

Data for September 2023

ANZ NZ Merchant and Card Spending Chartpack

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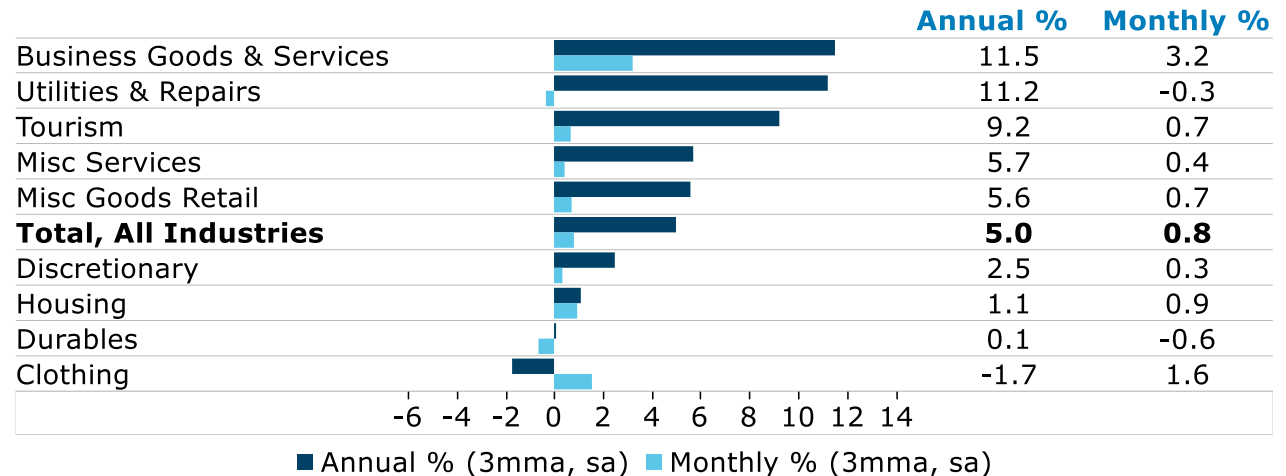
Notes

- This data includes both EFTPOS and credit card spending that is either on an ANZ card, or with a merchant who banks with ANZ (or both).
- Spending is nominal, meaning observed moves are a mix of price and volume changes. Goods or services with more volatile prices will also have more volatile spending, all else equal (eg fuel, fresh food).
- Categories where individual merchants might be identifiable have been aggregated or removed.
- 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.



Overall categories

- Spending growth in most categories eked out small positive gains in September (seasonally adjusted).
- Spending on business goods & services continues to outperform, along with the less discretionary category of “utilities and repairs”. Tourism also remains a bright spot in annual change terms.
- At the other end of the scale, clothing spending is lower than a year ago, despite inflation in the CPI clothing component of 4.4% y/y.



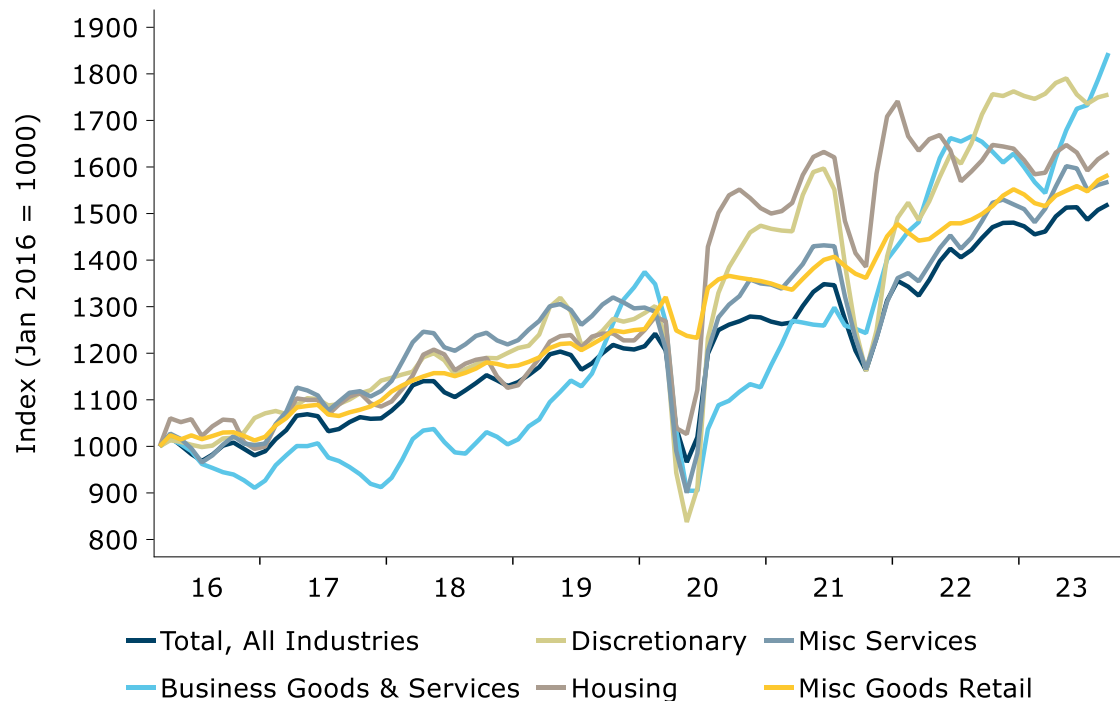
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Note: Business Goods & Services and Misc Goods Retail data have been revised due to a change in collection method which better captures actual spend in the Management Consulting and Grocery & Convenience Store categories respectively.

Overall categories (levels): outperformers

- In terms of overall levels of spending, business goods and services is strongest and trending higher, followed by discretionary spending.
- Recall, however, that spending is a mix of price and volume moves – it may be that inflation has been higher in these areas, rather than real spending.

Categories outperforming the total



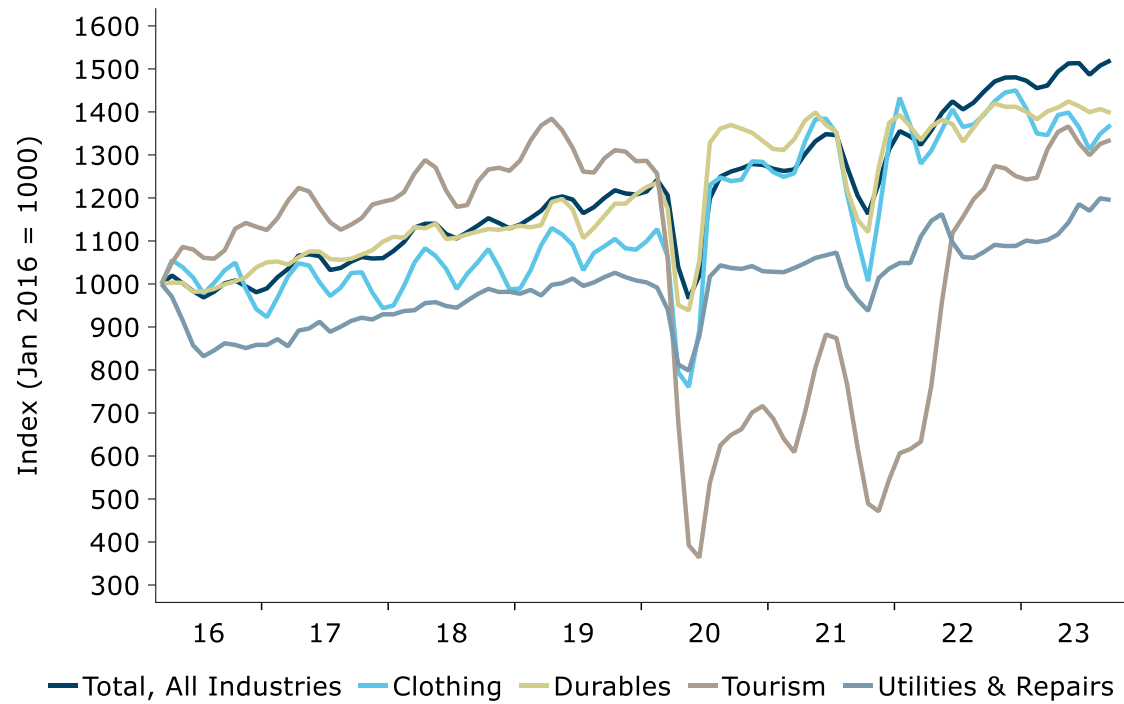
Source: Stats NZ, Macrobond, ANZ Research



Overall categories (levels): underperformers

- Tourism's recovery is impressive but incomplete.
- Utilities and repairs remains the soft spot in levels terms, though it has been lifting recently.

Categories underperforming the total

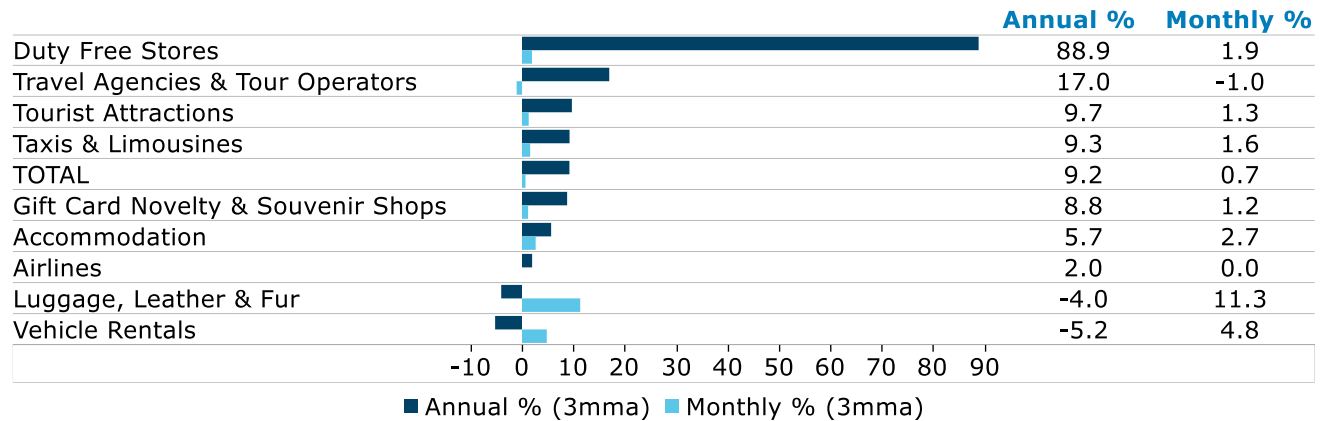


Source: Stats NZ, Macrobond, ANZ Research



Tourism-related spending

- Growth in tourism-related spending continues to be, for the most part, significantly stronger than a year ago.
- Duty-free store sales are nearly twice what they were a year ago, though some of this will be due to inflation.
- The slow return of tourists from China may be a contributor to low sales of leather and fur products versus a year ago, though sales are now lifting.

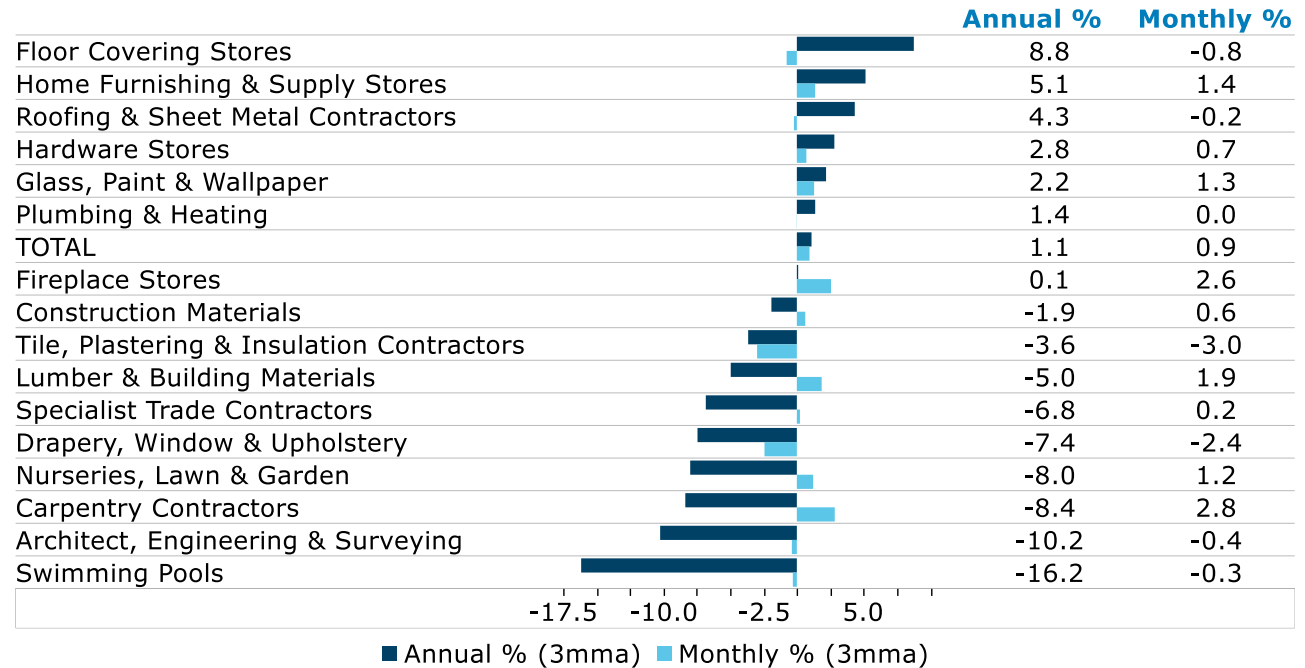


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Housing-related spending

- Monthly growth in housing-related spending was a mixed bag in September, with a mix of rises and falls.
- There is still a pipeline of house builds being completed. However, the outlook for residential construction is not strong; forward-looking industries such as architectural services are weak.

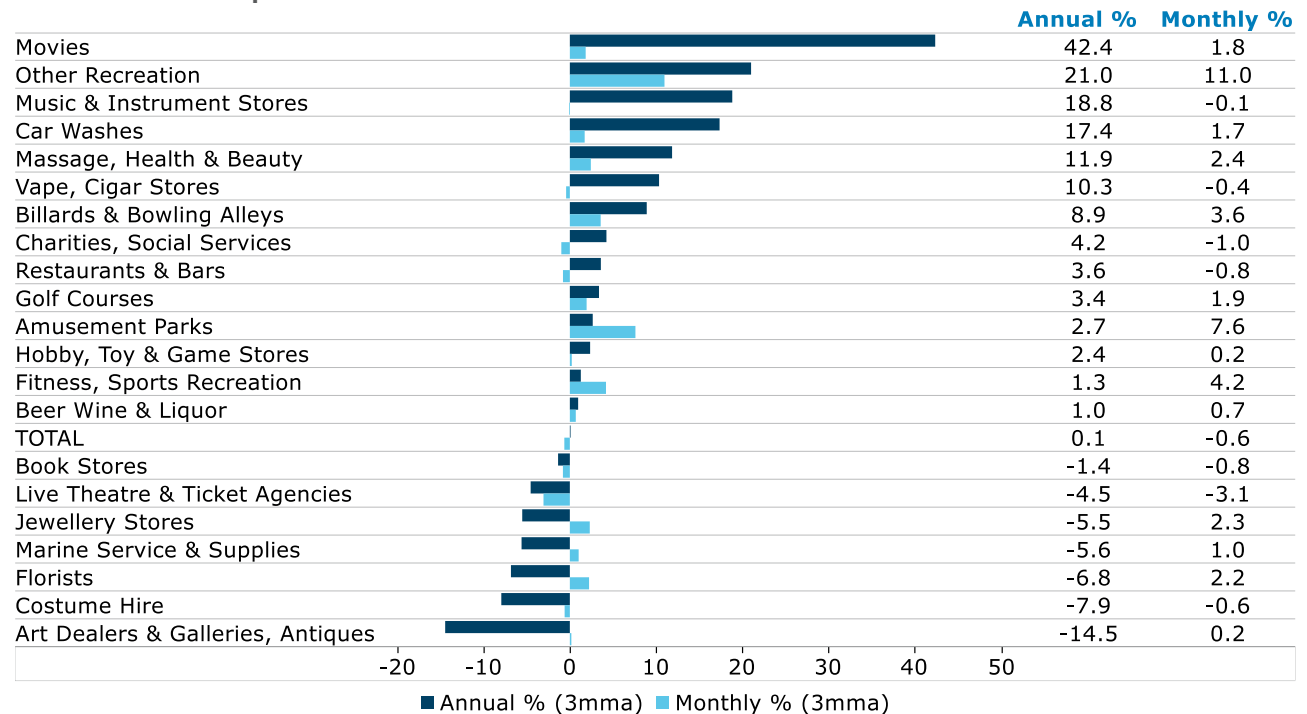


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Discretionary

- There's a mixed picture in annual growth across a range of spending categories that could reasonably be considered as "discretionary" spending.
- Barbieheimer explains why spending in the past three months on movies versus a year ago is very strong, and ski-fields explain the "other recreation" strength.
- It seems cutbacks on discretionary spending include art and antiques.

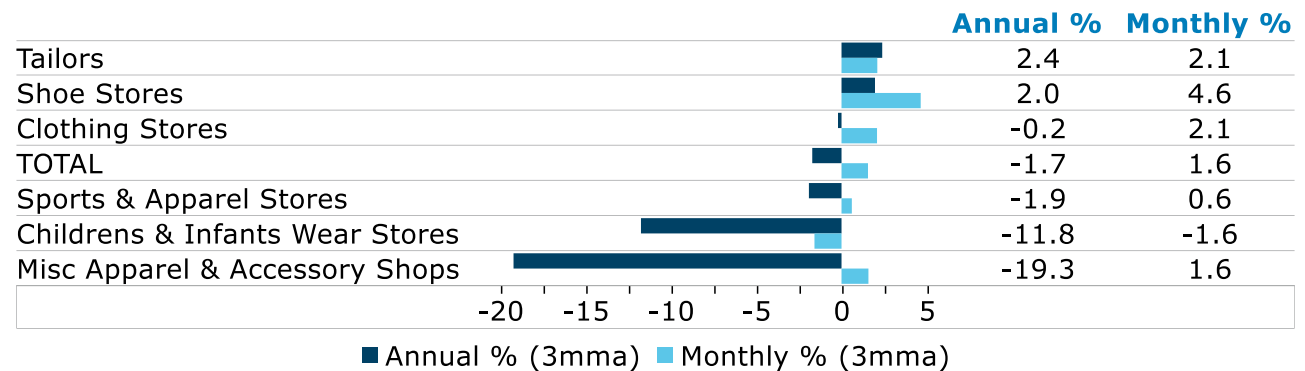


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Clothing

- Clothing retail is a mixed bag but was mostly positive in terms of momentum.
- The more marked weakness in specialist childrens' and infant-wear stores versus a year ago may reflect the pressure the 'mortgage belt' of young families is under from higher interest rates.

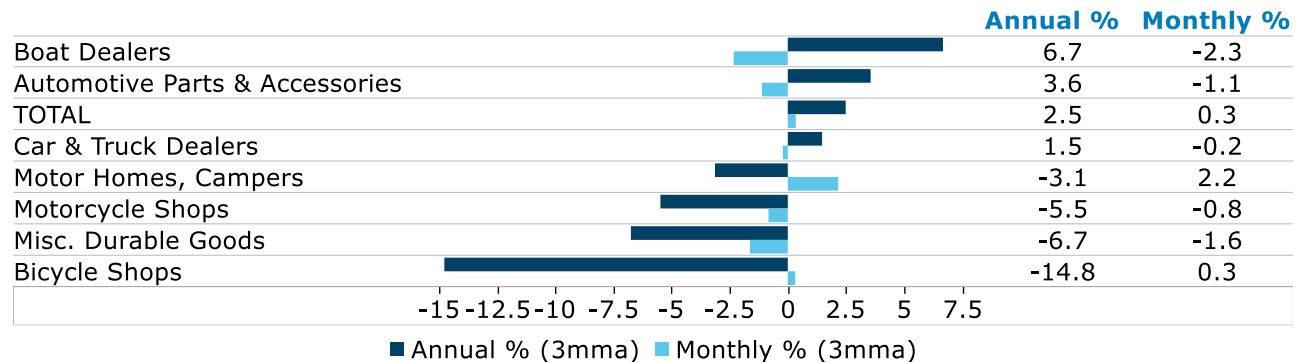


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Durables

- Durables spending tends to be more cyclical than other types of retail. Monthly moves were a mixed bag.
- Vehicle sales are relatively soft, particularly bicycles versus a year ago. As well as weaker sales, discounting may be a factor, due to strong inventories.
- Spending at boat dealers remains well up versus a year ago. This is likely to be a reflection of the very long waiting times for boat orders a year ago, rather than strong demand currently.

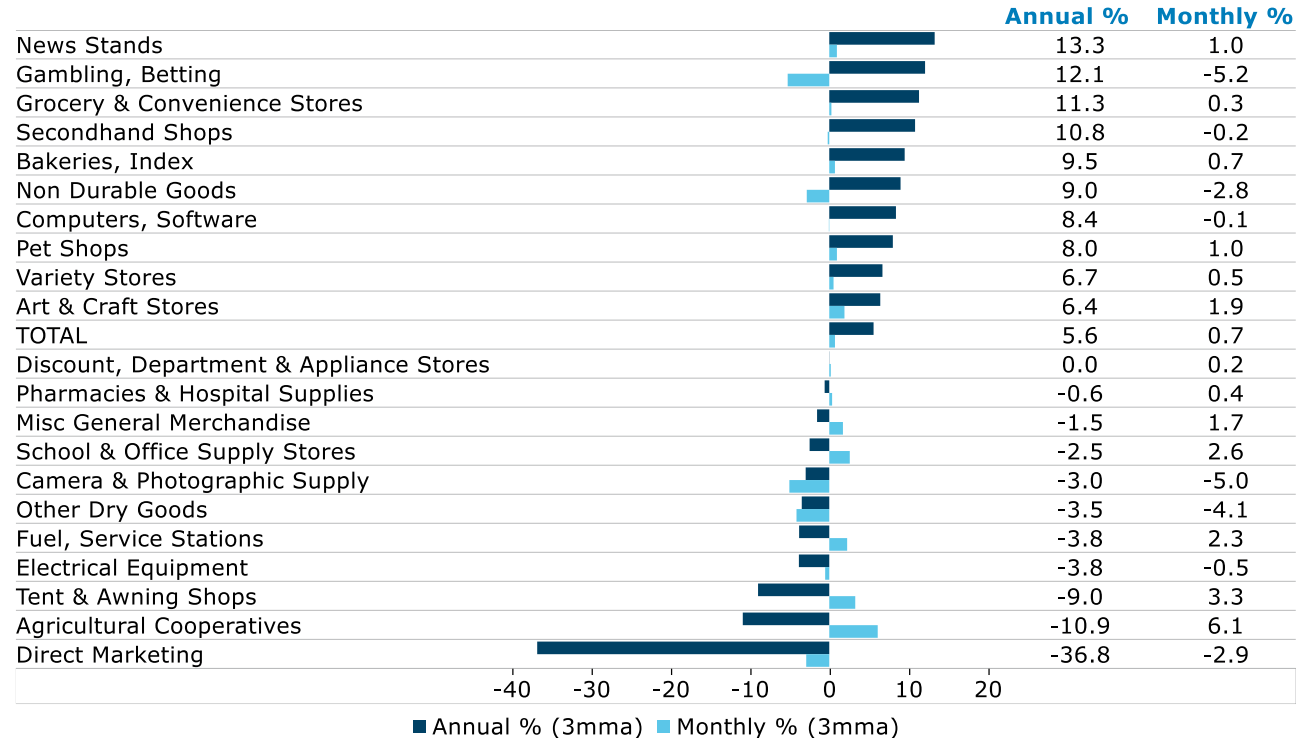


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Misc goods retail

- Goods retail is a mixed bag. Most categories have been losing momentum of late, with annual growth declining, though some of this may be due to easing inflation pressures.
- Secondhand shops continue to experience strong sales as more households cut costs where possible.

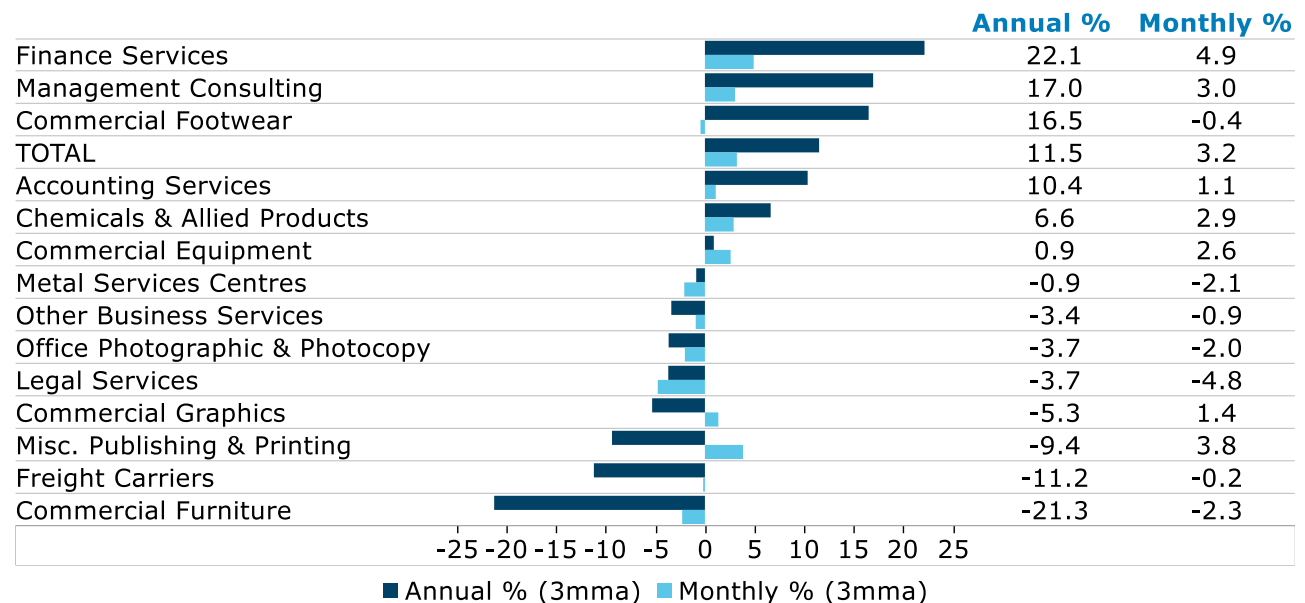


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Business goods & services

- Spending on goods and services that are predominantly for business purposes is a relative bright spot.
- However, the reduction in freight services likely reflects a broader cooling in economic activity.
- The weakness in commercial furniture may be related to the work-from-home phenomenon, or more general caution in business investment in office space.

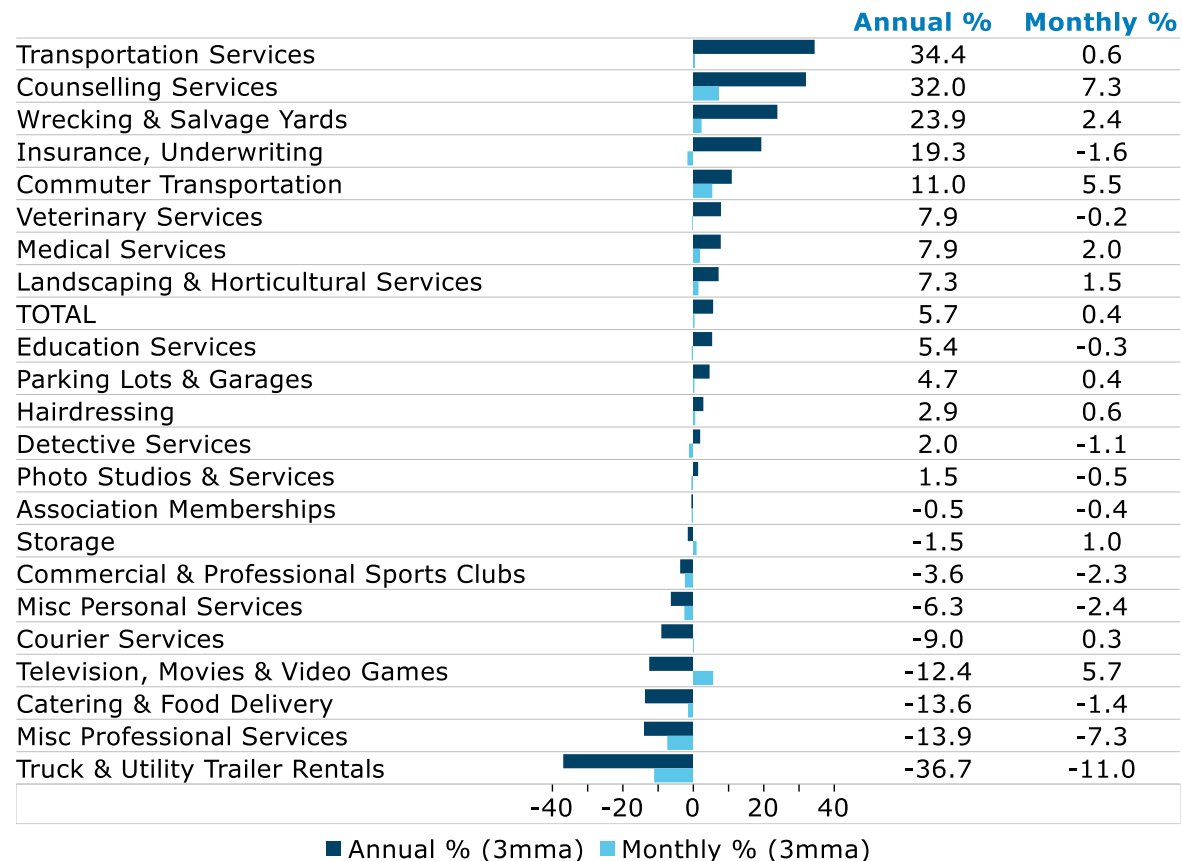


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Miscellaneous services retail

- Transport-related services are benefiting from tourism.
- Lower truck and trailer rentals may be related to less housing-related activity generally.
- Spending on counselling services is up nearly a third versus a year ago, but some of this will be price-related.

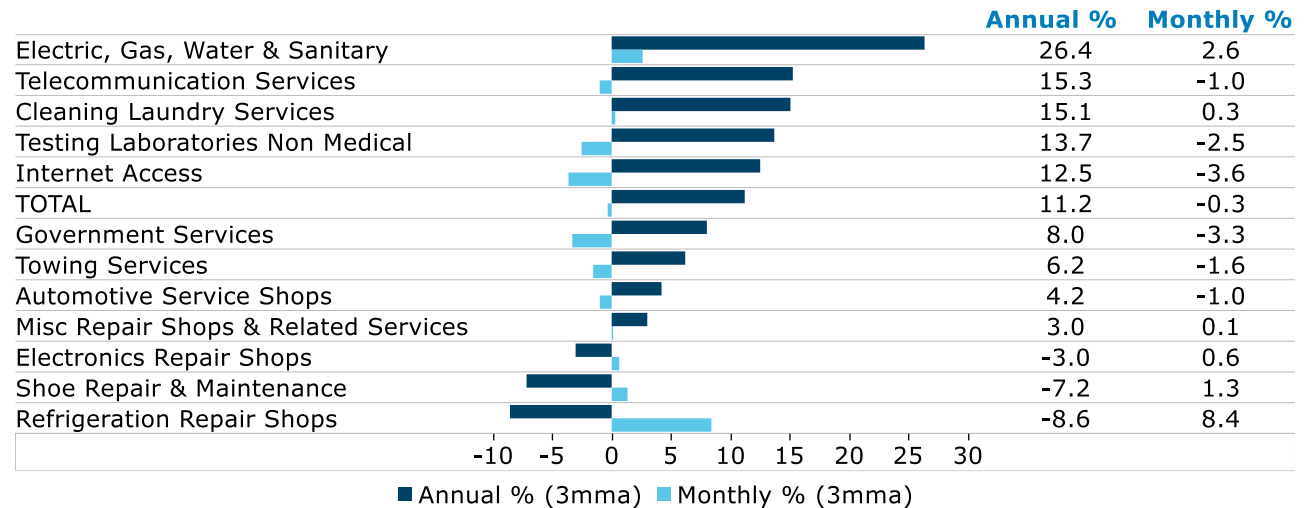


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Utilities & repairs

- Most of this group continue to recover from a lacklustre mid-2022, though recent momentum isn't strong.
- Electricity, gas, water and internet access have maintained a growth trend from the outset. This likely reflects price pressures in a category that's a necessity with little scope for cutting spending.



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