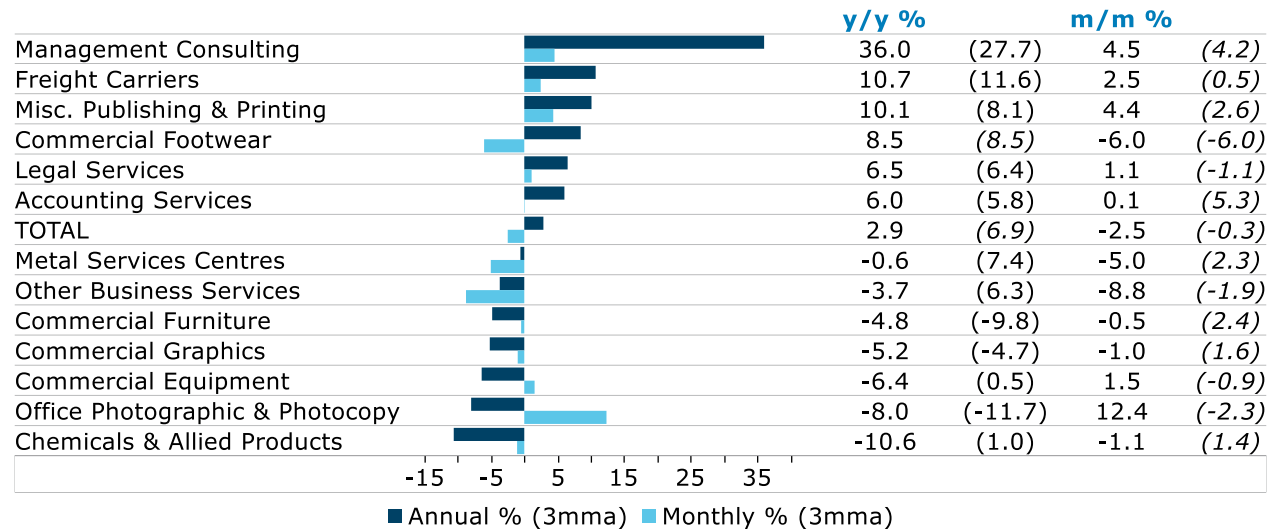
Spending at restaurants & bars and bakeries



Source: Macrobond, ANZ Research

Business goods & services

- Spending on goods and services that are predominantly for business purposes continues to be mixed.
- Spending related to physical offices remains generally soft.



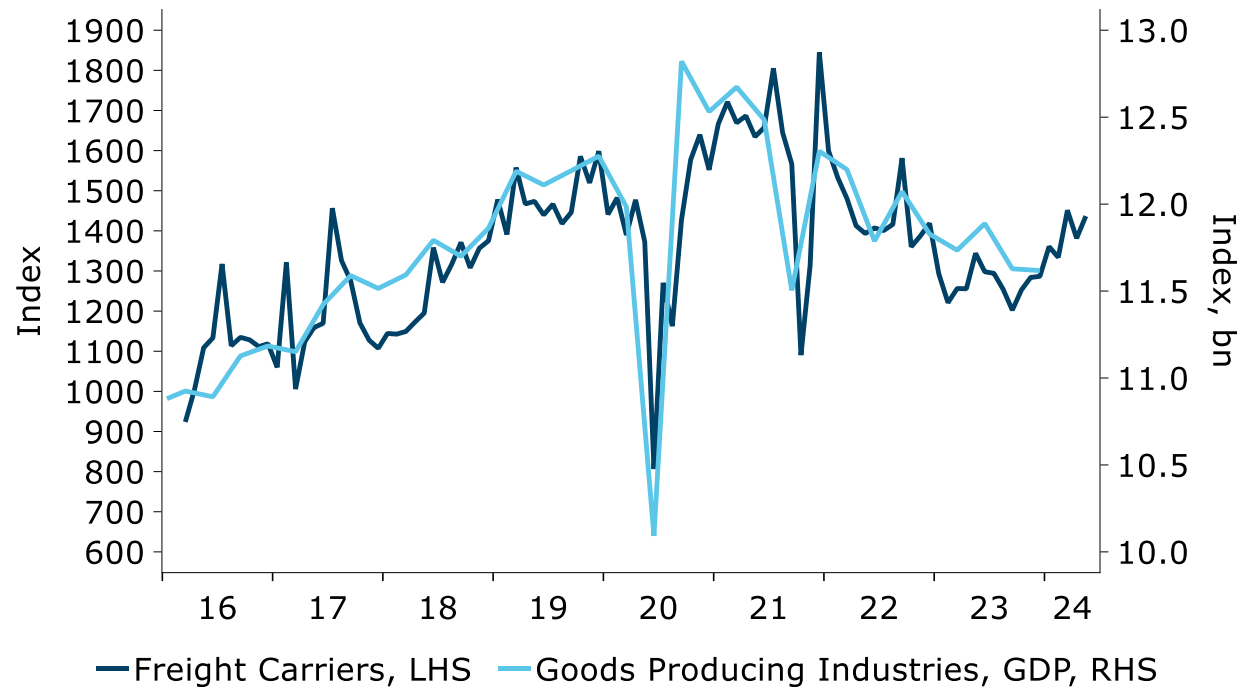
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Good stuff?

- Spending on freight services has lifted off its lows, possibly indicating better times ahead for goods-producing industries. Note spending is still climbing out of the hole it got into in 2023.

Freight carriers vs goods-producing industries real GDP

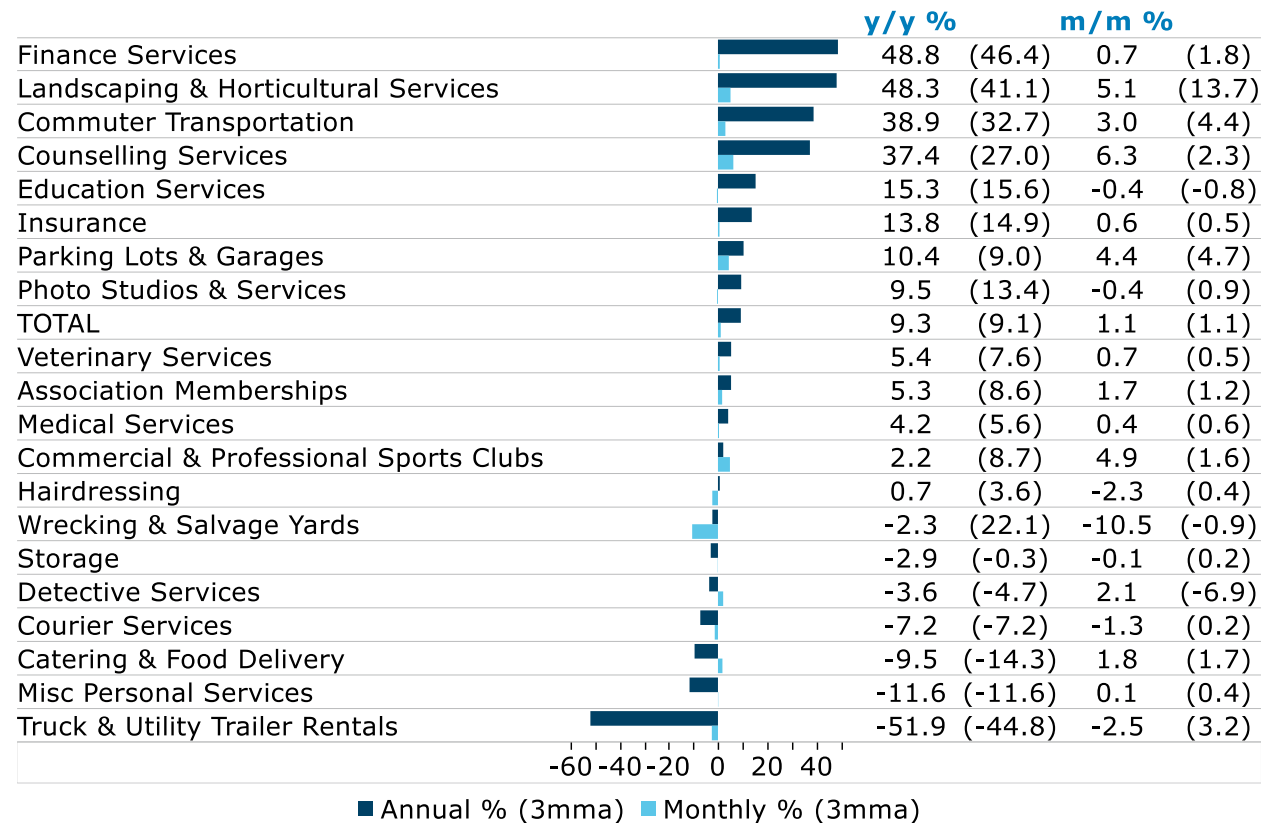


Source: Macrobond, ANZ Research



Miscellaneous services retail

- Overall miscellaneous services retail is up 9.3% y/y.
- The strength in finance services is not necessarily a sign of strength in the economy. Good advice is invaluable in tough times.



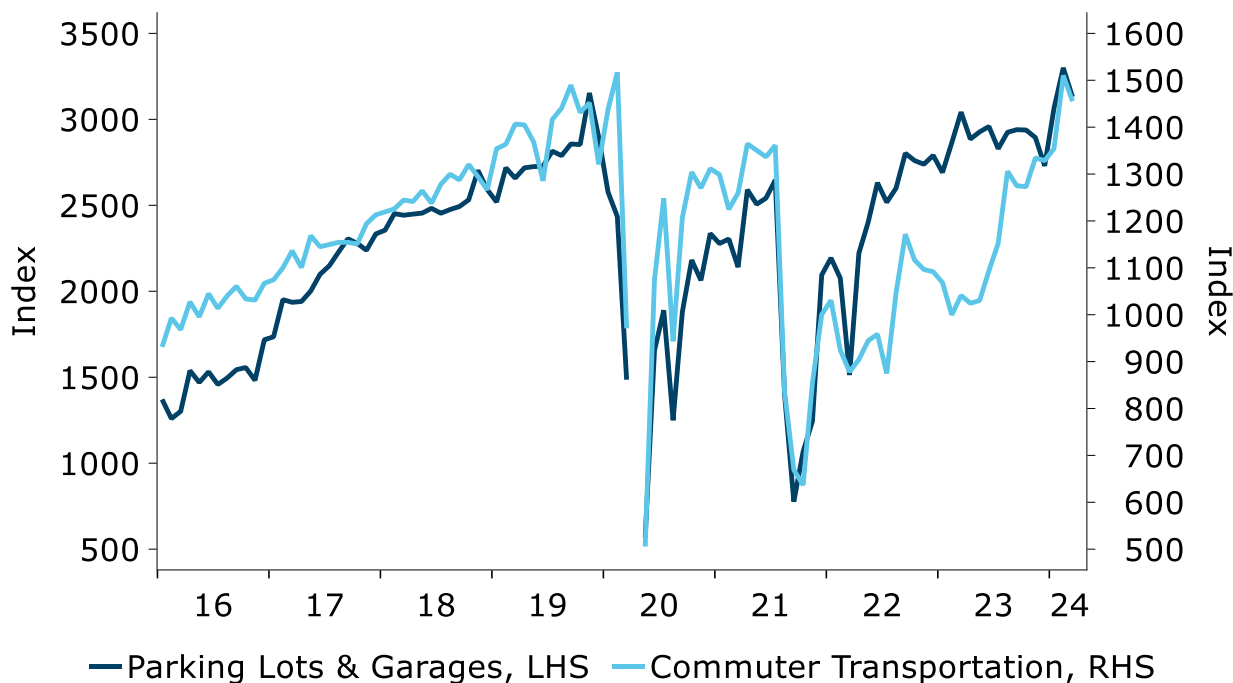
Source: Macrobond, ANZ Research



Getting from a to b

- Spending on public transport has been distorted by the temporary subsidy, and in real terms by the work-from-home phenomenon, but in nominal terms it is almost back at pre-COVID levels – as is carparking.

Commuter transportation and parking

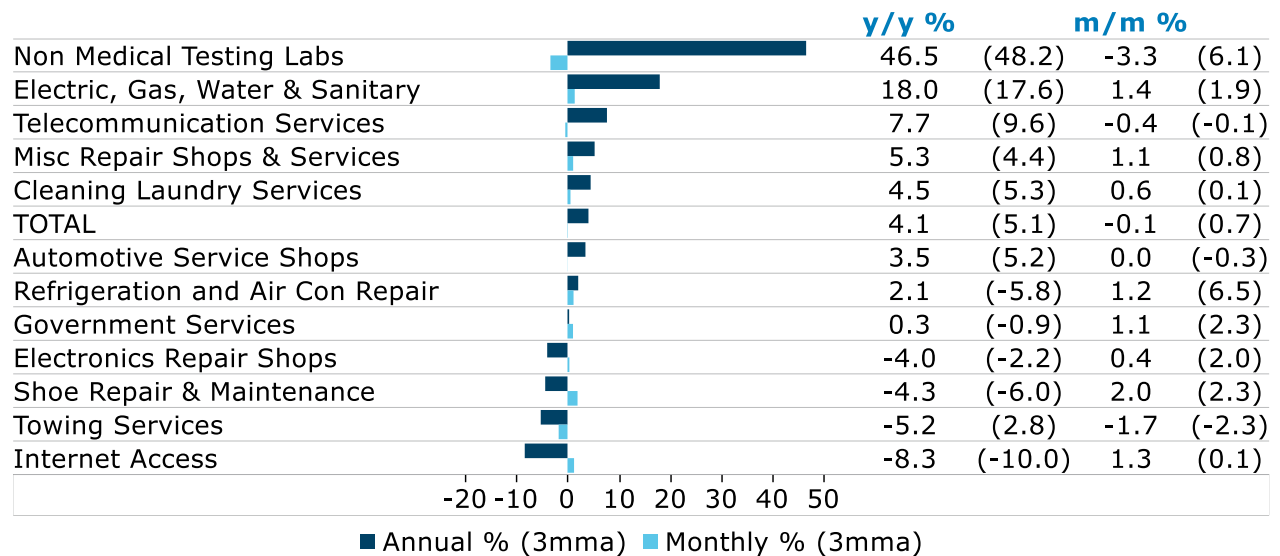


Source: Macrobond, ANZ Research



Utilities & repairs

- Many of these goods and services sit towards the “necessity” end of the spectrum of spending choices.
- That’s probably why spending on electricity, gas, water and sanitary services is one of the least volatile series in the database. It is up 18% y/y, which is likely to be a lot more price action than changing volumes.
- The strength in non-medical testing lab growth is related to weakness a year ago rather than strength now.



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

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