

Data for October 2024

ANZ NZ Merchant and Card Spending Chartpack

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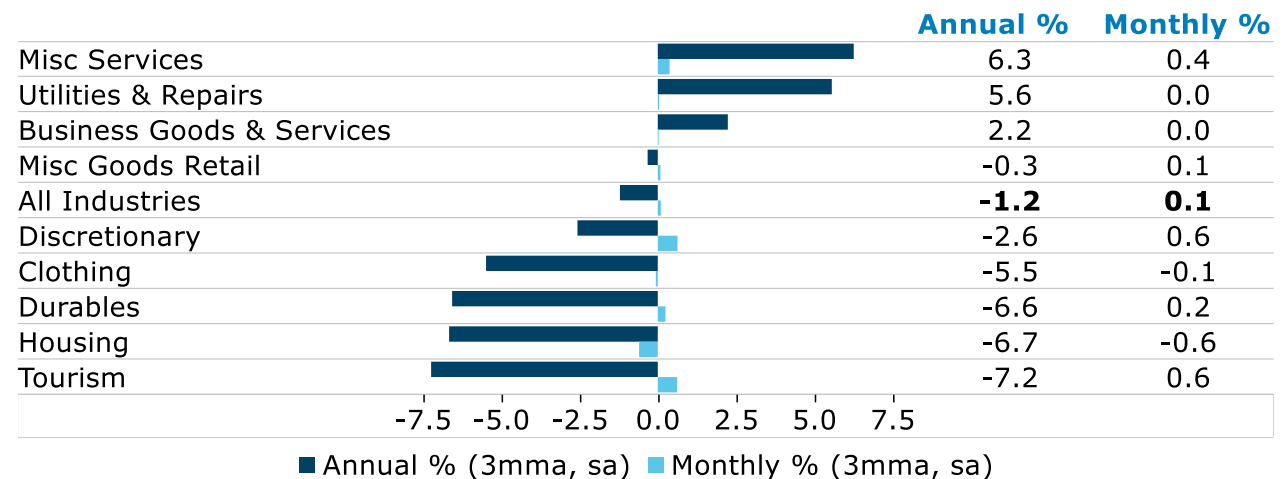
Notes

- 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

- Overall card spend was still down 1.2% y/y in October, but the annual fall is stable.
- Generally speaking, the types of spending most sensitive to interest rates (housing, durables, discretionary spending) are still experiencing the largest falls.
- Tourism categories of spending are also well down versus a year ago, likely reflecting more cautious domestic tourism and business travel. Operators will be hoping for a strong summer international tourist season.

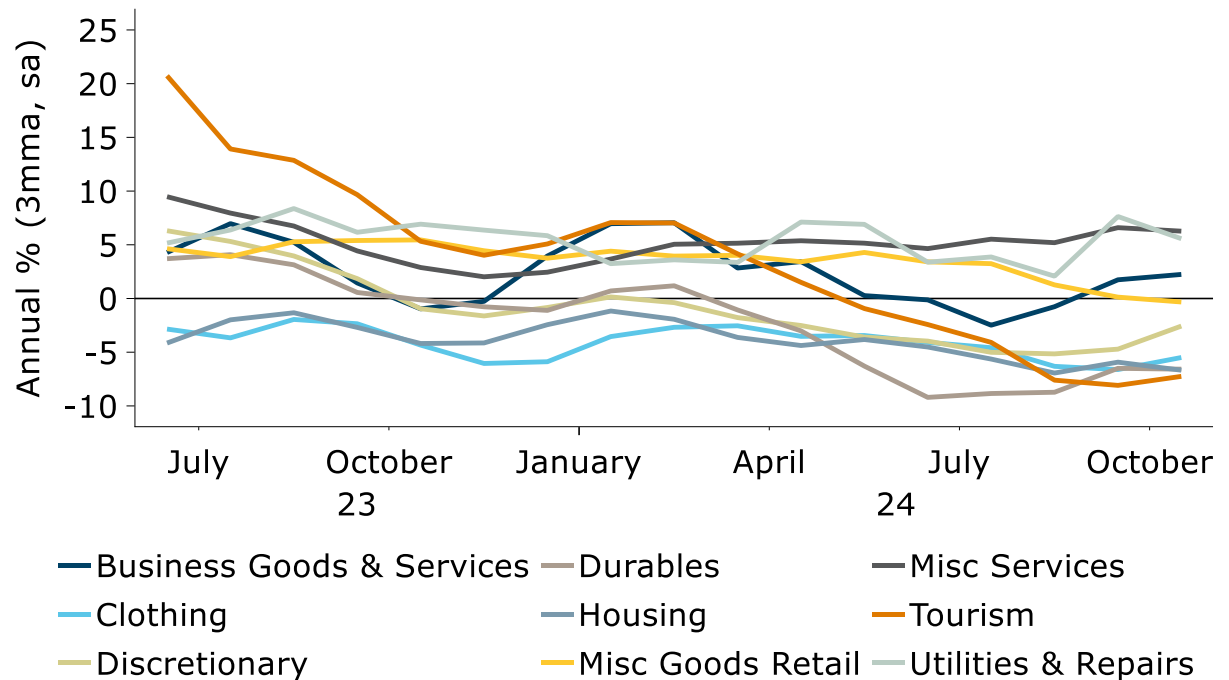


Source: Macrobond, ANZ Research



Winners and losers

- The year-on-year change in most categories now appears to have bottomed out. Growth in discretionary spending is still negative year-on-year, but it saw a decent lift in October.
- The strongest annual growth in spending is still in the must-haves like utilities and miscellaneous services (dominated by education and medical services).

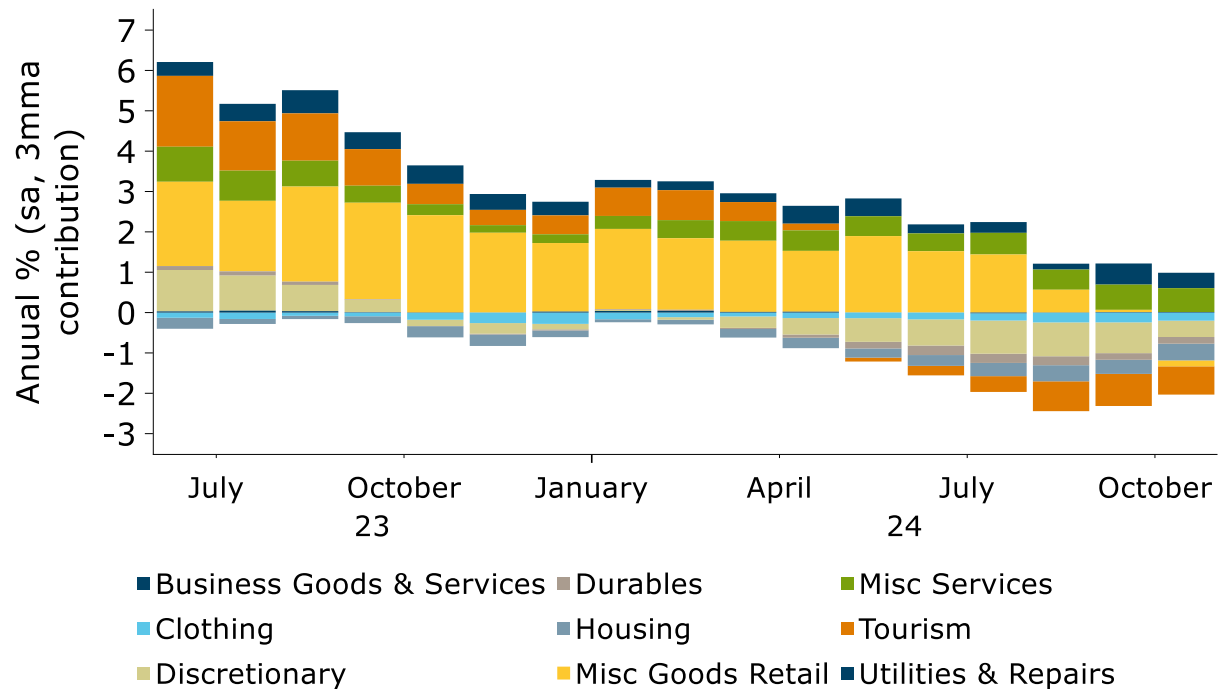


Source: Macrobond, ANZ Research



Crawling higher

- The contributions of each category to total card spending growth on a 12-month basis shows the drag from discretionary spending and tourism is easing.
- Miscellaneous services made a bigger positive contribution to growth in October. The negative contribution from miscellaneous goods retail reflects lower fuel prices versus a year ago.

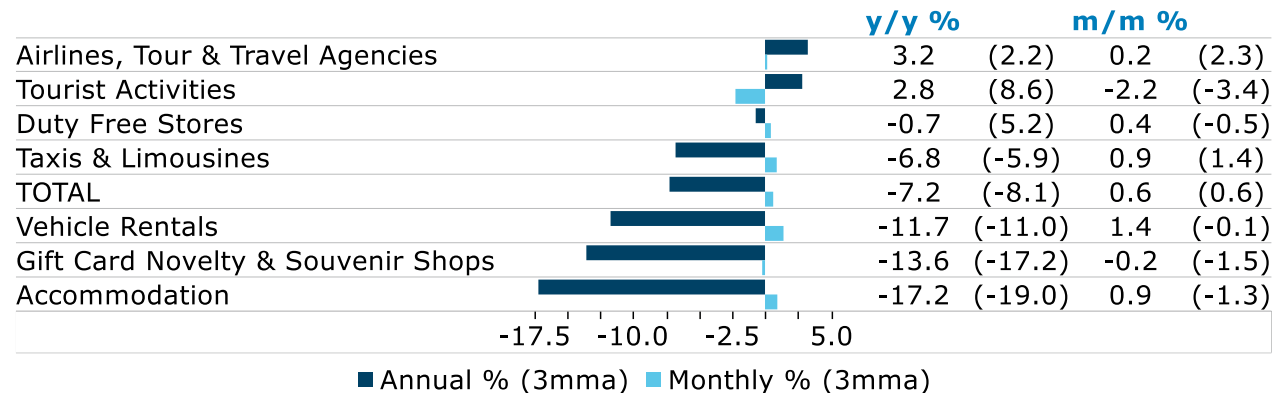


Source: Macrobond, ANZ Research



Tourism-related spending

- Spending in this category is down 7.2% year-on-year, only a slight improvement on last month.
- Times are really tough for accommodation providers in particular.
- Fortunately, the summer tourist season is just around the corner.



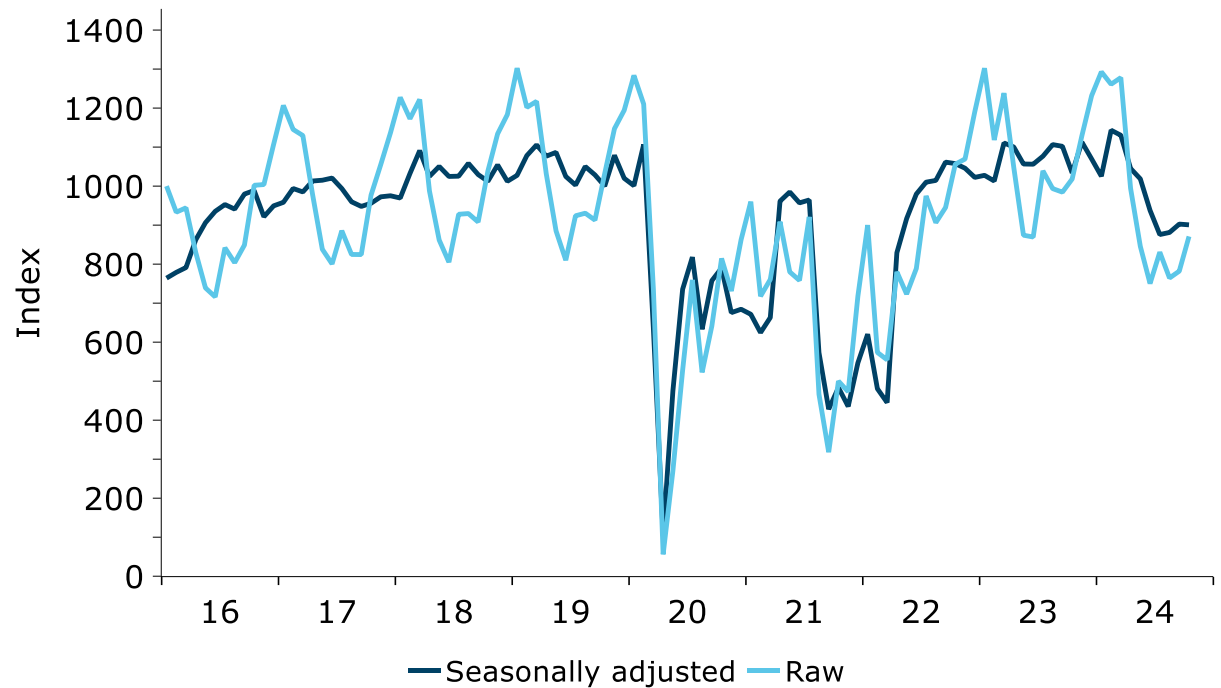
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Say you'll stay

- The decline in spending on accommodation appears to have found a floor, but the low level suggests high vacancy rates and/or significant discounting.

Accommodation spending

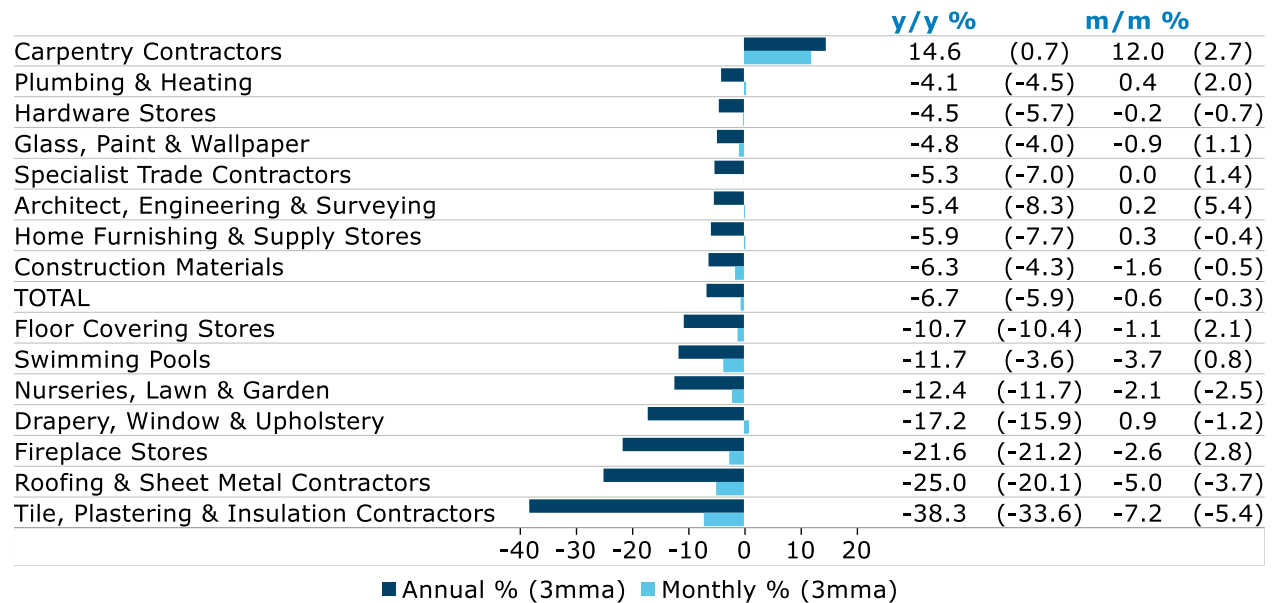


Source: Macrobond, ANZ Research



Housing-related spending

- Spending in this category is down 6.7% y/y.
- Soft construction and renovation activity is clearly having a big impact on this category, but there are virtually no categories in the black (the carpentry contractor category is very small and volatile).
- The vibe in the housing market appears to be shifting as interest rates come down; these retailers will be crossing their fingers.



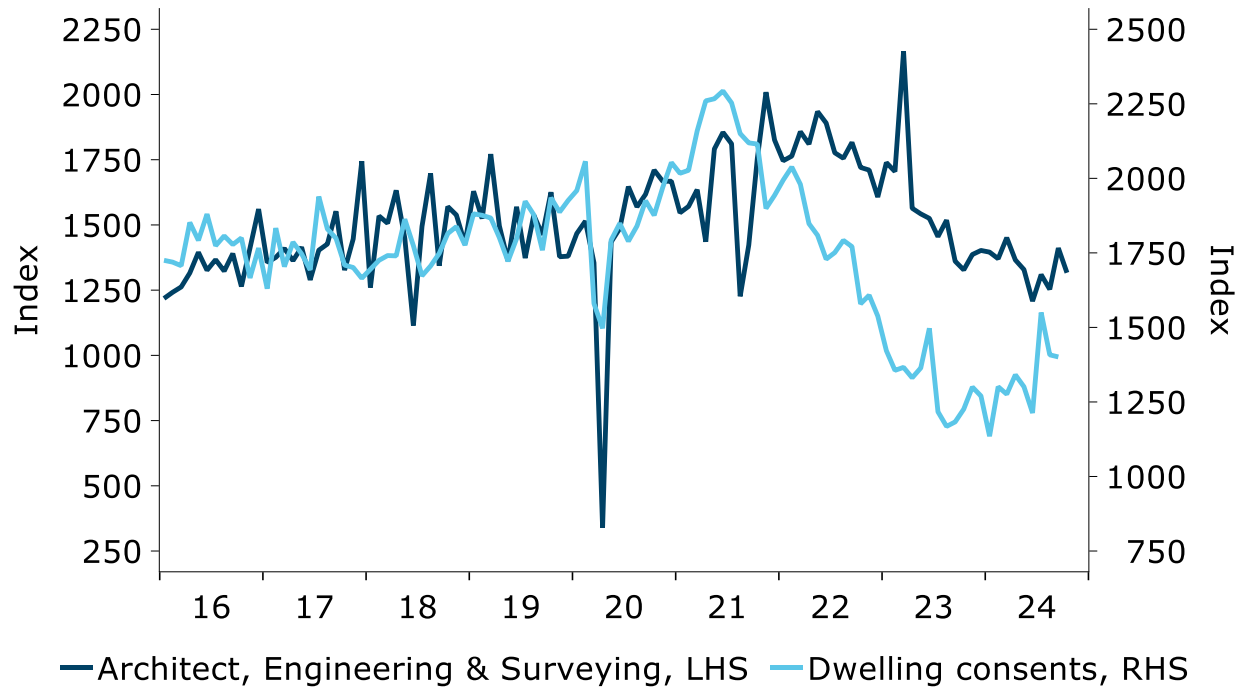
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



A ray of hope

- We're calling it – that's a turn.

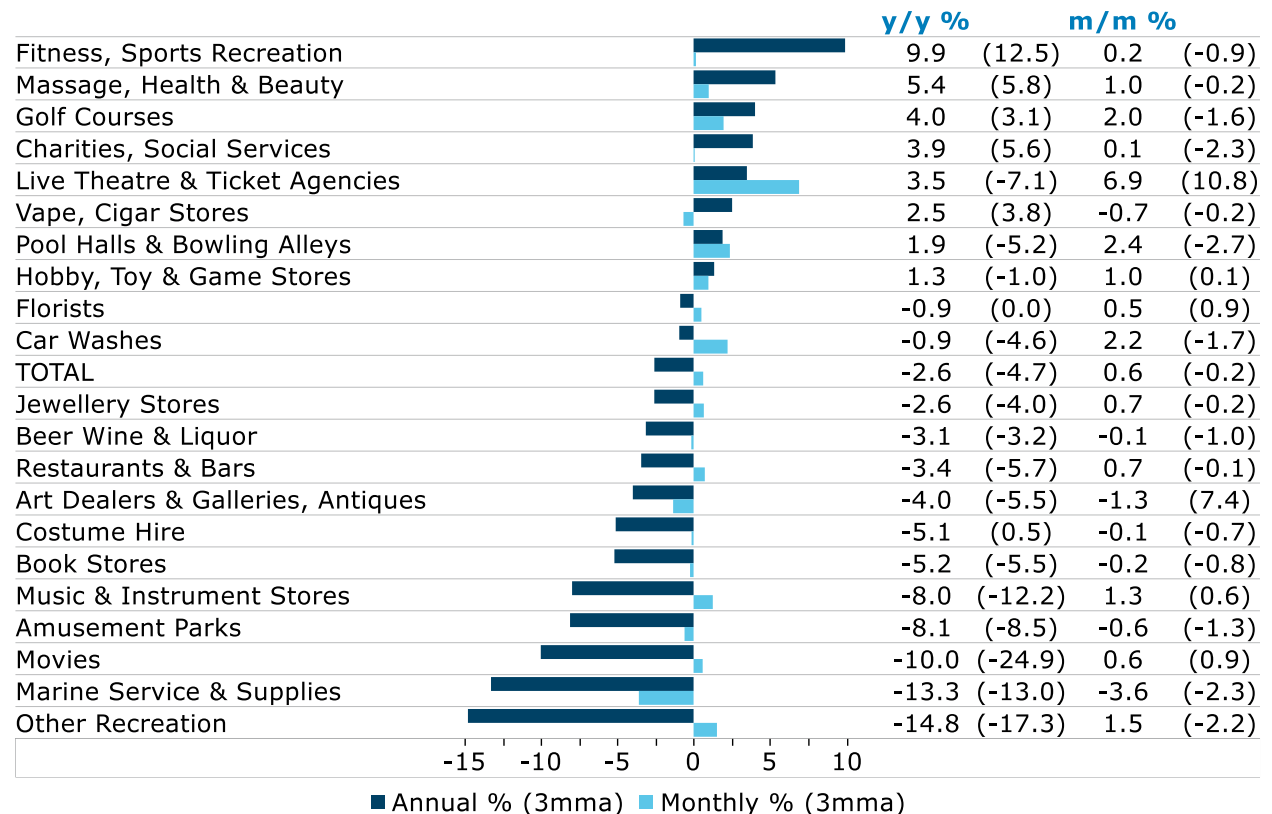
Architects, engineering and surveying vs building consents



Source: Macrobond, ANZ Research

A little less scrimping

- Spending across a range of discretionary spending types is down 2.6% y/y, with the fall easing.
- Restaurants & bars dominates this group. The annual decline here continues to ease, helped by a 0.7% lift in the three-month moving average.



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



Signs of nightlife

- Spending at restaurants and bars has lifted in recent months (seasonally adjusted).
- Bakeries, for smaller treats, have had an easier time of it over the past 18 months.

Spending at restaurants and bars vs bakeries

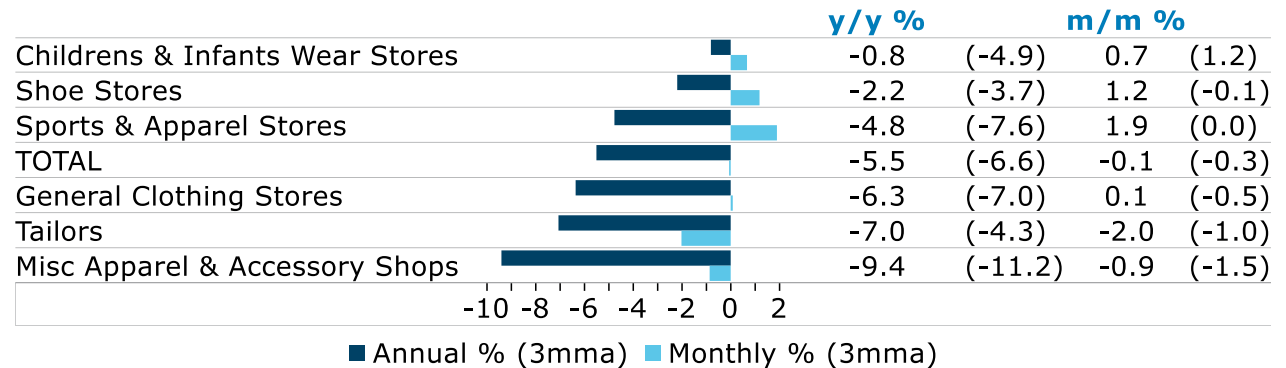


Source: Macrobond, ANZ Research



Dressed or stressed

- The clothing retail sector remains very subdued, but here too the fall is gradually easing, with turnover down 5.5% y/y in nominal terms versus 6.6% y/y last month.
- A few categories eked out positive changes in momentum, but all are still down versus a year ago in terms of spend.
- Overall, it's a story of falls petering out rather than lifting spending.

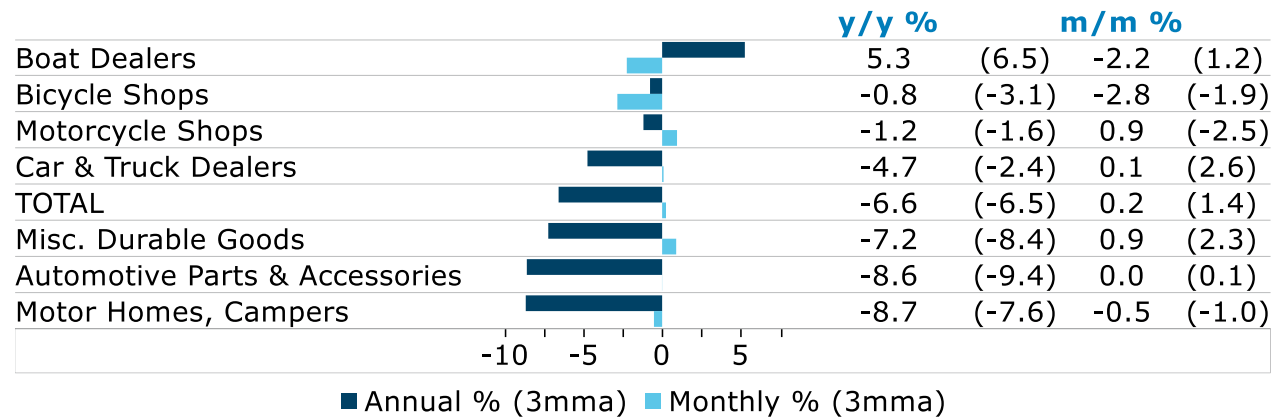


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Durables

- Durables spending is still very sluggish, with total spend in this category still down 6.6% y/y.
- The biggest contributor to the annual fall (and by far the biggest category) is automotive parts and accessories.
- The annual decline in spend at car and truck dealers is smaller than it was in winter, but it's still very weak.



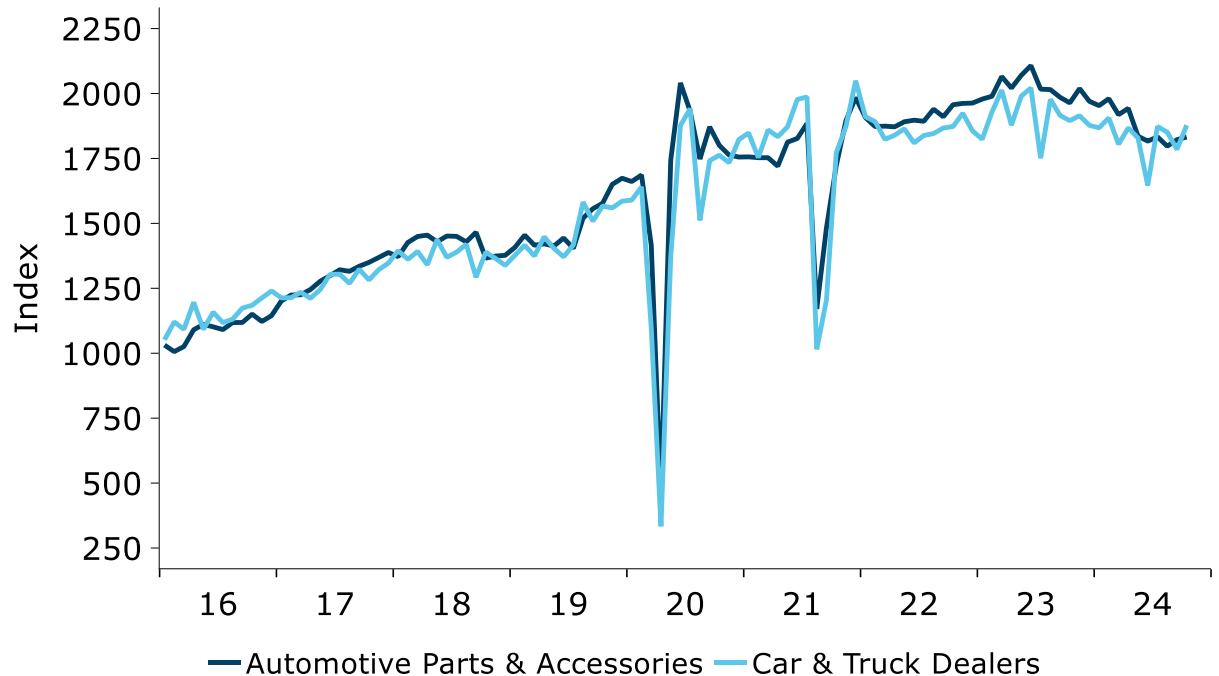
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Floor it

- Seasonally adjusted spending on both automotive parts and accessories and at car and truck dealers seems to have found a floor in recent months.

Automotive parts/accessories and car/truck dealers

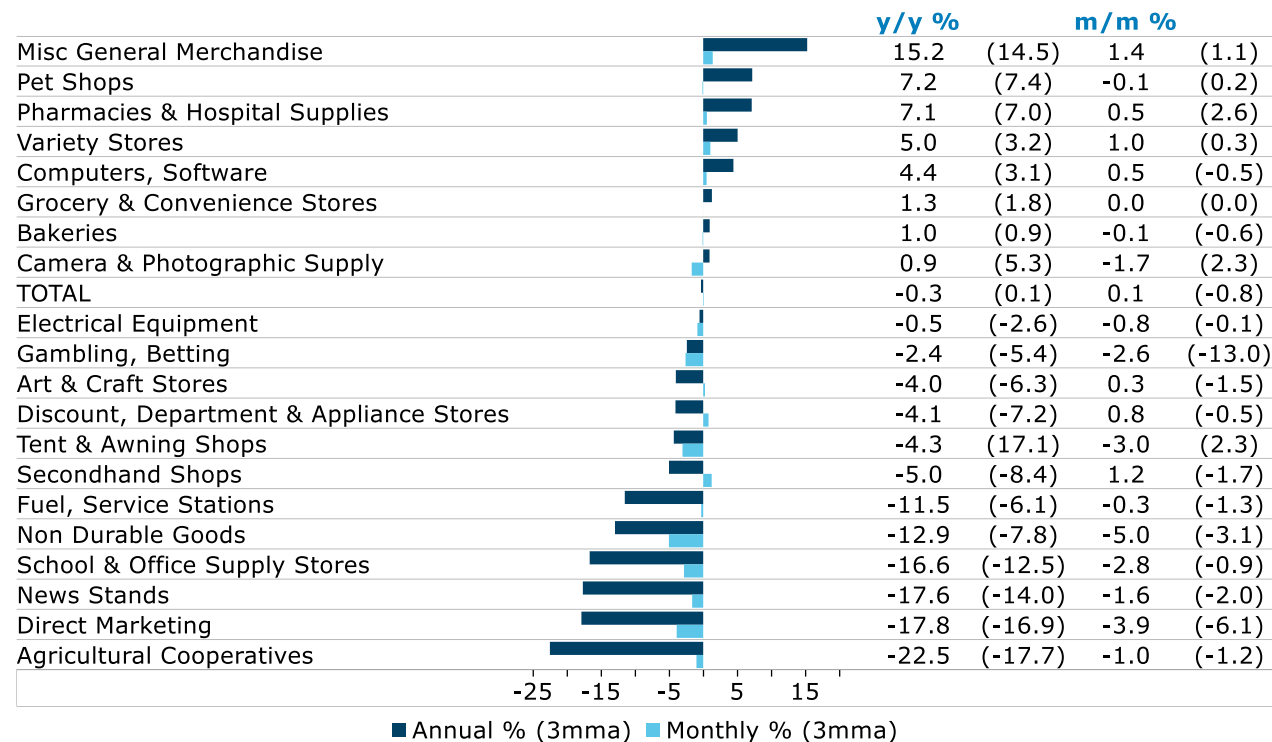


Source: Macrobond, ANZ Research



Miscellaneous goods retail

- Grocery and buy-now-pay-later spending are supporting this category.
- Lower fuel prices are a significant drag on the annual growth because it is such a large spending item. The second-largest drag is from discount, department & appliances.



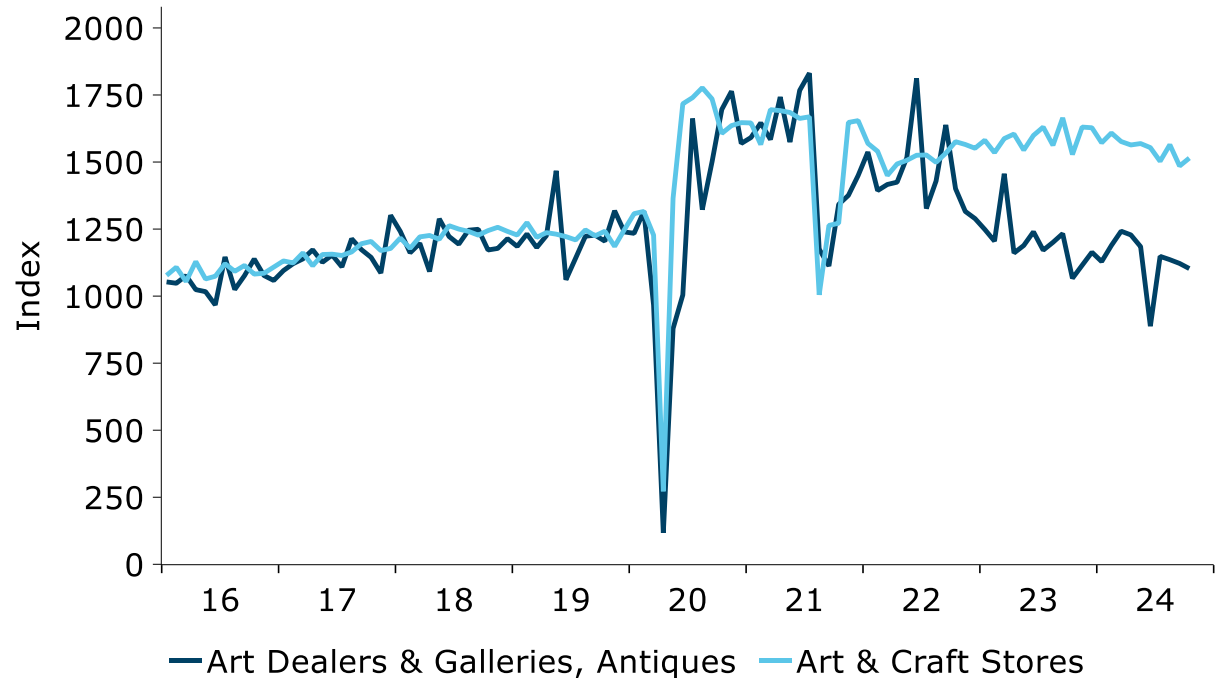
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Luxury vs necessity

- Art is a tough way to make a living in recessions. Spending is down whether you're buying someone else's work or making your own.

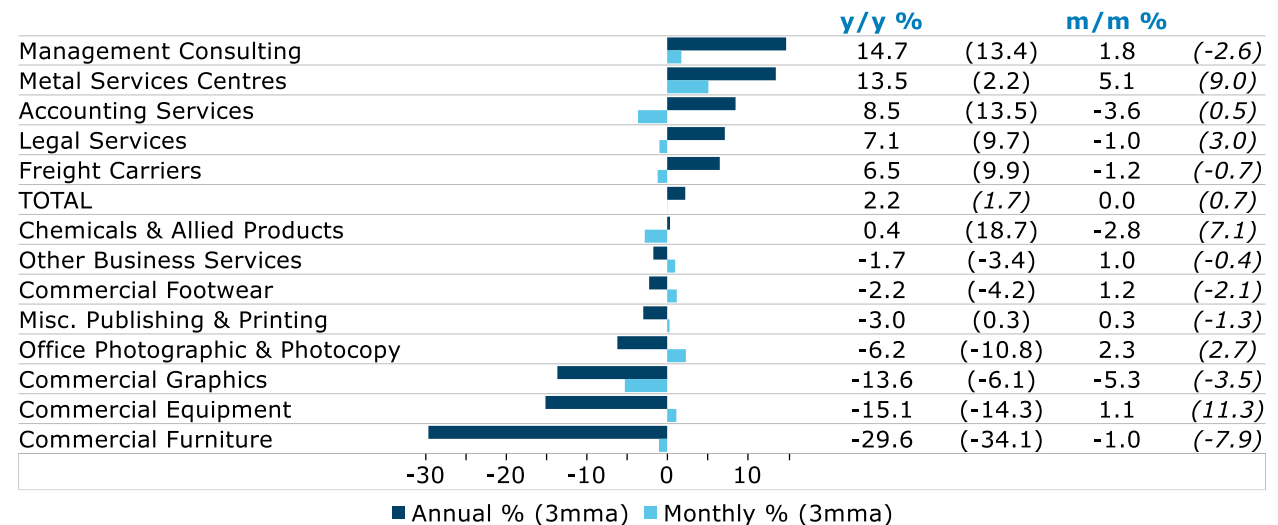
Spending at art galleries and artist/craft supply stores



Source: Macrobond, ANZ Research

Business goods & services

- Spending on goods and services that are predominantly for business purposes remains mixed, with the total up 2.2% y/y.
- Spending at professional services firms is holding up, while at the other end of the scale, it appears office and hospitality fit-outs remain few and far between.



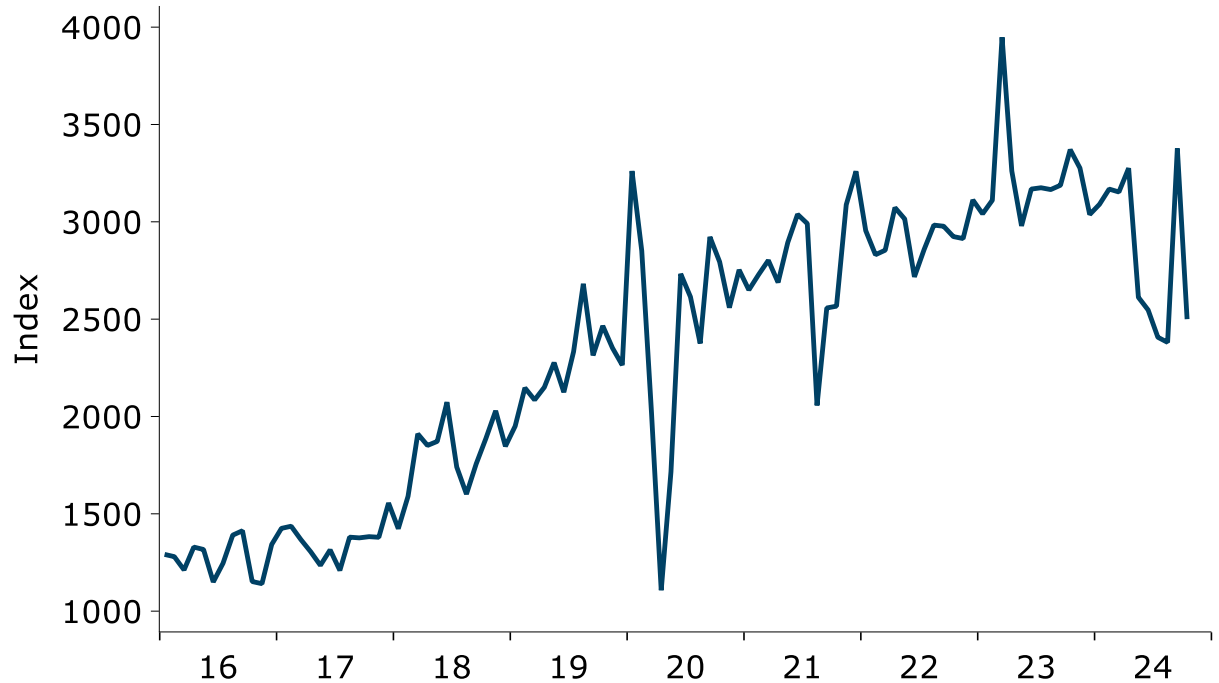
Source: Macrobond, ANZ Research
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Cheap chairs

- No sign of a sustained turnaround here yet.

Commercial furniture

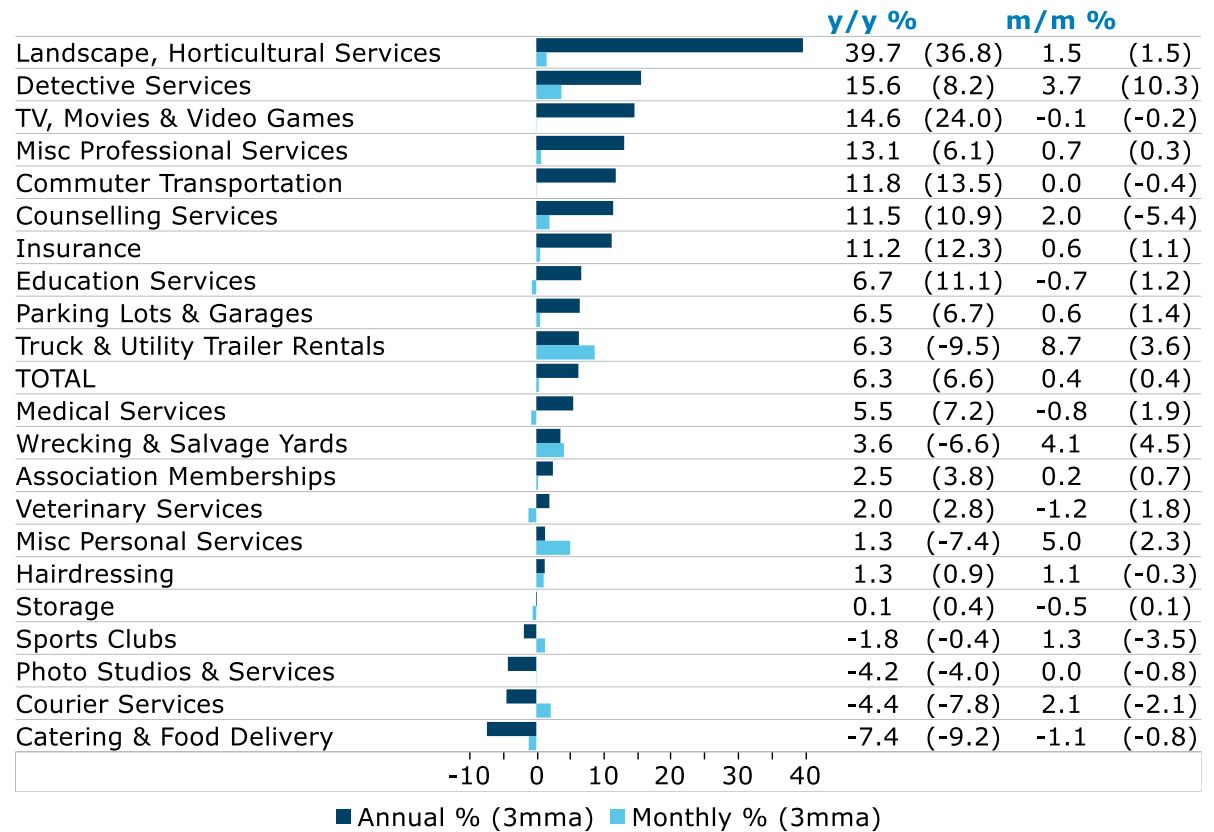


Source: Macrobond, ANZ Research



Miscellaneous services retail

- Annual growth for this group eased slightly from 6.6% to 6.3% in October.
- Insurance and medical services are the biggest categories in this group and are responsible for much of the growth – must-haves for many. But there are very few components in this group that are down year-on-year, interestingly.



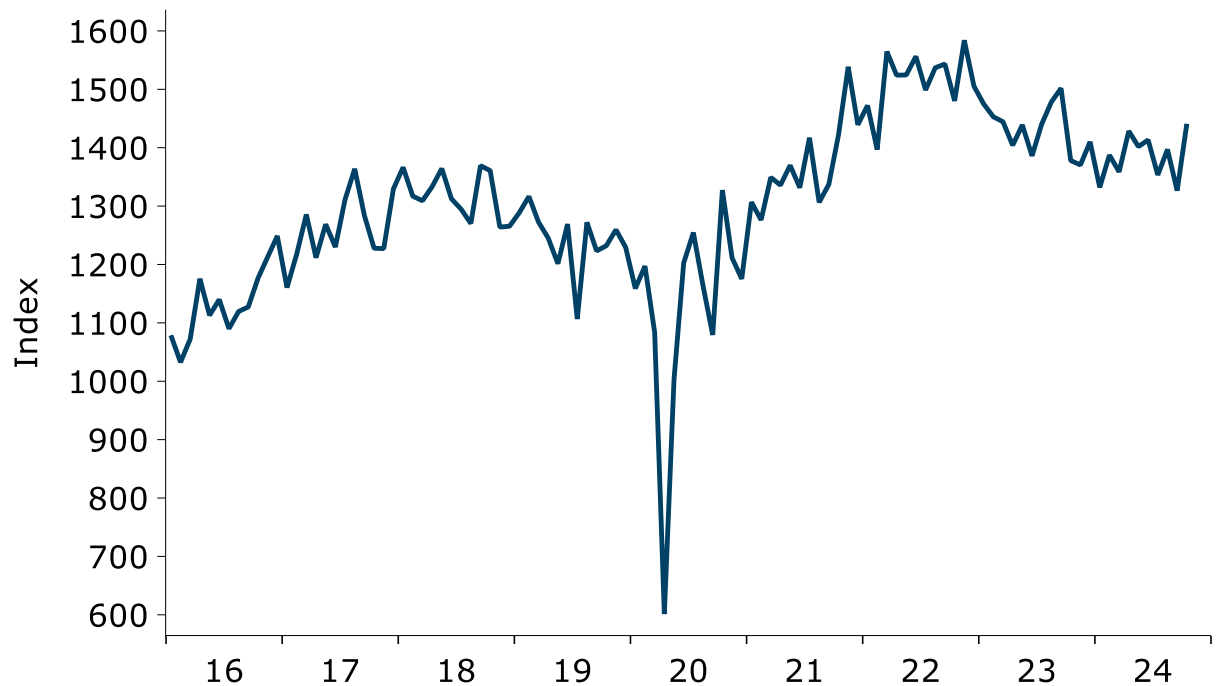
Source: Macrobond, ANZ Research



Steady as she goes

- Couriers are often considered a leading indicator for the economy. If so, there's not a lot to see just yet.

Couriers

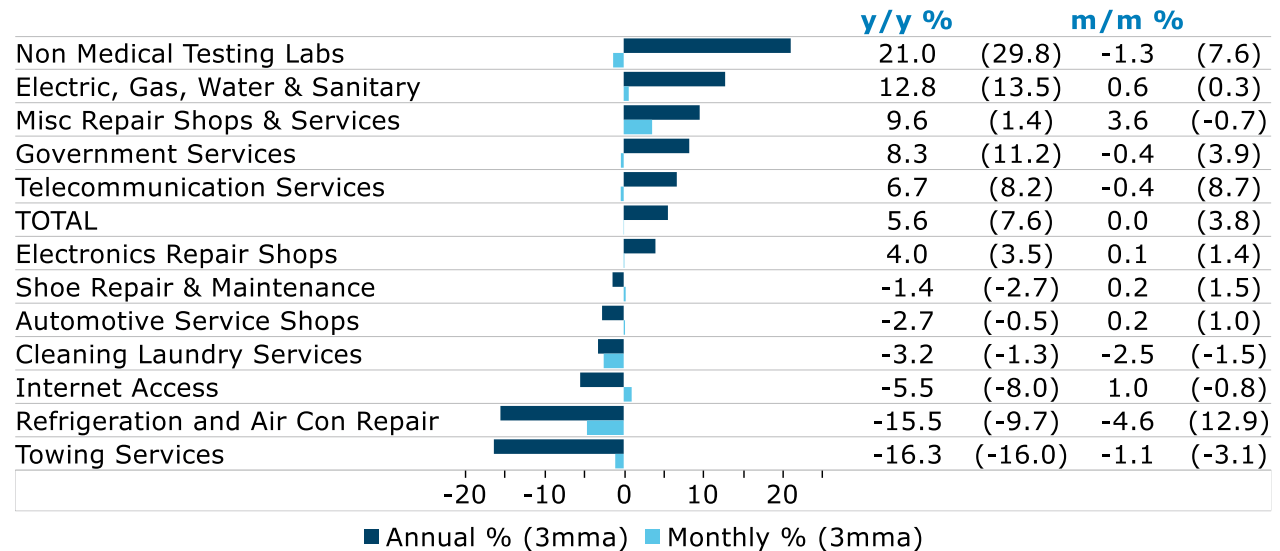


Source: Macrobond, ANZ Research



Utilities & repairs

- Many of the goods and services in this category sit towards the “necessity” end of the spectrum of spending choices. All else equal, the steadier the volume of turnover, the greater the proportion of variation in spend will be explained by price moves.
- Automotive services made the biggest negative contribution to the group, being such a large category.



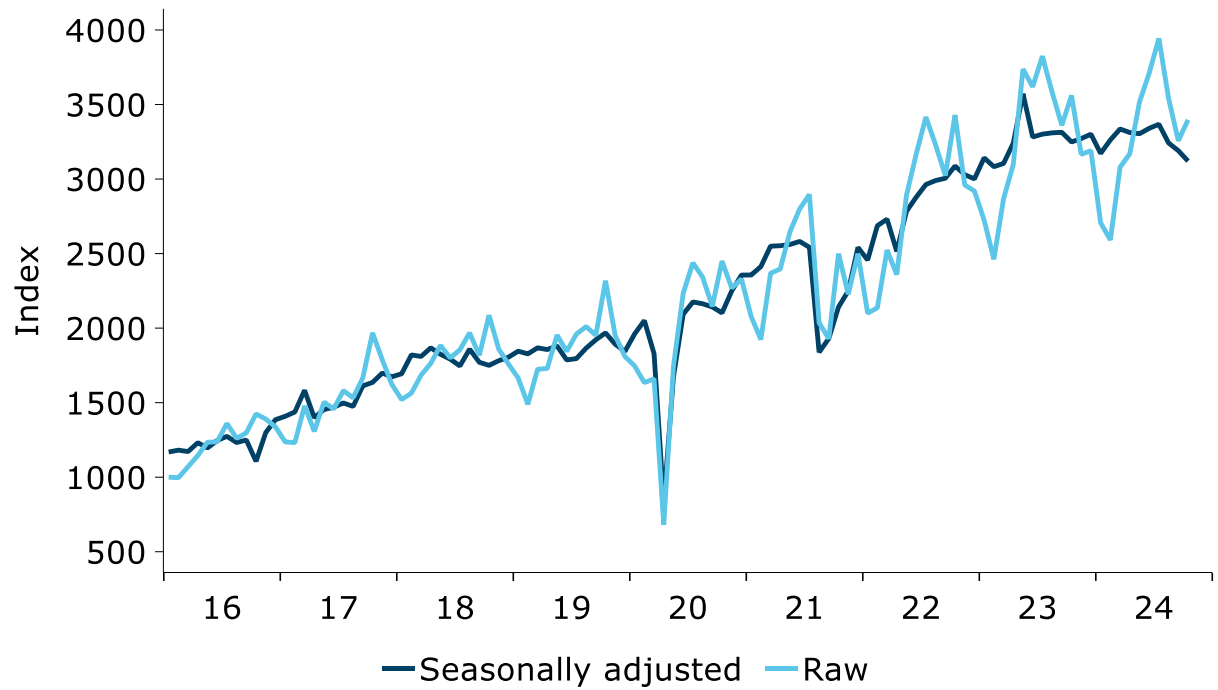
Source: Macrobond, ANZ Research
(Previous month's data in parentheses).



Keep it clean

- The cleaning and laundry services category is dominated by laundromats and dry-cleaning.
- The decline might reflect more people watching their pennies as the labour market continues to soften, but also the softening in accommodation spend, which could be showing up in rentals of holiday homes too.

Cleaning and laundry services



Source: Macrobond, ANZ Research

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Last updated: 20 February 2024

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