

Data for April 2024

ANZ NZ Merchant and Card Spending Chartpack

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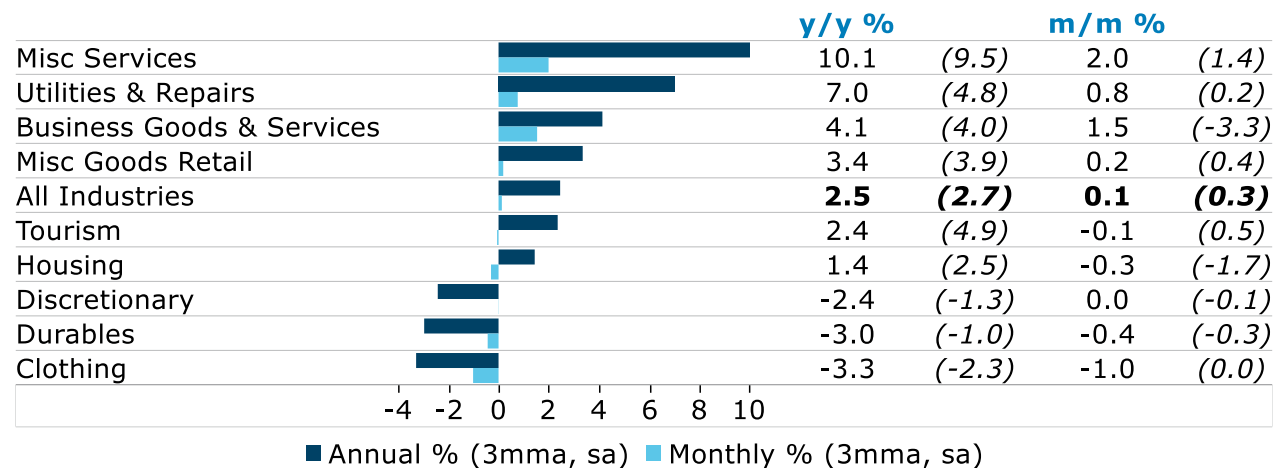
Notes

- 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 slowed to 2.5% y/y in April, which continues the downward trend in place since the borders reopened and tourist dollars flooded the terminals.
- Durables and clothing continue to lag and pressure is mounting on consumers' discretionary spending.
- The impetus from tourism-related spending is starting to wane.
- Miscellaneous services is the only category gaining momentum.

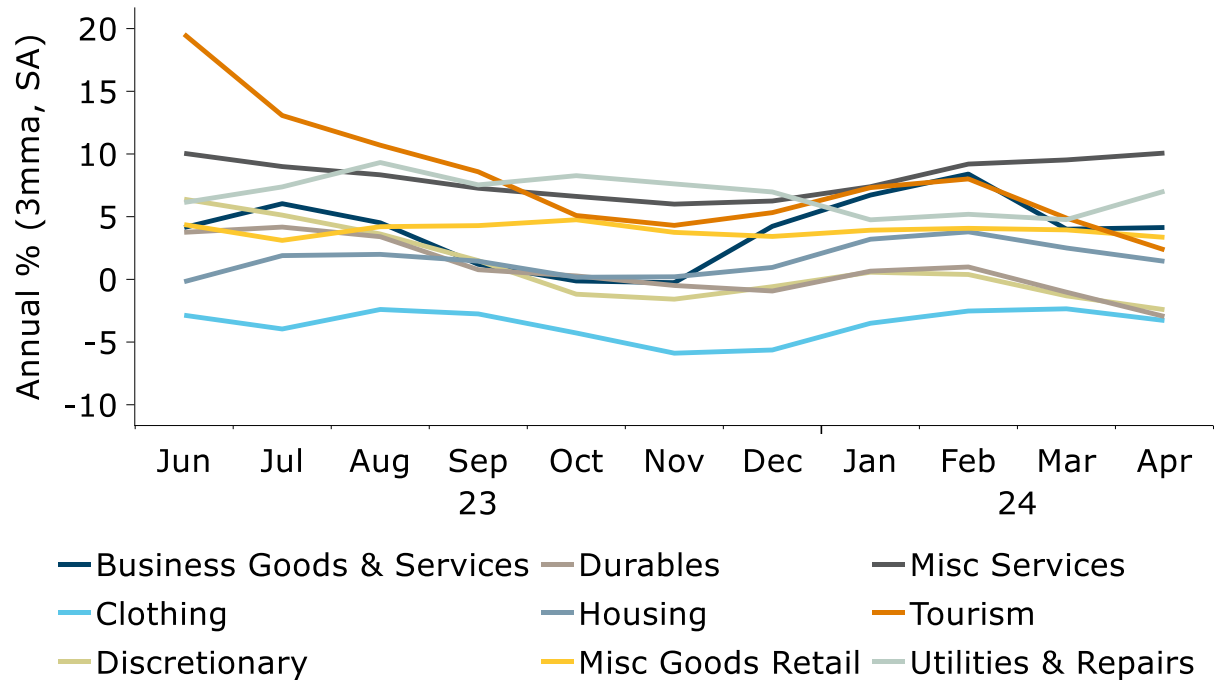


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Pressure building

- Momentum is tentatively building in miscellaneous services and Utilities & repairs managed a lift over April, but most categories were unable to sustain the surge in spending over the new year.

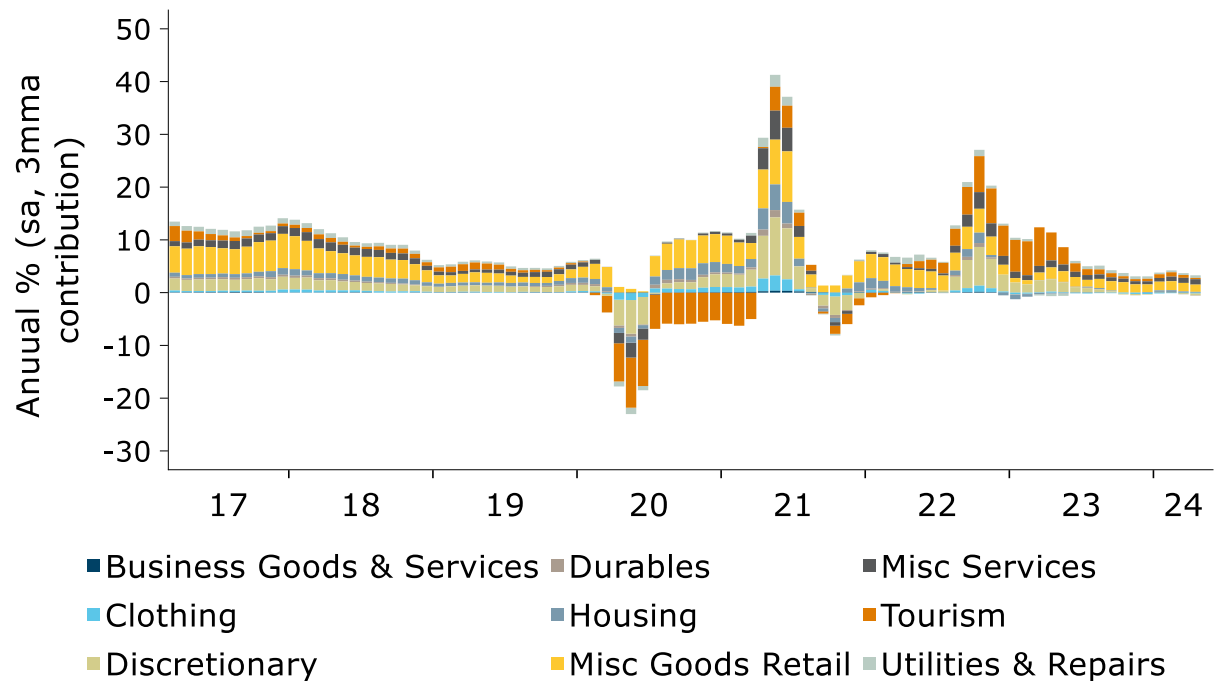


Source: Macrobond, ANZ Research



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.

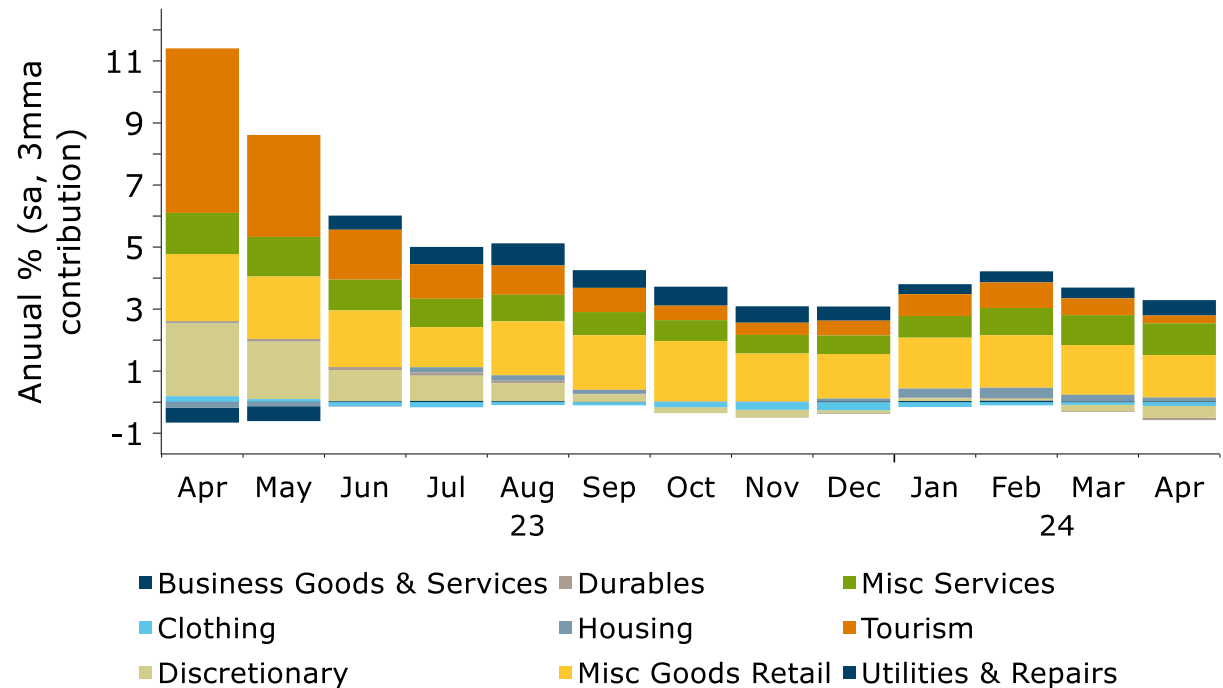


Source: Macrobond, ANZ Research



Shift in spending

- Zooming in on the contributions of each category to total card spending growth in the past year shows spending on clothing and discretionary items and now also durables subtracting.
- Miscellaneous goods are solid while services and business activity provide further growth in spend.

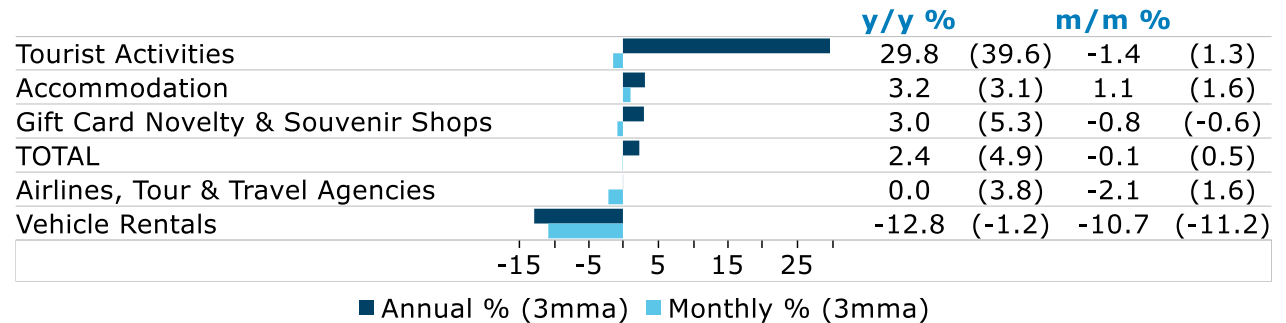


Source: Macrobond, ANZ Research



Tourism-related spending

- The annual growth rate of spending in this category more than halved in April after a big drop last month.
- The lift in spending at tourist activities surges ahead, but most other categories are in a holding pattern.
- Spending at vehicle rentals has had two difficult months.
- This data is seasonally adjusted, so the data suggests a softer autumn shoulder season for car rentals than last year.

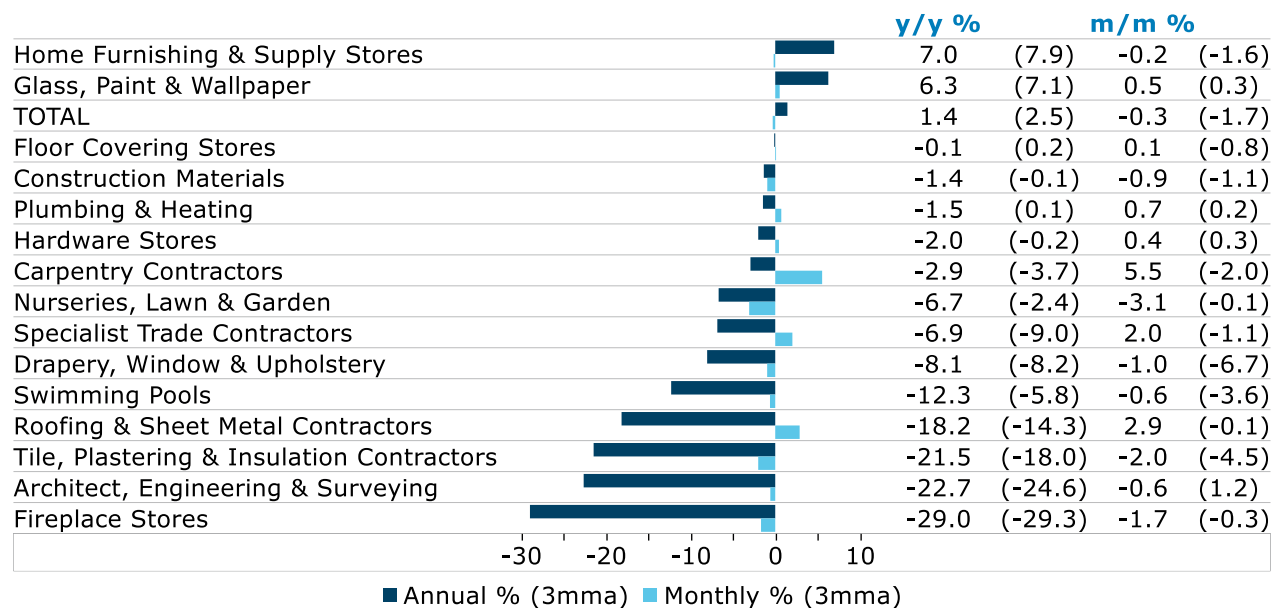


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



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 & supply stores is a big chunk of this category. It has maintained a decent clip of around 8% y/y for the last twelve months or so.



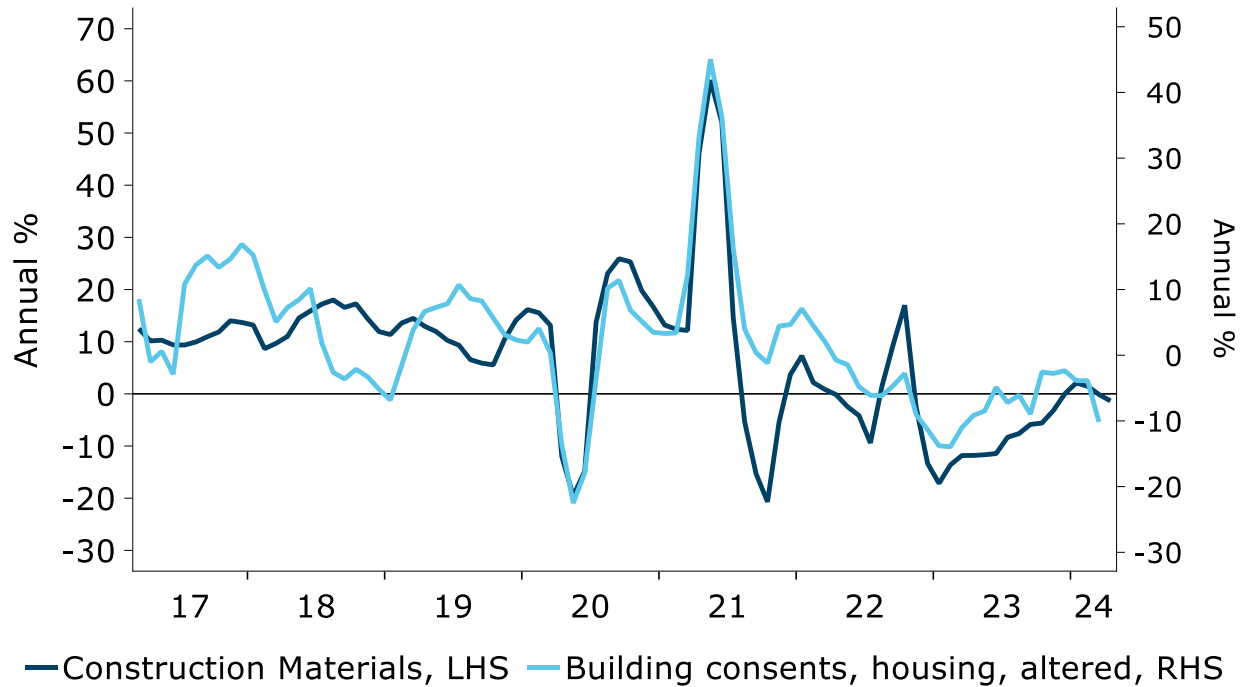
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Doing up the house? That can wait.

- Consumers spending on construction materials is yet to lift off from a sluggish 15 months. Housing alteration consents appear to be following suit.

Construction materials vs housing alterations

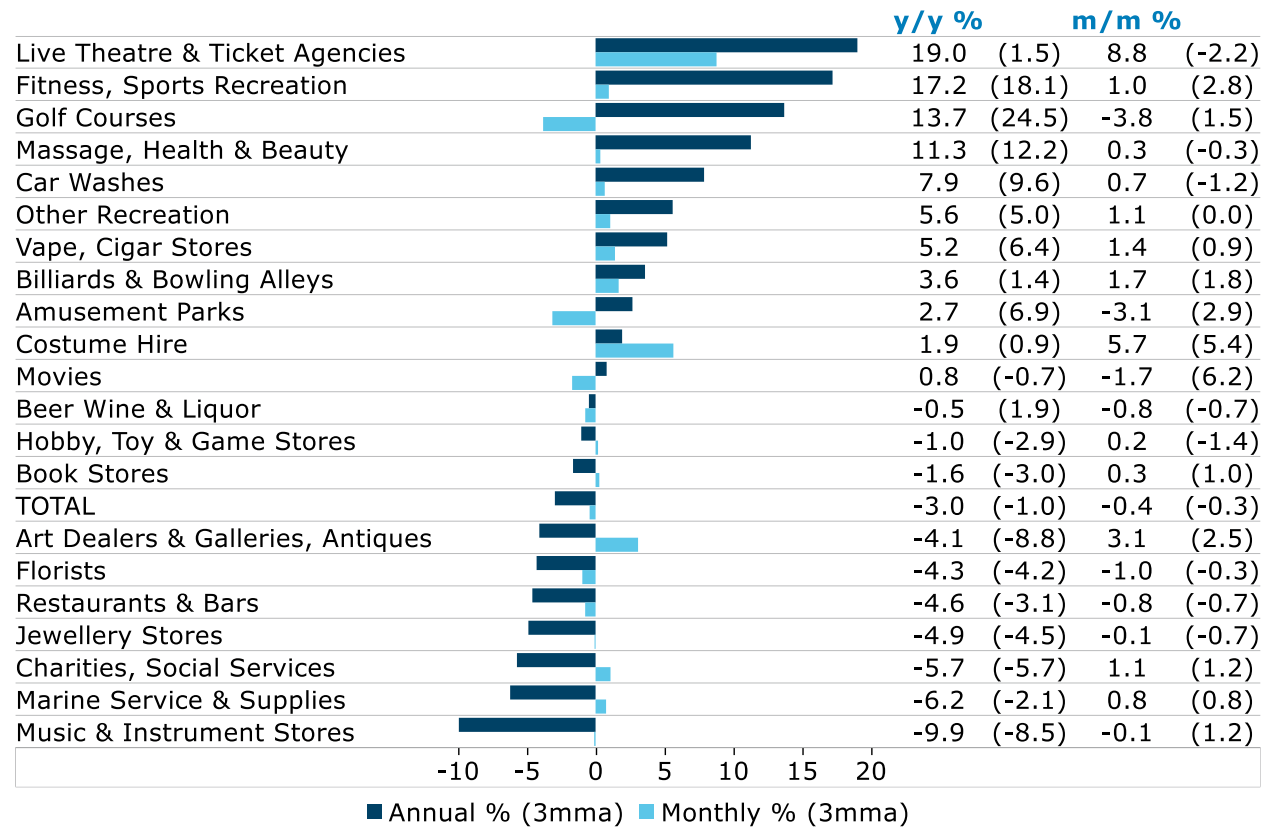


Source: Stats NZ, Macrobond, ANZ Research



Small treats

- Spending across a range of categories that can be considered discretionary is sinking.
- Restaurants & bars is by far the largest category in this group and annual growth hasn't been positive for eight months and counting.



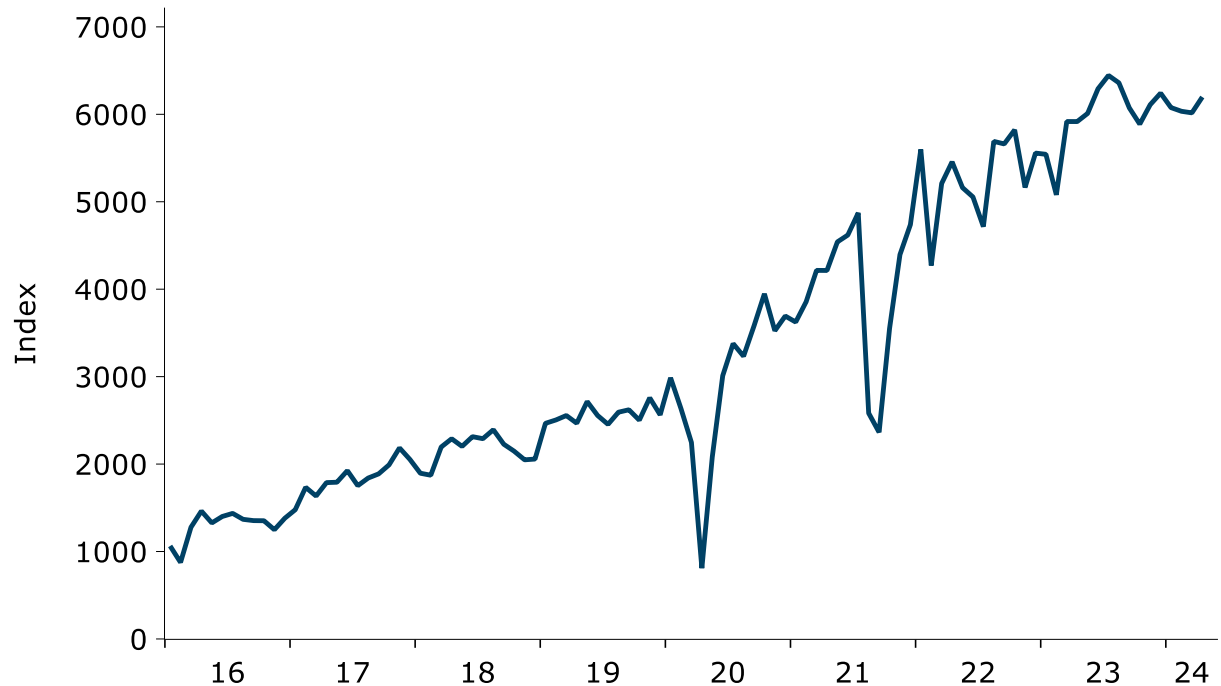
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Nice and shiny

- Whether polishing your face or your car, it's discretionary spend that can be DIYed in need.
- While a shiny set of wheels is still a priority for some, spending on car washes has flattened off markedly in the past 12 months.

Spending at car washes

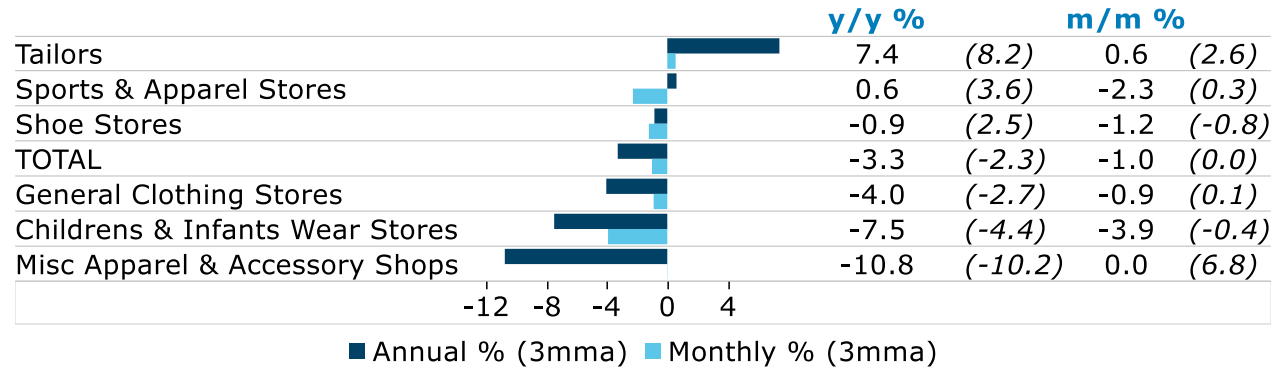


Source: ANZ Research



Wearing thin

- Clothing stores just can't catch a break. The decline in annual growth reaccelerated this month.
- Sports & apparel stores are down on the month but managed to eke out a small gain. Annual growth in this category has been near flat for the last year.



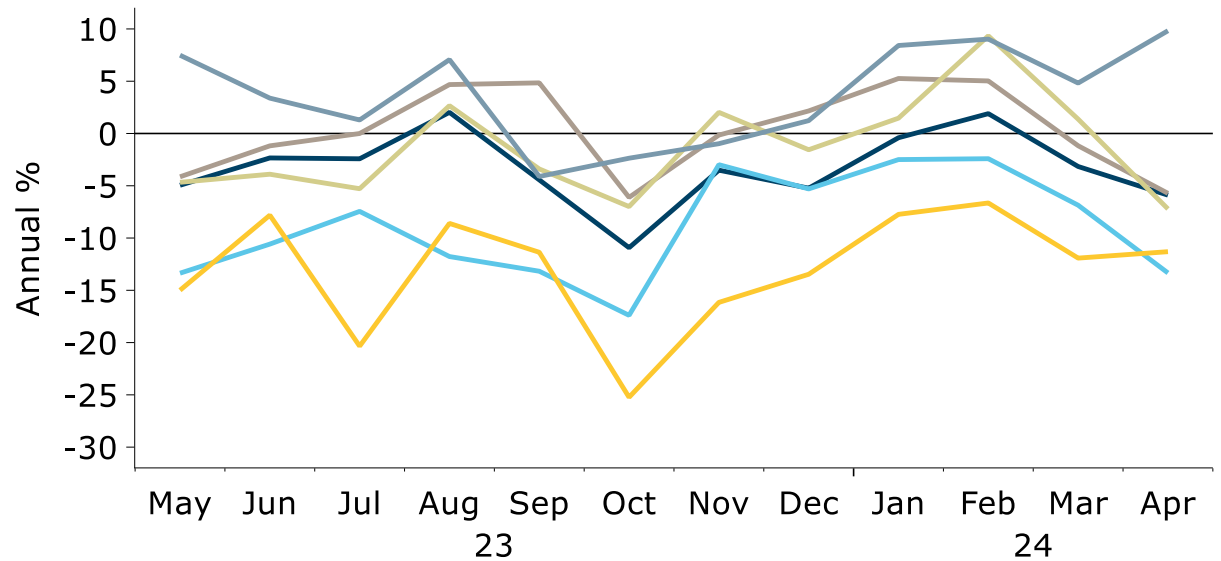
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Clothing retail hard pressed

- Clothing shops have done it tougher than almost any other type of retail in the past year. After an improvement into the summer, spending has slumped again, with annual growth for every kind of ready-to-wear clothing in the red.

Clothing spending



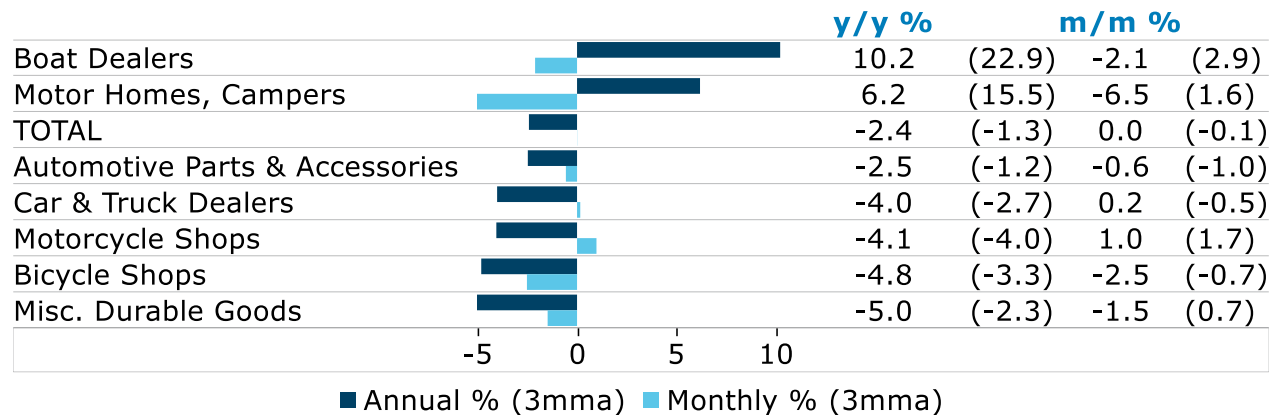
— Total Clothing — Childrens & Infants Wear — Misc Apparel & Accessories
— Shoe Stores — Sports & Apparel Stores — Tailors

Source: Macrobond, ANZ Research



Durables

- Durables spending remains under pressure due to a soft housing market, high interest rates and a weakening labour market.
- Boaties and motor home dealers may have benefited from having more tourists around, but now that the tourist net flows are slowing, annual growth is following suit.
- Miscellaneous durable goods typically supply construction activity, which has been under pressure of late.



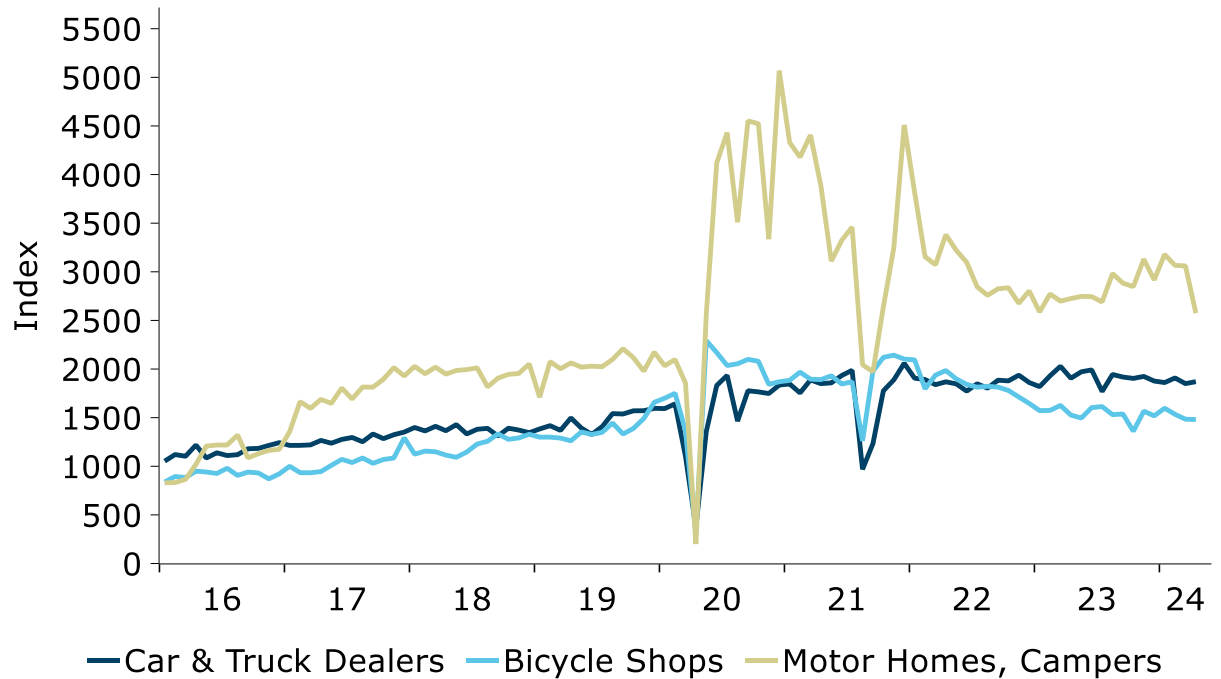
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Wheelies

- Turnover at motor home retailers fell markedly in April after a period of reasonable growth following the COVID closed-border boom. The aging population has likely been a support here, as well as the tourism recovery.
- Spending at car and bicycle dealers remains weak.

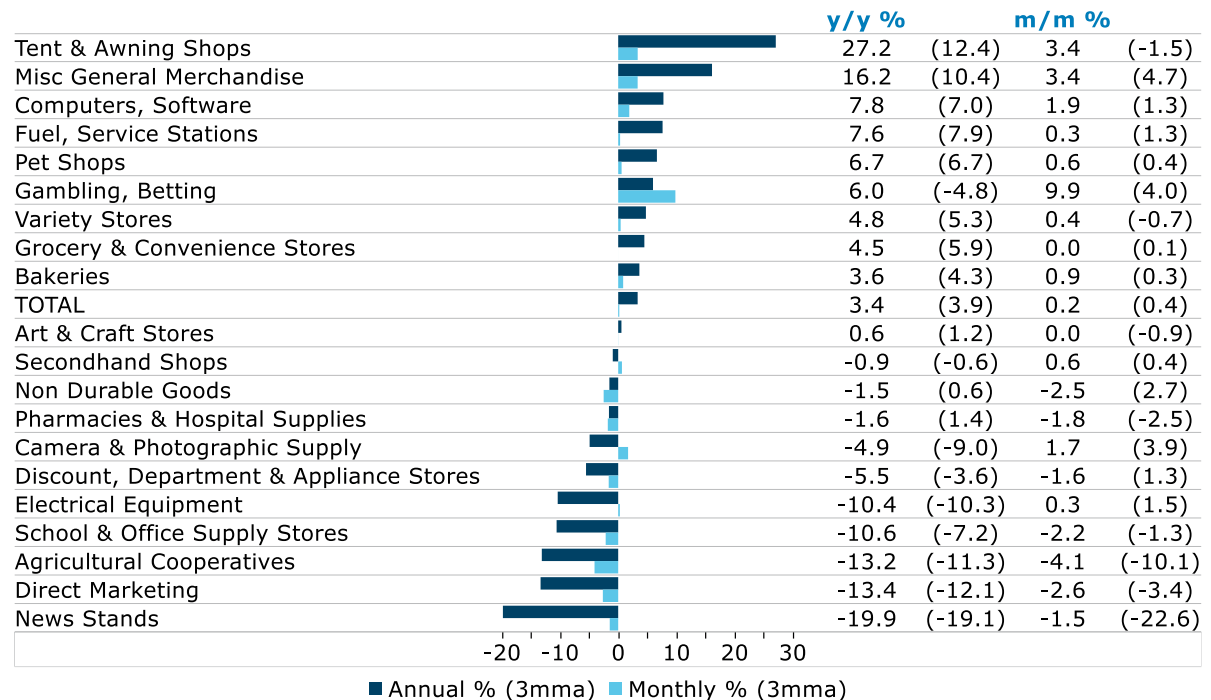
Spending at vehicle retailers



Source: Macrobond, ANZ Research

Miscellaneous goods retail

- Spending on general goods is robust, maintaining growth of 3-5% y/y over the last year, though this will mostly be price growth rather than volumes.
- Grocery & convenience store spend continues apace even though food prices are falling.
- Fuel spending is a big category – spending here has lifted along with fuel prices.



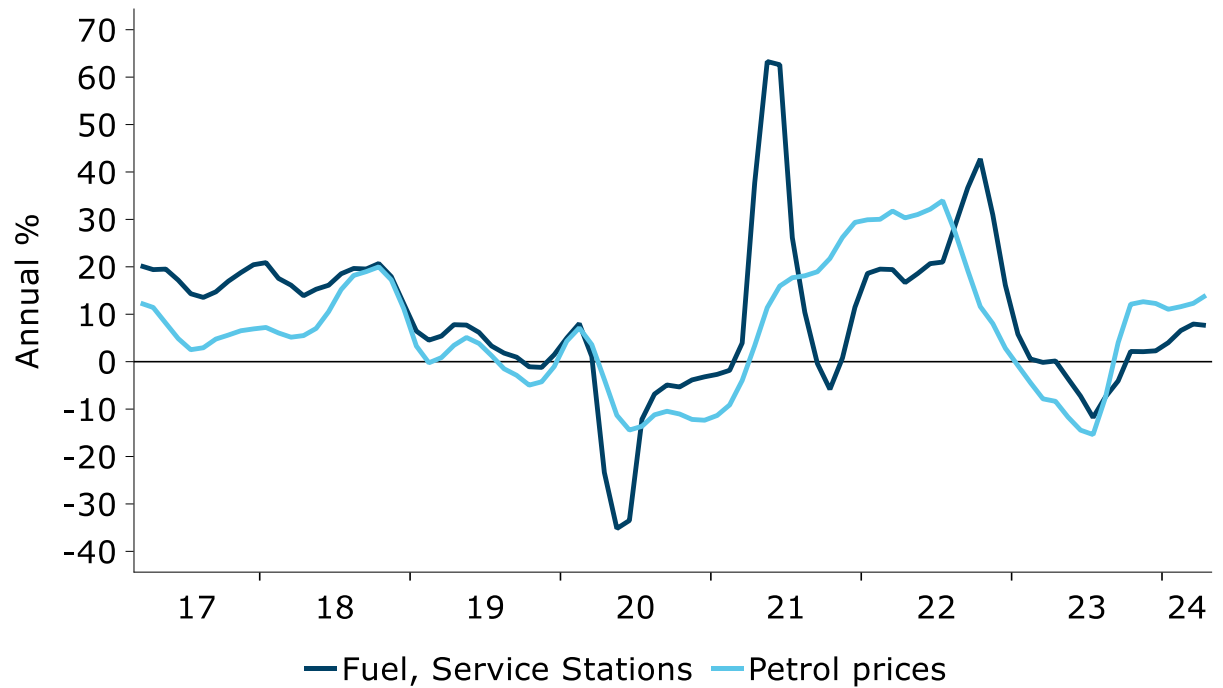
Source: Macrobond, ANZ Research
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Prices at the pump

- Spending growth on fuel is robust at 8% y/y; unfortunately, so is the price we pay.

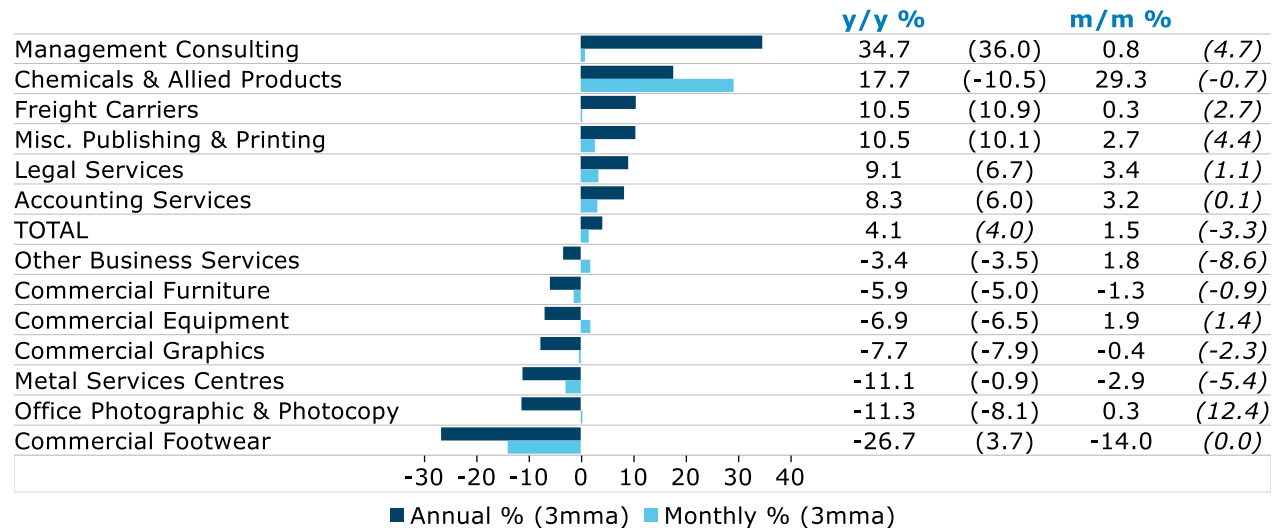
Spending fuel & service stations vs petrol prices



Source: Stats NZ, 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.
- Spending on professional services and consulting continues to grow strongly.



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, however, that spending is still climbing out of the hole it got into in 2023.

Freight carriers vs goods-producing industries real GDP

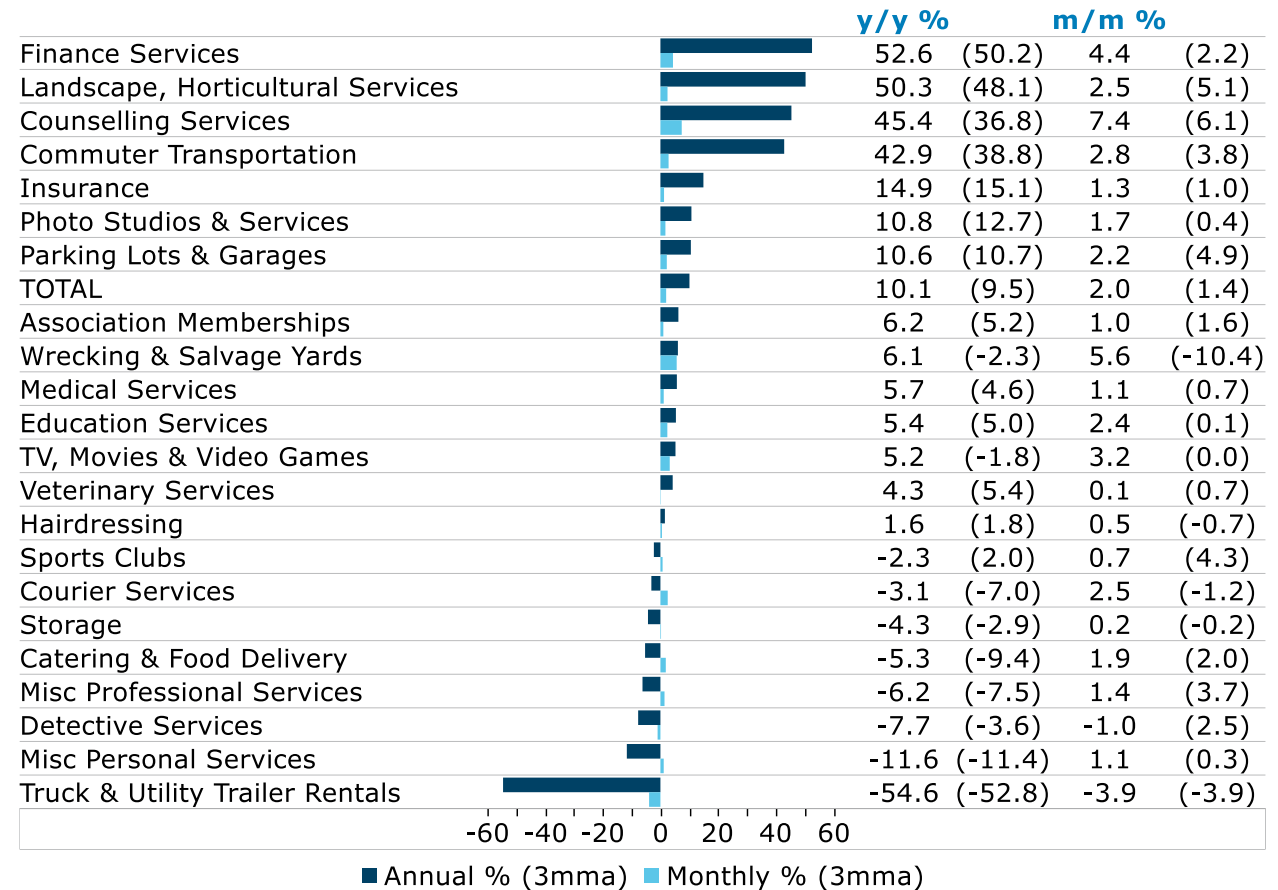


Source: Macrobond, ANZ Research



Miscellaneous services retail

- Overall miscellaneous services retail is up over 10% y/y.
- The strength in finance services is not necessarily a strong indicator. Good advice is invaluable in tough times.
- Insurance inflation is 14% y/y and rising, meaning strength here is almost entirely prices rather than volumes.



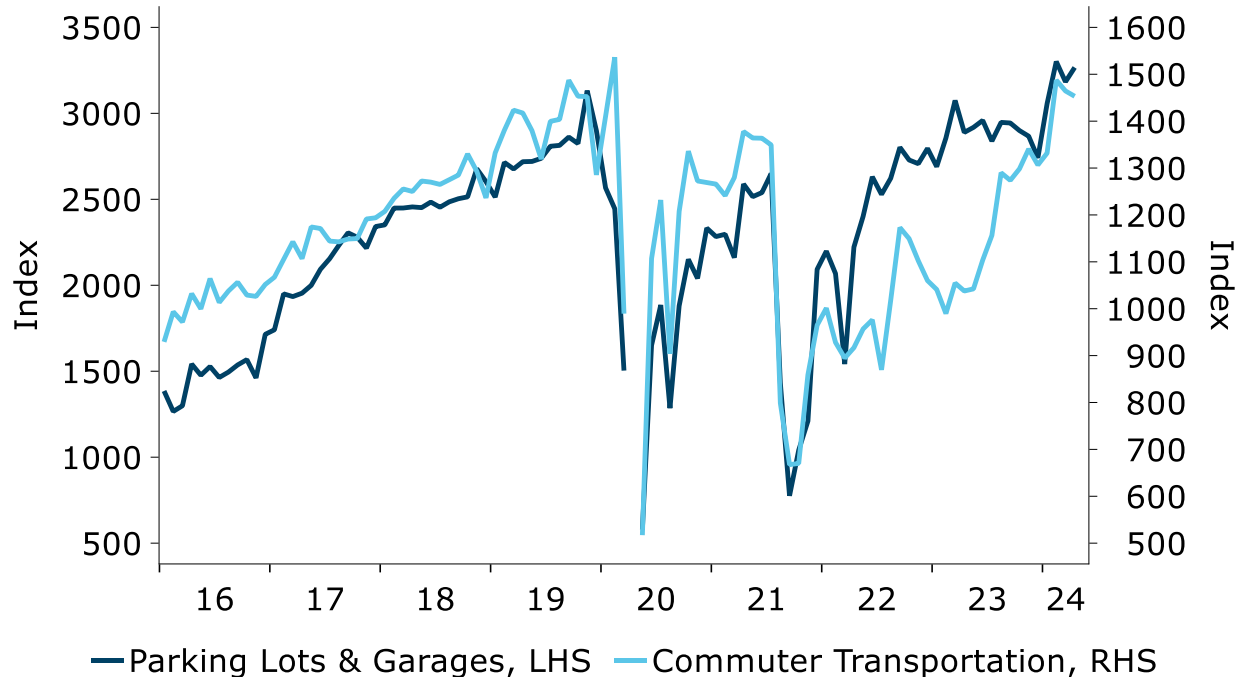
Source: Macrobond, ANZ Research



Getting from A to B

- Spending on public transport has been distorted by the temporary subsidy, and in volume 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

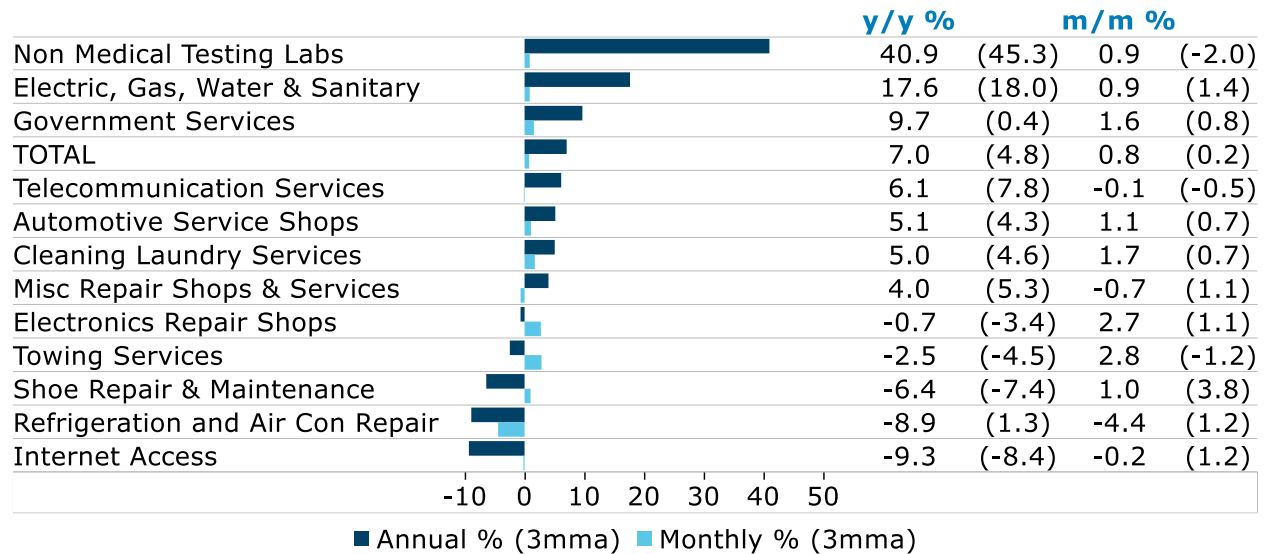


Source: Macrobond, ANZ Research



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.
- Non-medical testing lab spending is volatile; it has surged after bottoming out in early 2023.



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

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