

Data for June 2024

ANZ NZ Merchant and Card Spending Chartpack

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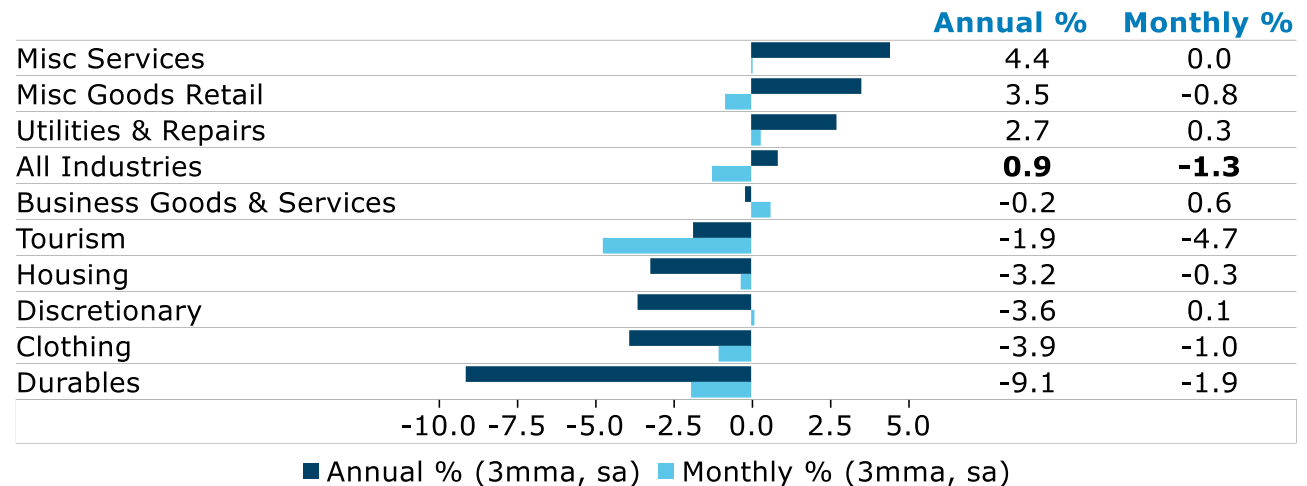
Notes

- 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.
- This month we have taken financial services out of the miscellaneous services category, as it was primarily money transfers overseas rather than domestic spending. That has reduced spending in that category and indeed overall and caused revisions over history.



Overall categories

- Annual growth has fallen under 1% y/y in June, suggesting sales volumes are still falling.
- Spending on durables, discretionary spending categories, clothing and categories related to the housing market is particularly weak.
- Tourism-related spending saw a particularly sharp fall in June (seasonally adjusted) with spend lower than a year earlier.
- Spending on miscellaneous services, miscellaneous goods and utilities/repairs are the only categories where annual growth remains positive.



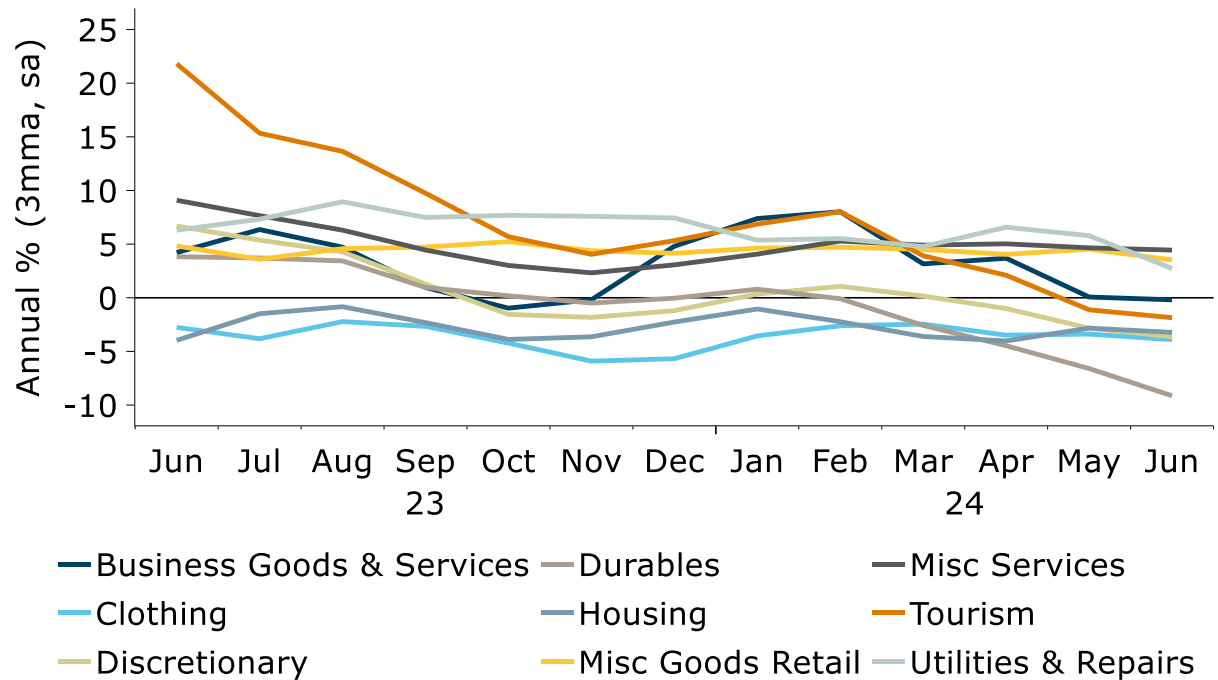
Source: ANZ Research

NB: We have removed financial services from the data this month as it was primarily transfers rather than spending.



A sea of red

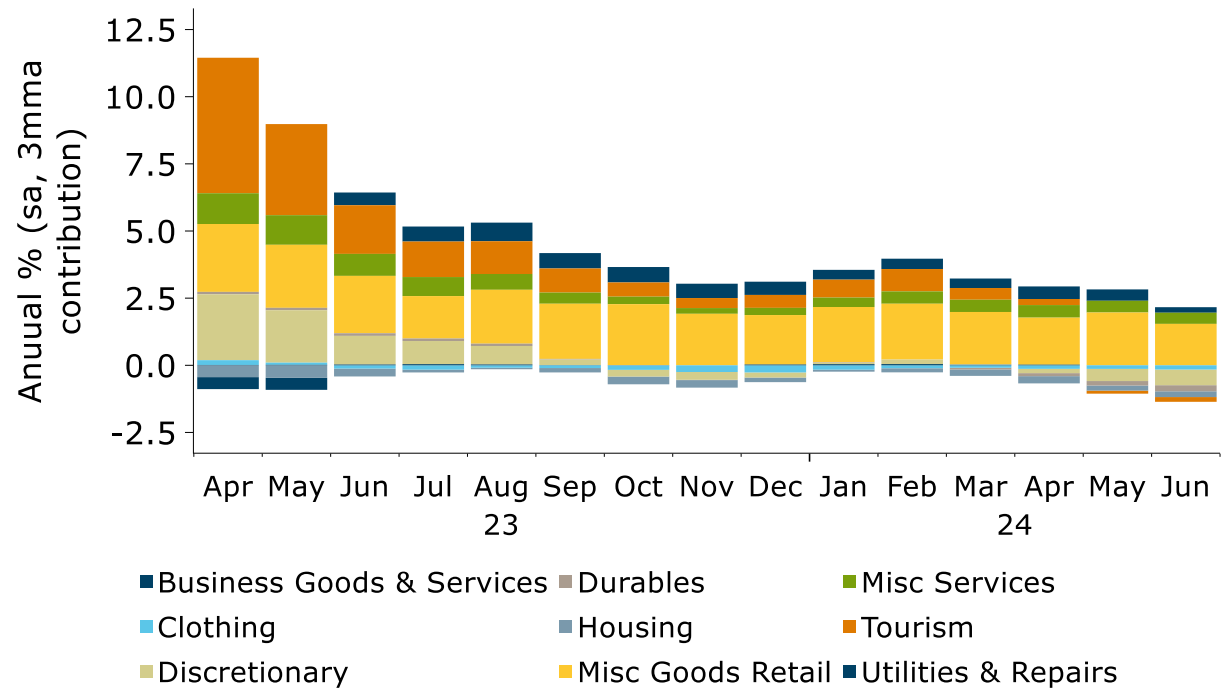
- The year-on-year decline in durables spending continues to deepen.
- The only categories not in the red year-on-year are miscellaneous services, miscellaneous goods (supermarkets are in this category), and utilities & repairs.



Source: Macrobond, ANZ Research

Soggy

- The contributions of each category to total card spending growth in the past year shows growth being held up by miscellaneous goods (which includes both buy-now-pay-later payments and supermarkets).
- The waning growth impact of the tourism recovery is notable.

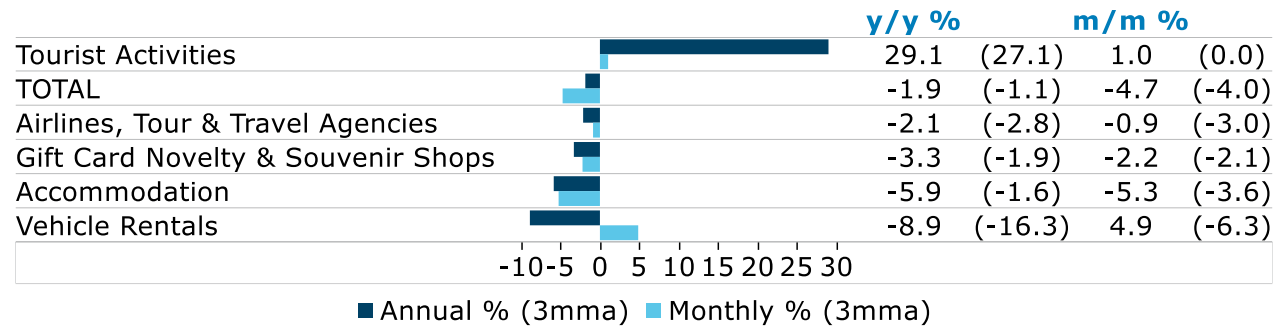


Source: Macrobond, ANZ Research



Tourism-related spending

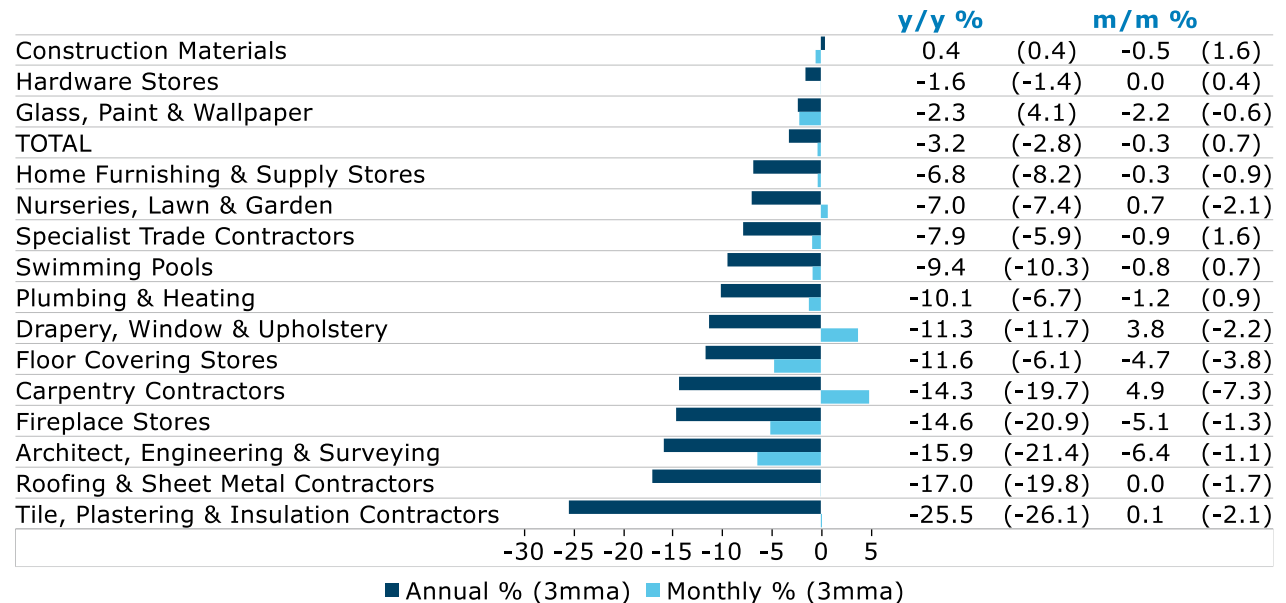
- Spending in this category is down year on year.
- The lift in spending at tourist activities is holding up, possibly reflecting more kiwis choosing to take holidays within New Zealand rather than offshore.
- Spending at vehicle rental companies continues to drop away.



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

Housing-related spending

- Spending in this category is down 3.2% y/y.
- Pretty much every category is down on a year earlier. Falls could be a mix of lower sales volumes and price reductions.
- Sharply weaker construction activity is clearly having a big impact on this category.



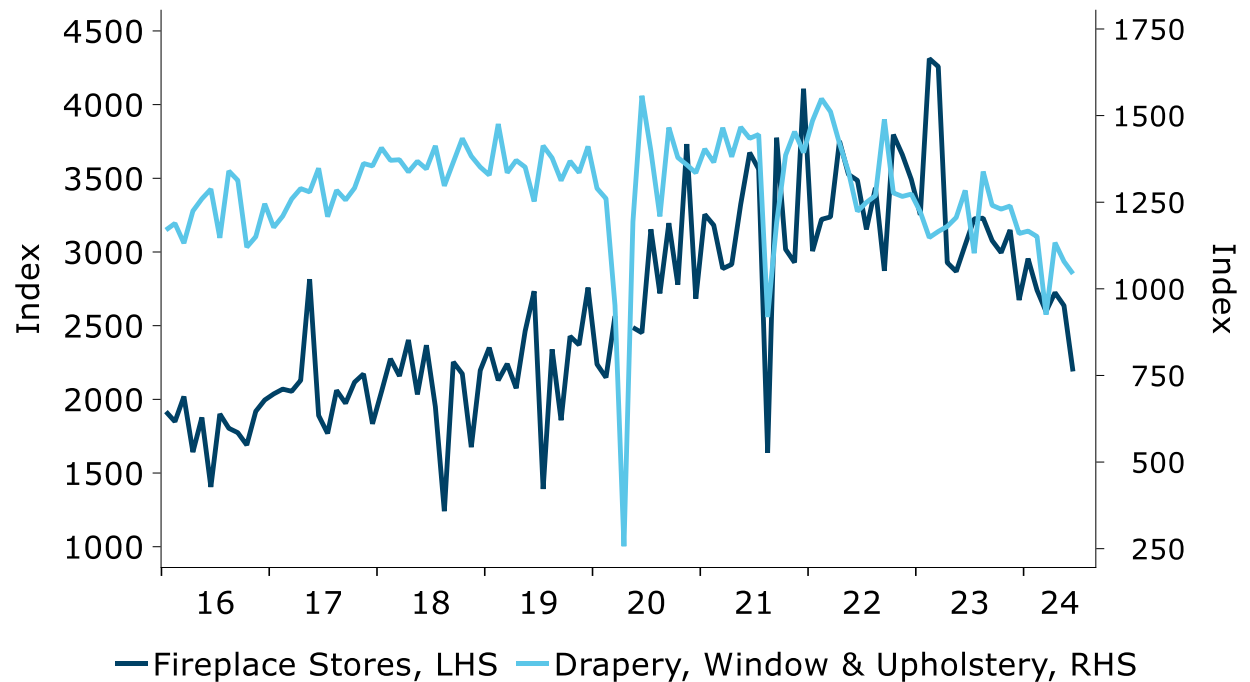
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Feeling the chill

- Spending on fireplaces and window dressings are representative of the sharp slowdown in both building a new house or upgrading an existing one.

Fireplace stores, drapery, window and upholstery

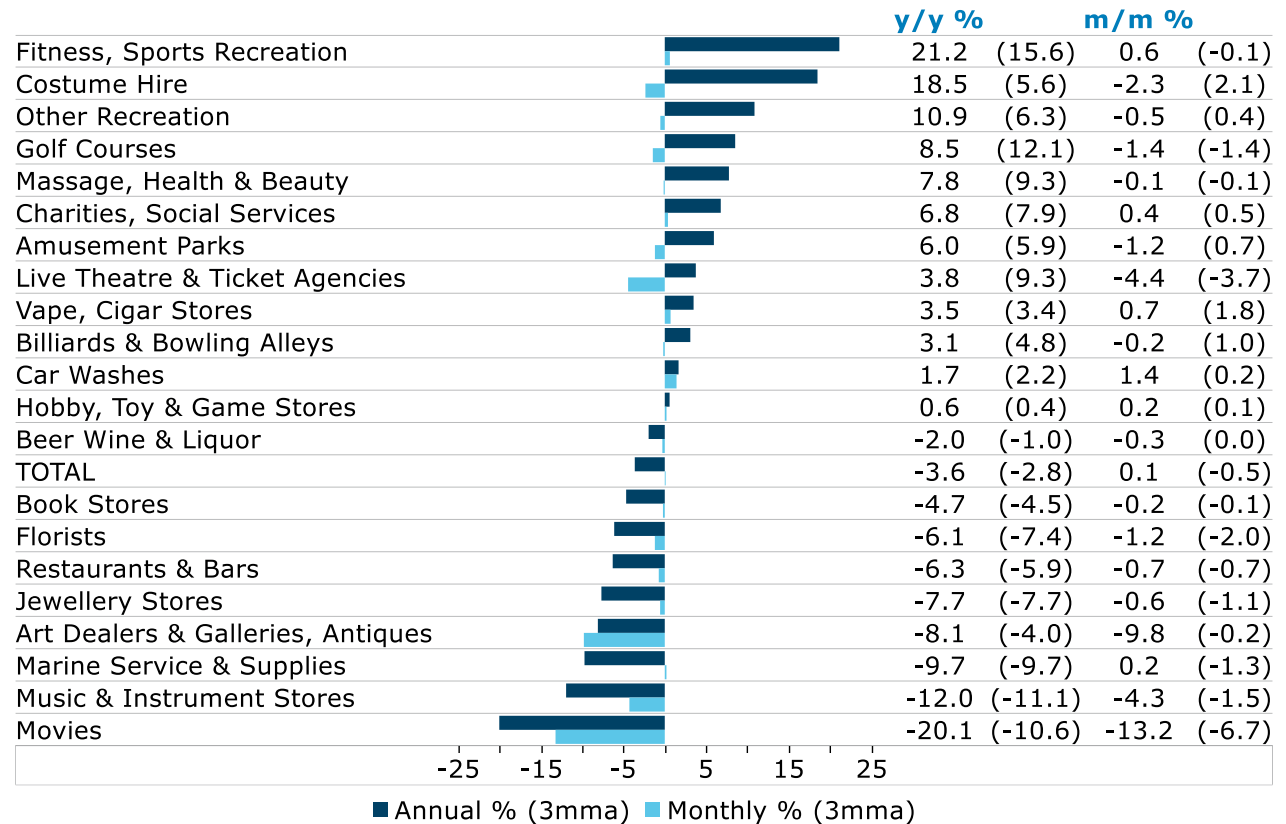


Source: ANZ Research



Small treats

- Spending across a range of discretionary spending types continues to sink overall, down 3.6% y/y.
- Restaurants & bars is by far the largest category in this group and the fall versus a year ago continues to deepen, with turnover now running at -6.3%.



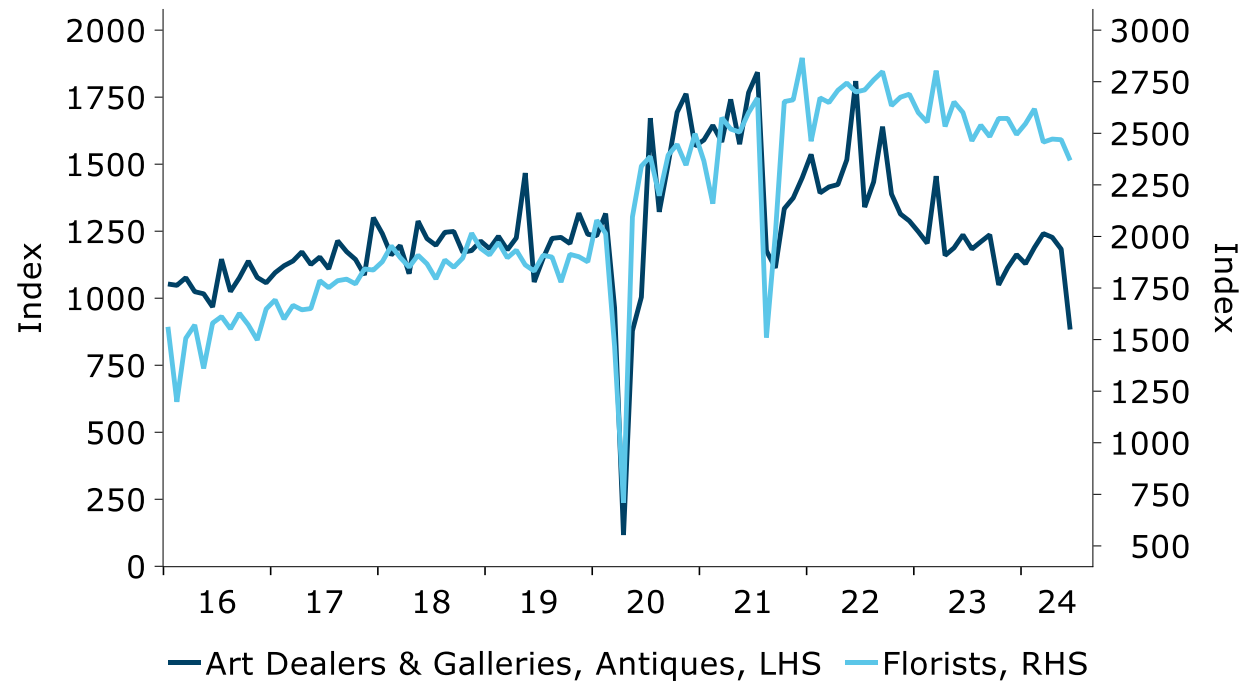
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



This is why we can't have nice things

- Beautiful things, temporary or permanent, are a hard sell currently.

Florists and art galleries

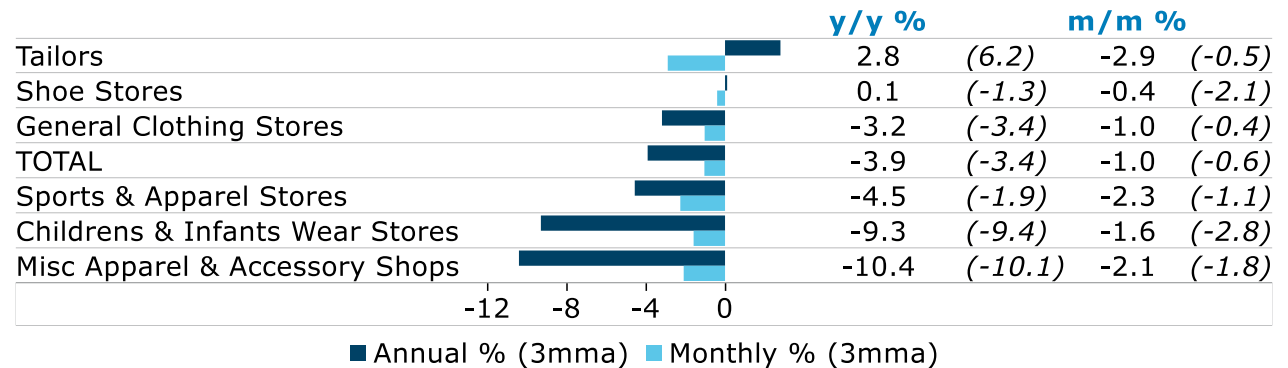


Source: Macrobond, ANZ Research



Through the wringer

- The clothing retail sector continues to do it really tough, with turnover down around 4% y/y in nominal terms.



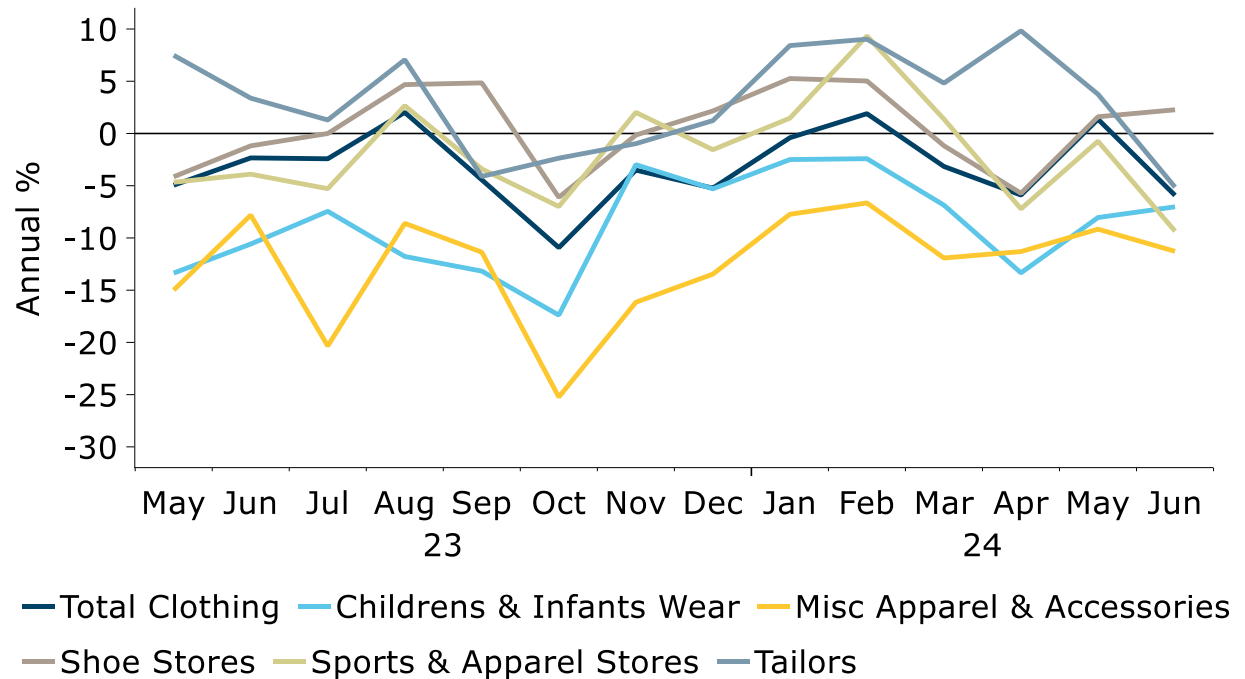
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Hard pressed

- Most clothing store types have spent the majority of the past year experiencing lower revenue than in the same month a year earlier.

Clothing spending

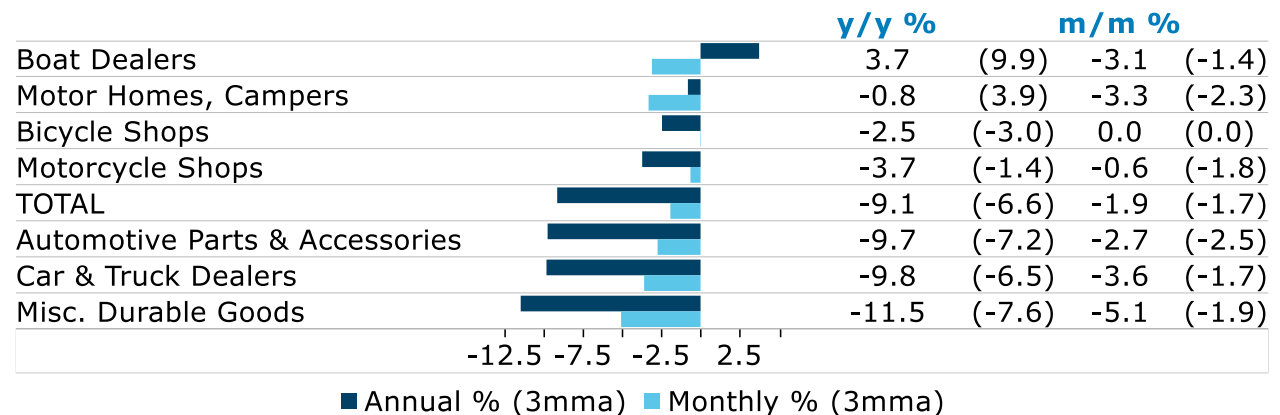


Source: Macrobond, ANZ Research



Durables

- Durables spending remains under pressure due to a soft housing market, high interest rates and a weakening labour market.
- Spending versus a year earlier dropped from -6.6% in May to -9.1% in June.
- If it has wheels, it's hard to sell currently.

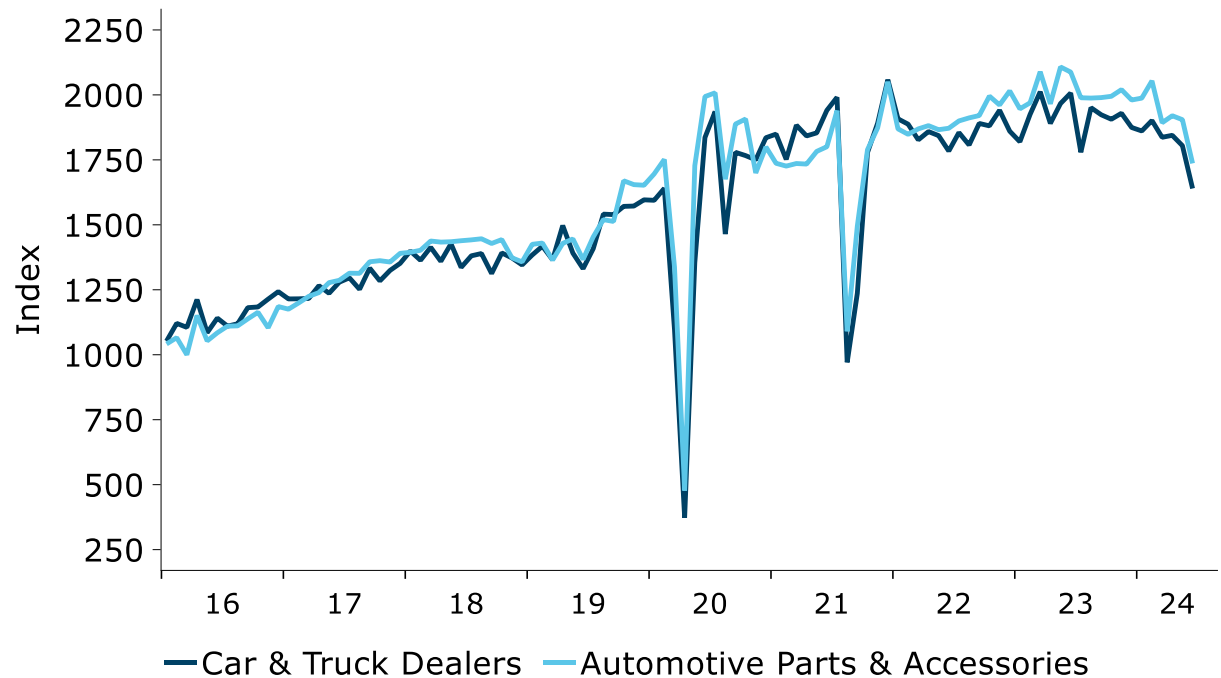


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)

Don't pimp my ride

- Most of the fall in the durables category is explained by spending on automotive parts and accessories, and car and truck dealers.

Automotive parts & accessories, car & truck dealers

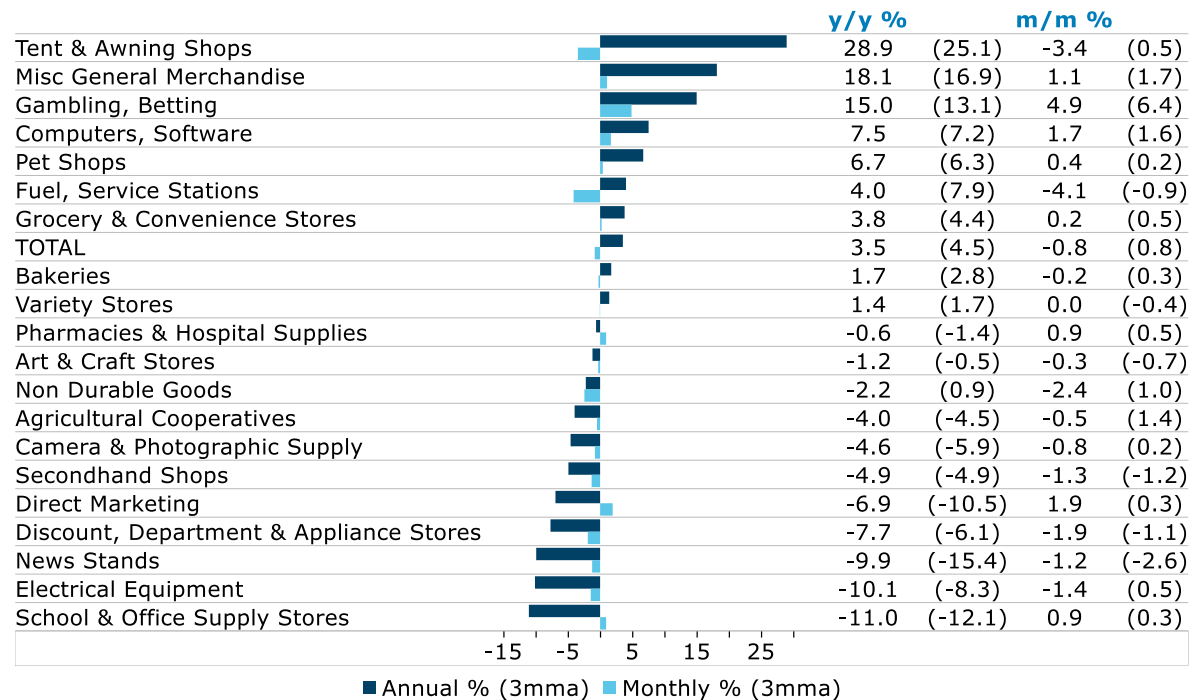


Source: ANZ Research



Miscellaneous goods retail

- The two largest categories in this grouping are grocery and convenience stores, and miscellaneous general merchandise. The latter category includes buy-now-pay-later spending, which is part of the growth story here.



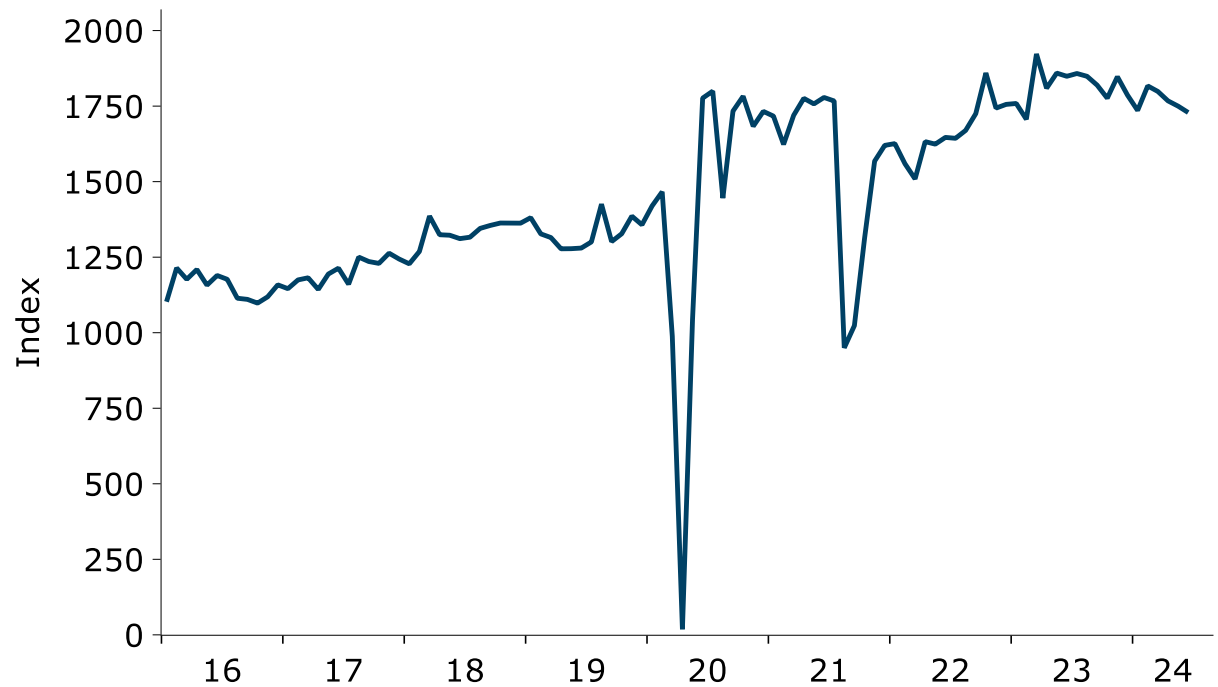
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Thinking twice

- Even second-hand goods stores are experiencing reduced turnover as people think harder about what they really need.

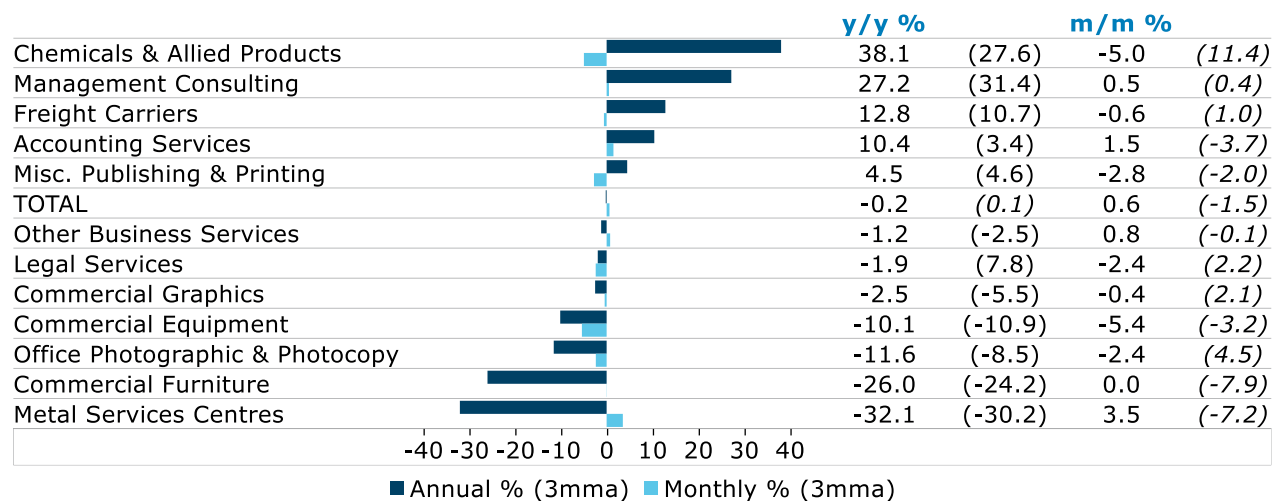
Spending at second-hand goods stores



Source: ANZ Research

Business goods & services

- Spending on goods and services that are predominantly for business purposes remains mixed.
- Spending related to commercial equipment including **furniture reflects that it isn't just consumers being careful with their spending.**



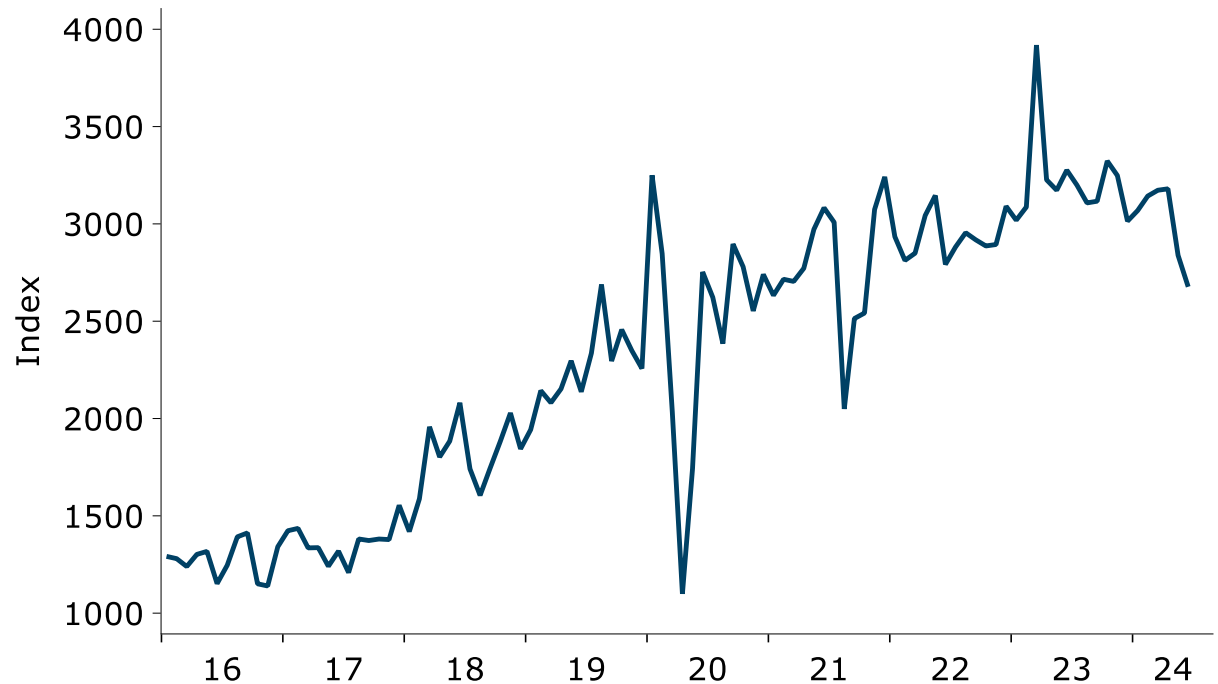
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



The big freeze

- B2B is not much easier than B2C at the moment, with businesses watching their pennies just as much as consumers.

Commercial equipment

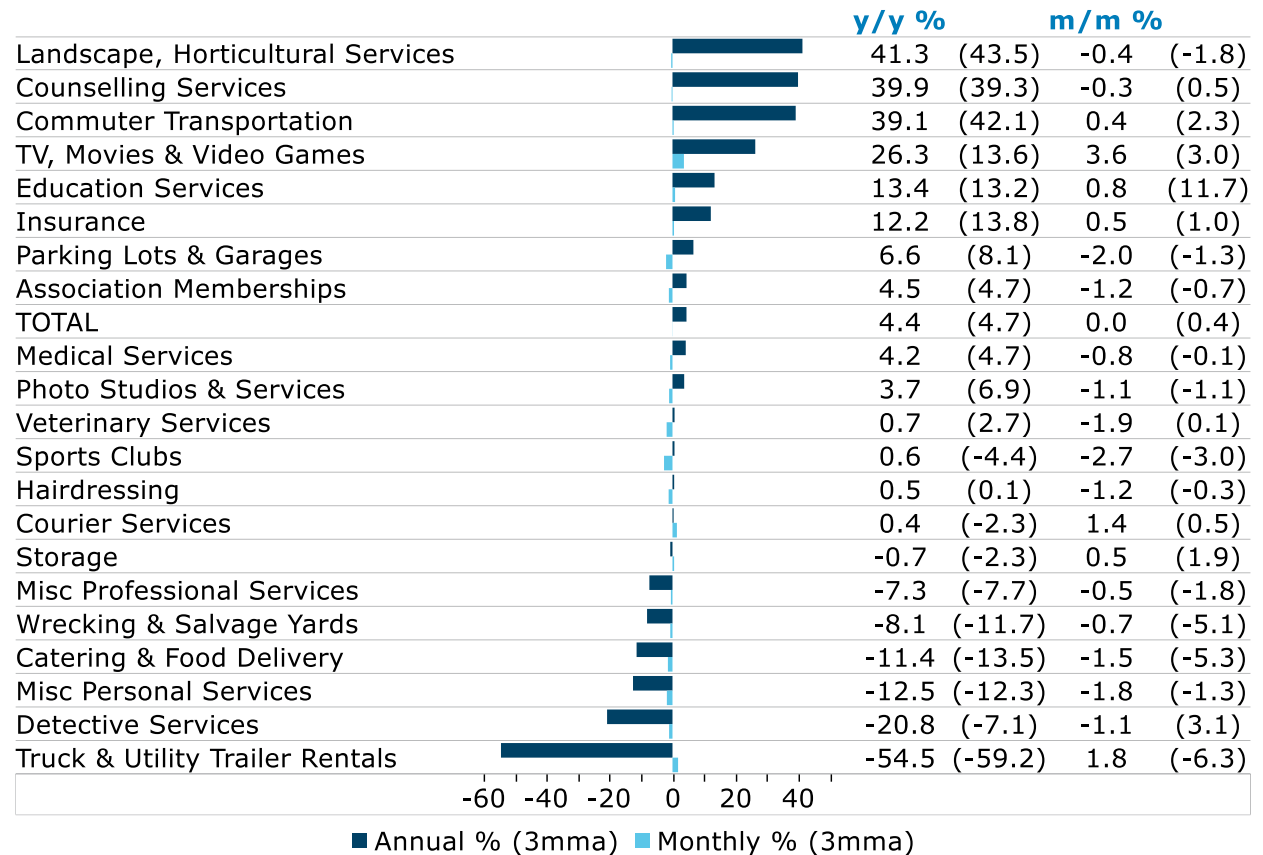


Source: ANZ Research



Miscellaneous services retail

- The top three contributors to growth in this category (taking the size of the categories into account) are all fairly non-discretionary: insurance, medical, and commuter transport.
- Digging deeper into finance services, we discovered it was primarily money transfer services, so it has been removed.

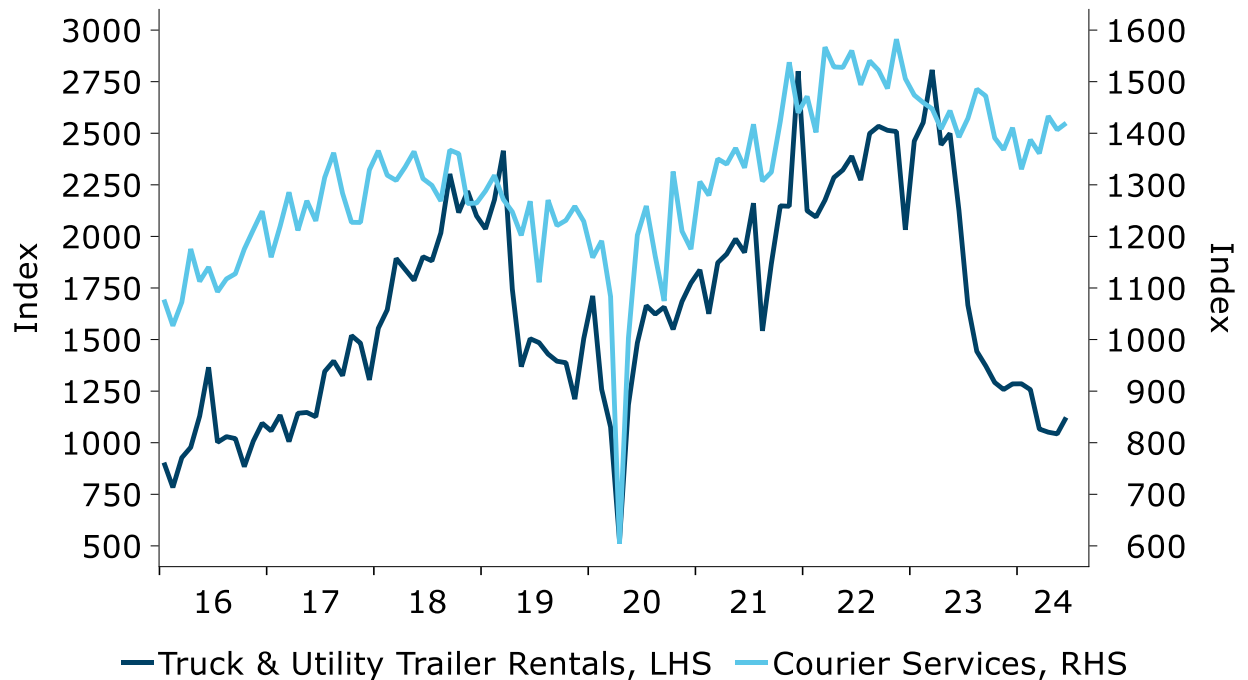


Source: Macrobond, ANZ Research

Getting it from A to B

- Getting stuff delivered to your door is nowhere near as popular as it was.
- Hiring a trailer to move something yourself is even less so.

Courier services and trailer hire

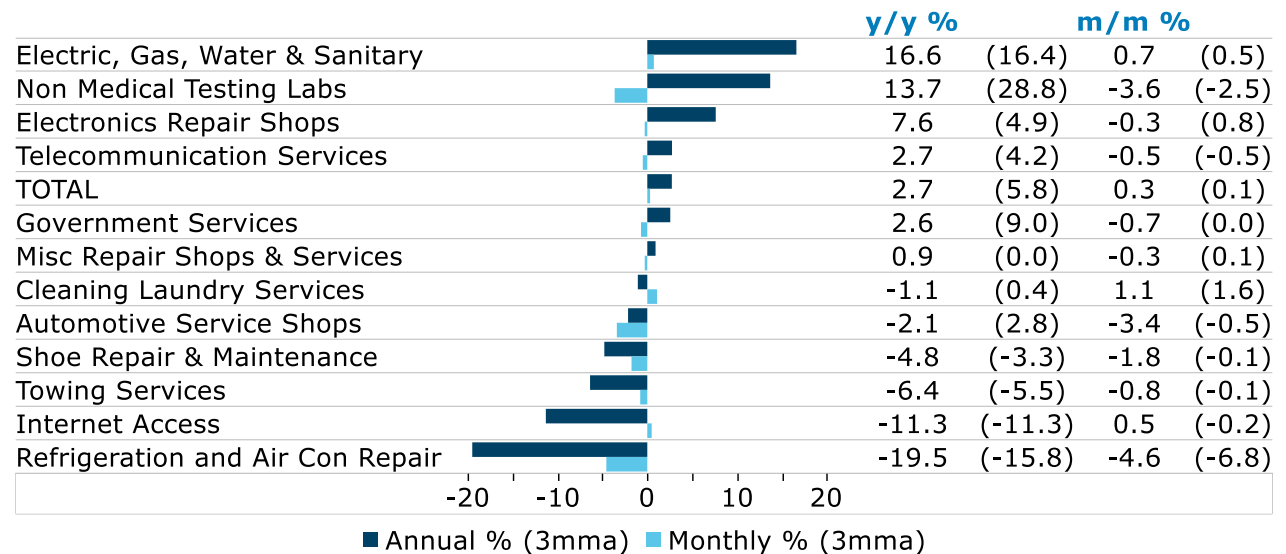


Source: ANZ Research



Utilities & repairs

- Many of these goods and services sit towards the “necessity” end of the spectrum of spending choices.
- However, spending in this category is dropping away too, falling from 5.8% to 2.7% y/y this month.



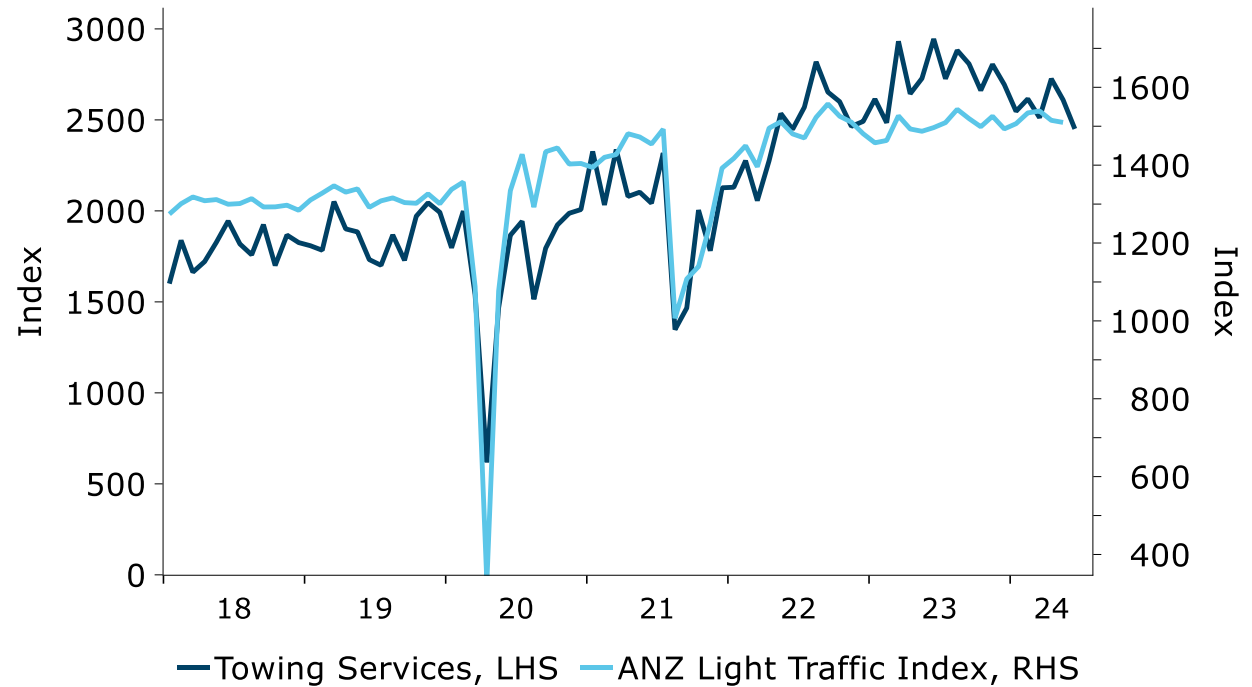
Source: ANZ Research
(Previous month's data in parentheses).



If you don't drive it, it won't break

- Less driving means fewer breakdowns.

Towing services and the ANZ Light Traffic Index



Source: ANZ Research

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