

Data for May 2024

ANZ NZ Merchant and Card Spending Chartpack

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Published 10 June 2024

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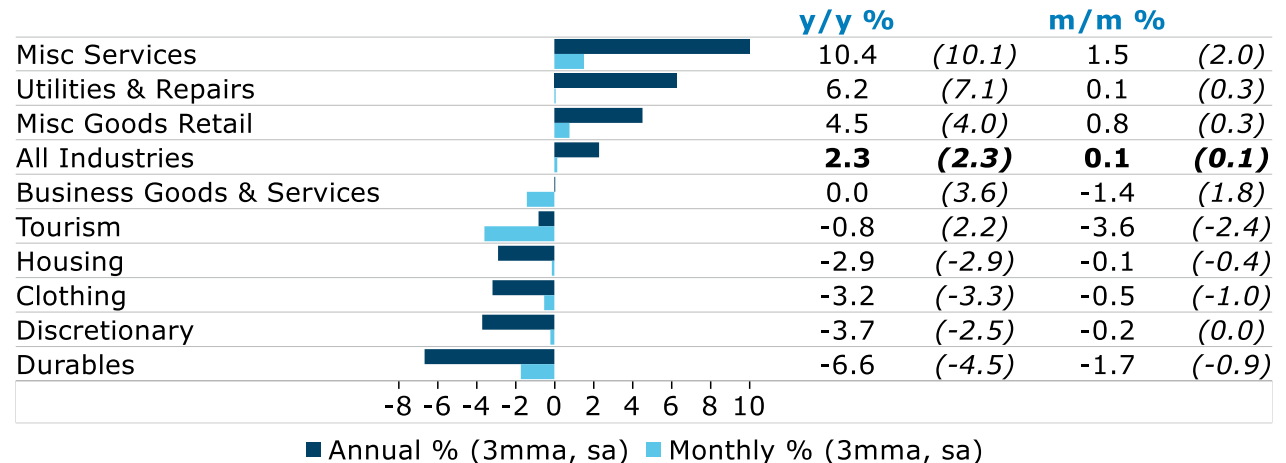
Notes

- 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 discovered a spending component had been inappropriately allocated to the Home furnishing and supplies category. This category has been substantially revised as a result. We apologise for the error.



Overall categories

- Annual growth was just 2.3% y/y in May, despite inflation running at a considerably higher pace.
- Durables, discretionary spending categories and clothing continue to lag.
- The impetus from tourism-related spending has turned into a drag on growth.
- Miscellaneous services is one category gaining momentum, with strength here driven by finance services.

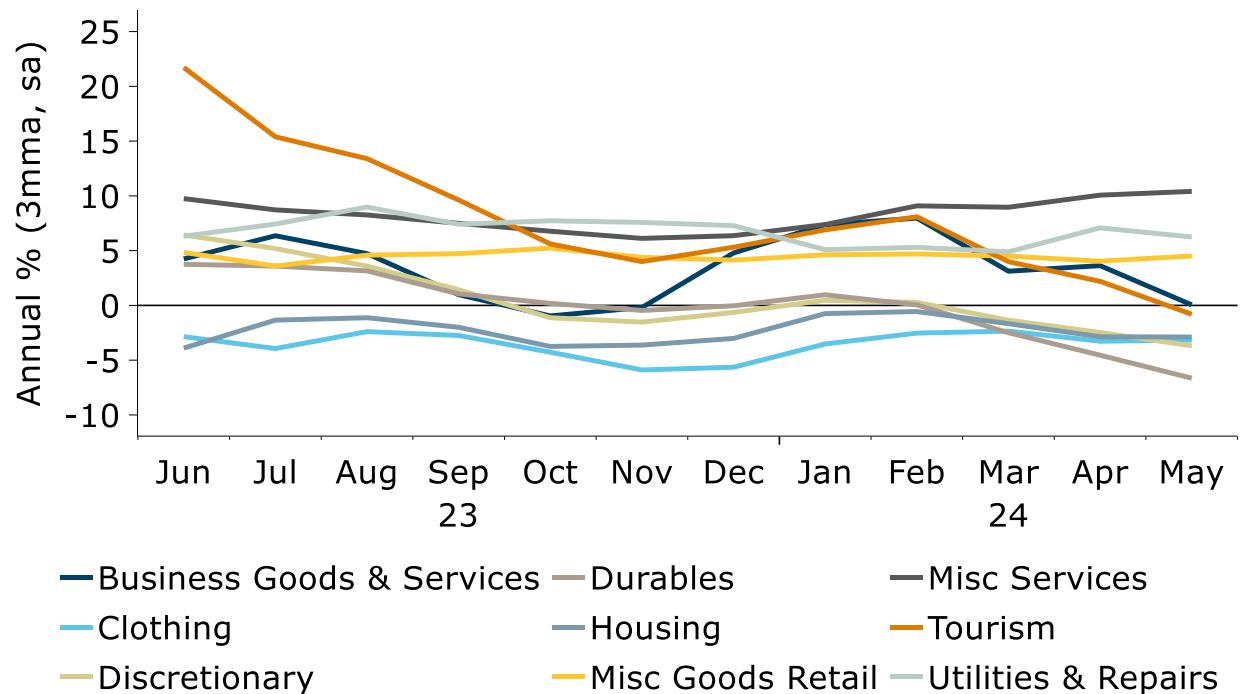


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Mounting pressure

- The sharp decline in durables spending is notable. Clothing, housing and discretionary categories are also in the red year-on-year, and this month spending on tourism categories and business goods and services joined them.

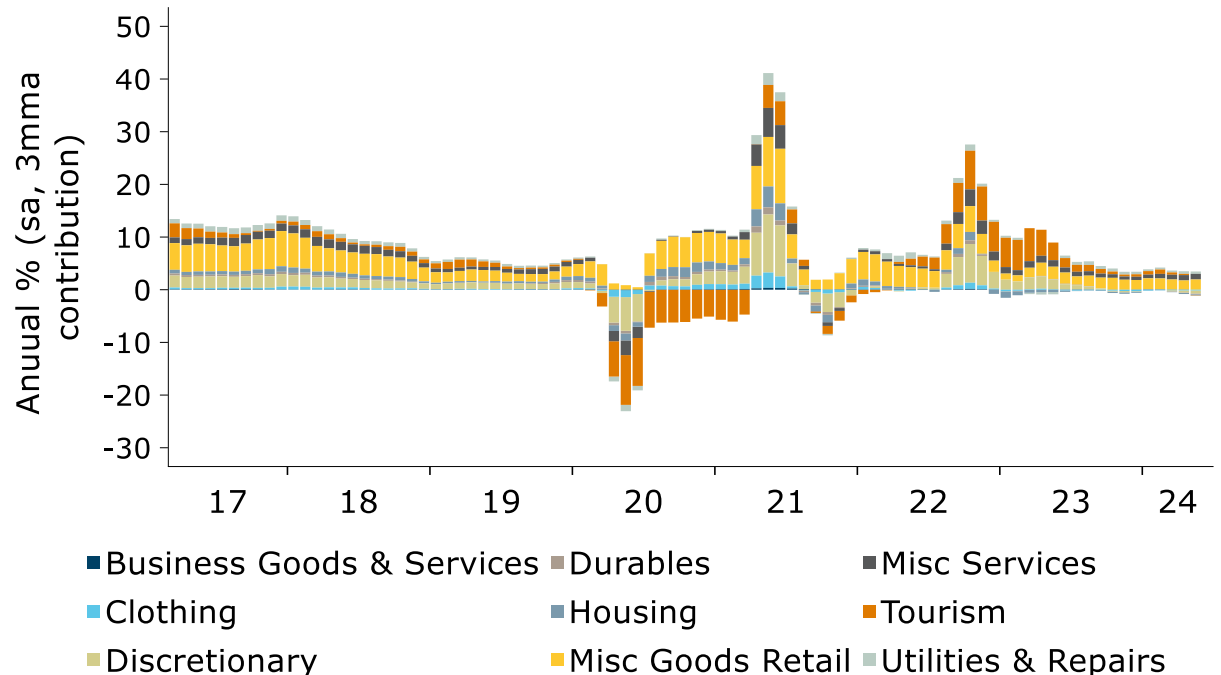


Source: Macrobond, ANZ Research



Wild ride

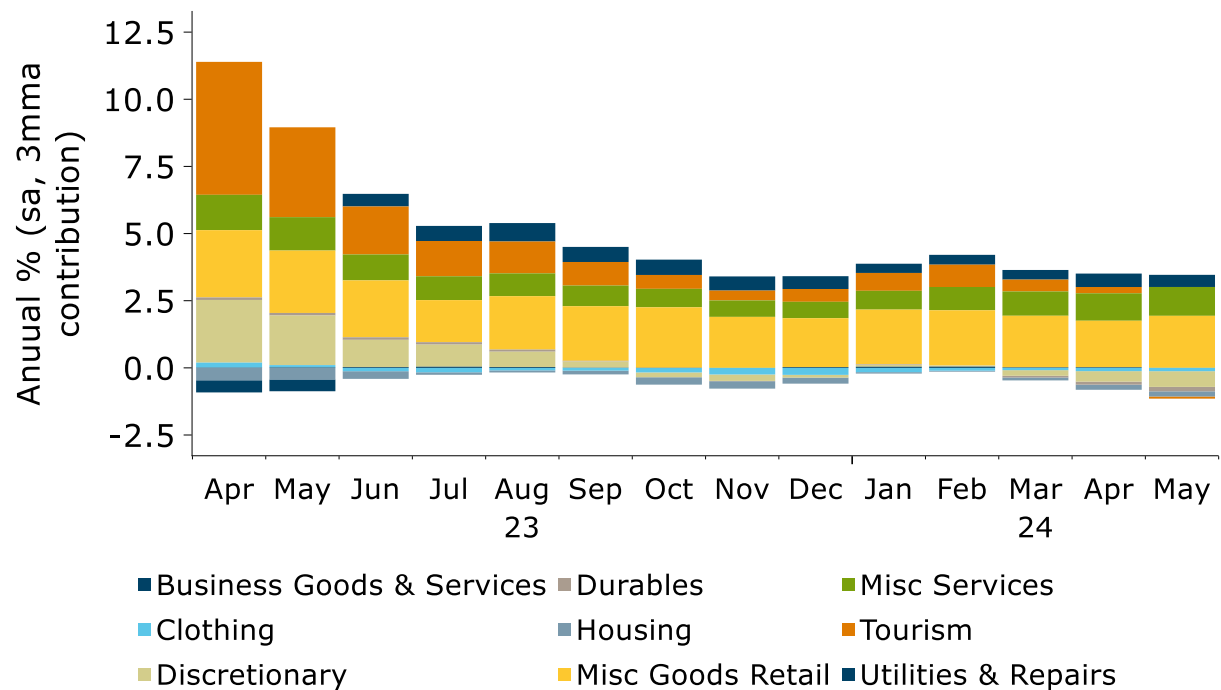
- Some categories are much larger than others. The chart below shows the contributions of each category to total card spending growth since 2017 showing 'normality', the COVID bust and boom, the impact of inflation, the tourism comeback, and now the impact of the consumer slowdown.



Source: Macrobond, ANZ Research

Soggy

- Zooming in on the contributions of each category to total card spending growth in the past year shows growth being held up by just two categories: miscellaneous goods (which includes buy-now-pay-later payments) and miscellaneous services, which as noted, have been supported by finance services.
- The waning impact of the tourism recovery is notable.

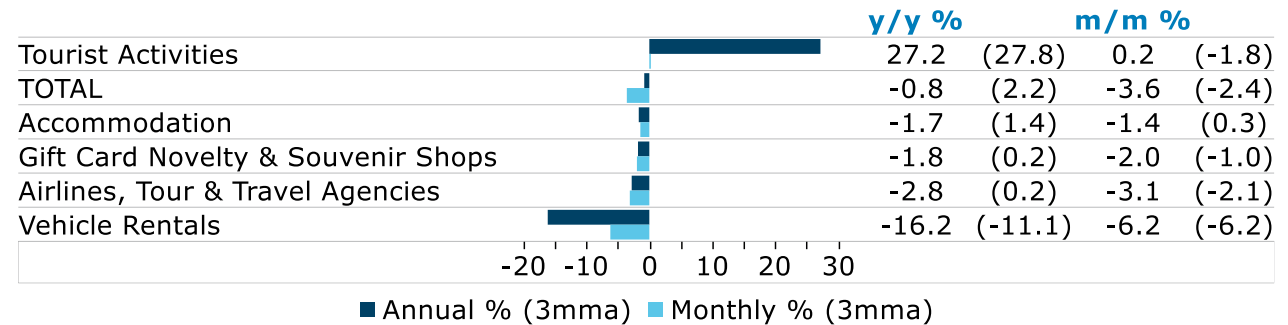


Source: Macrobond, ANZ Research



Tourism-related spending

- The annual growth rate of spending in this category has now ticked into the red.
- The lift in spending at tourist activities is holding up, but is likely also on borrowed time.
- Spending at vehicle rentals continues to drop away, suggesting a softer autumn shoulder season for car rentals than last year.

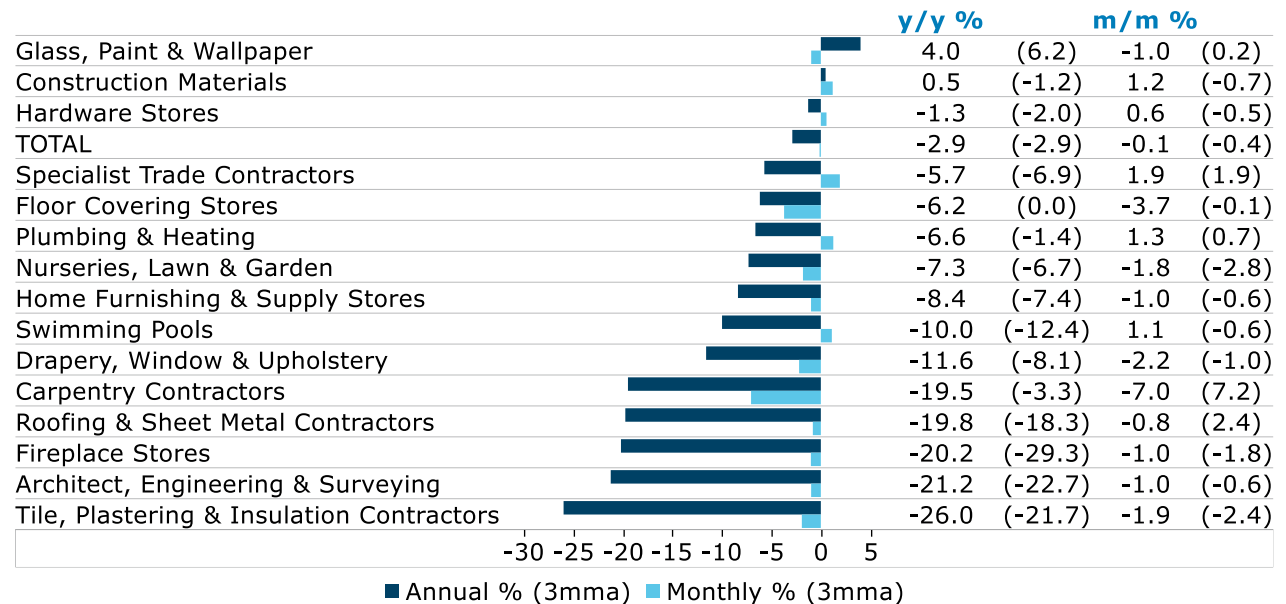


Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Housing-related spending

- Spending in this category is down nearly 3% y/y.
- The only category in the housing group that is up more than negligibly year-on-year is “glass, paint and wallpaper”, suggesting cheap spruce-ups may be standing in for expensive renovations.
- Sharply weaker construction activity is evident in the bottom five categories, which are all down 20-25% y/y.



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

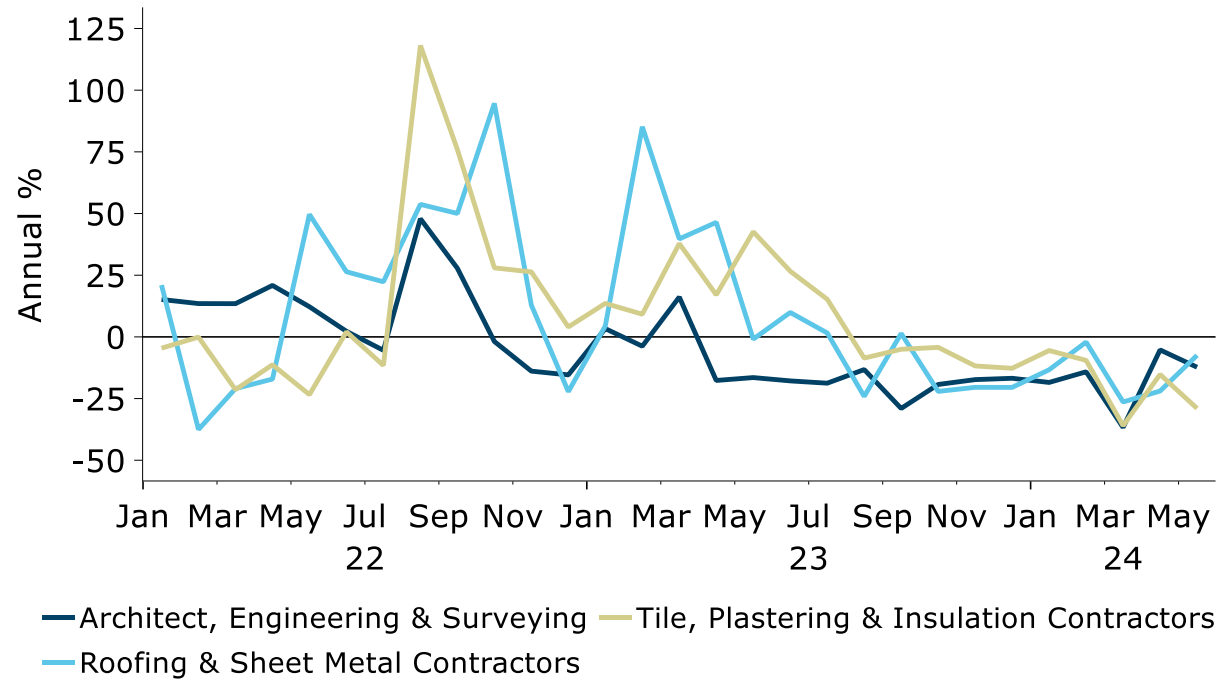
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Pressure building

- Categories related to building are particularly weak at present.

Selected housing spend components

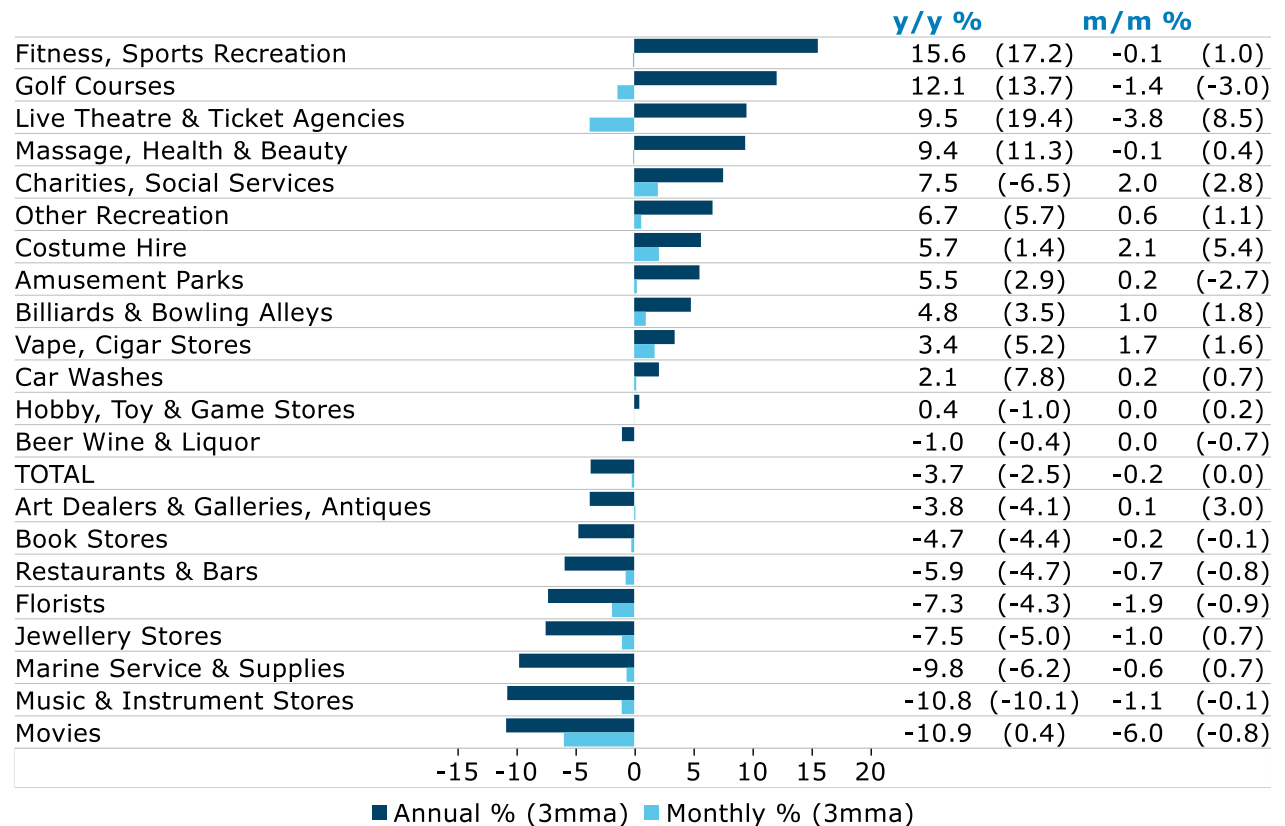


Source: Macrobond, ANZ Research



Small treats

- Spending across a range of categories continues to sink overall.
- Restaurants & bars is by far the largest category in this group and annual growth continues to decline.



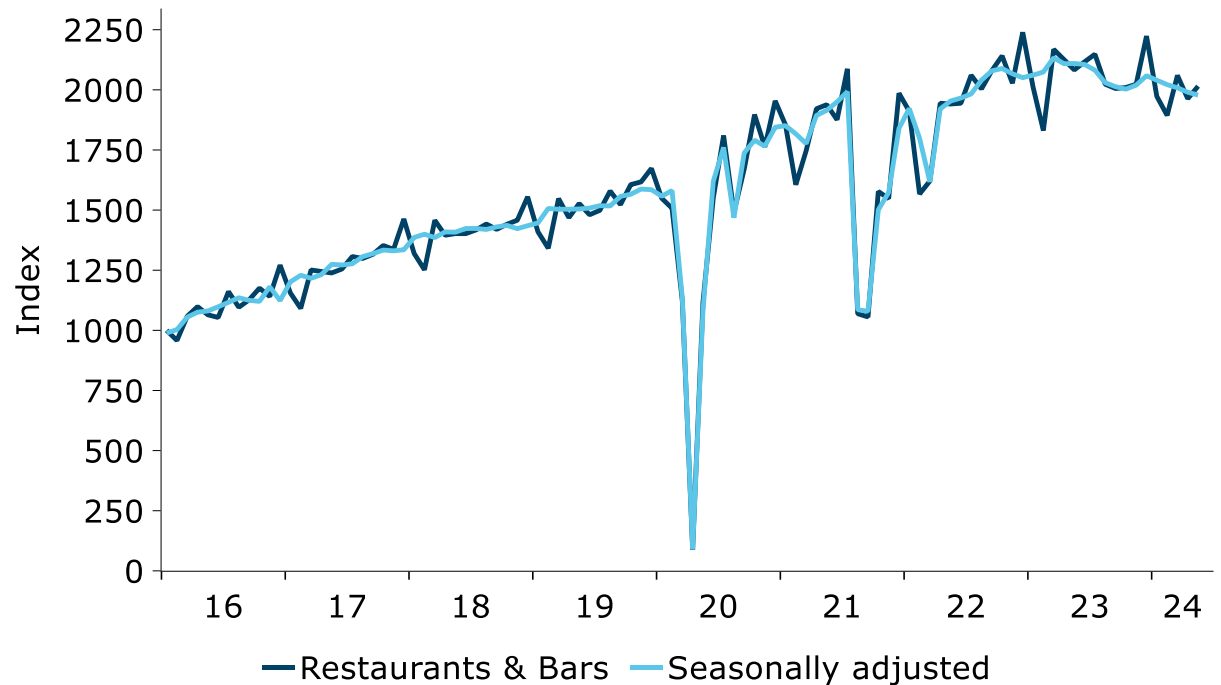
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Cooking at home

- The flattening off and now outright decline in spending at restaurants and bars has been marked as consumers increasingly watch their pennies.

Spending at bars and restaurants

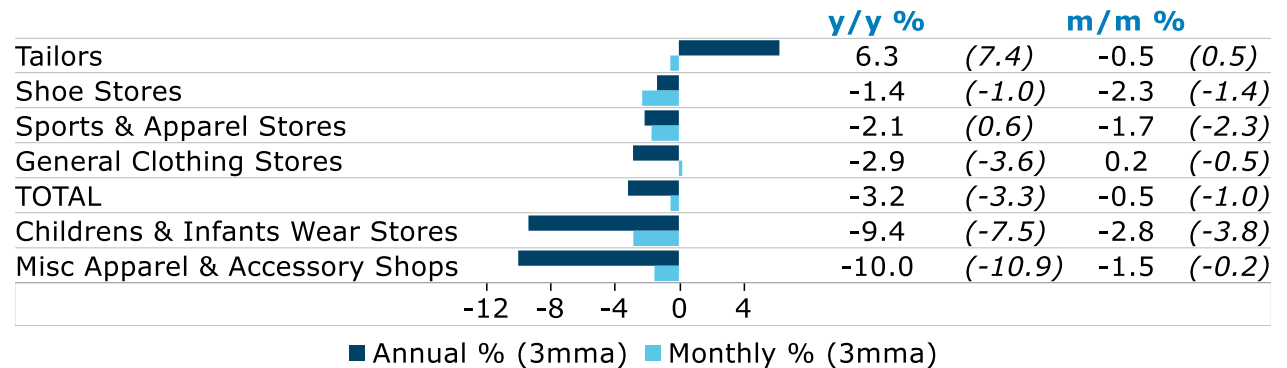


Source: ANZ Research



Threadbare

- Spending across a range of clothing store types remains very weak, while repairing existing clothing has been more popular.



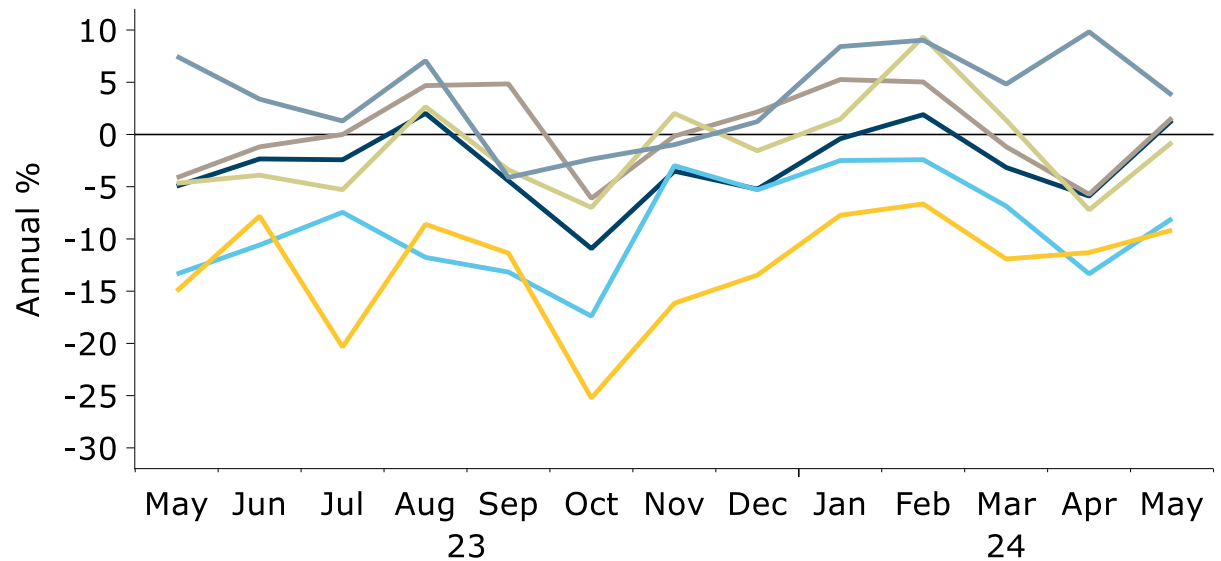
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



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



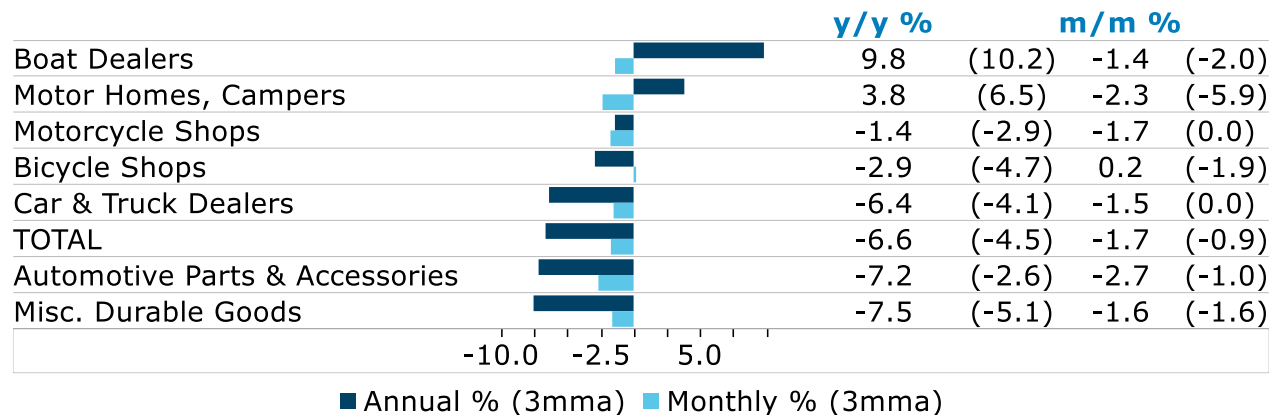
— Total Clothing — Childrens & Infants Wear — Misc Apparel & Accessories
— Shoe Stores — Sports & Apparel Stores — Tailors

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 the return of tourists, but now that the growth in tourist numbers is cooling, annual growth is following suit.



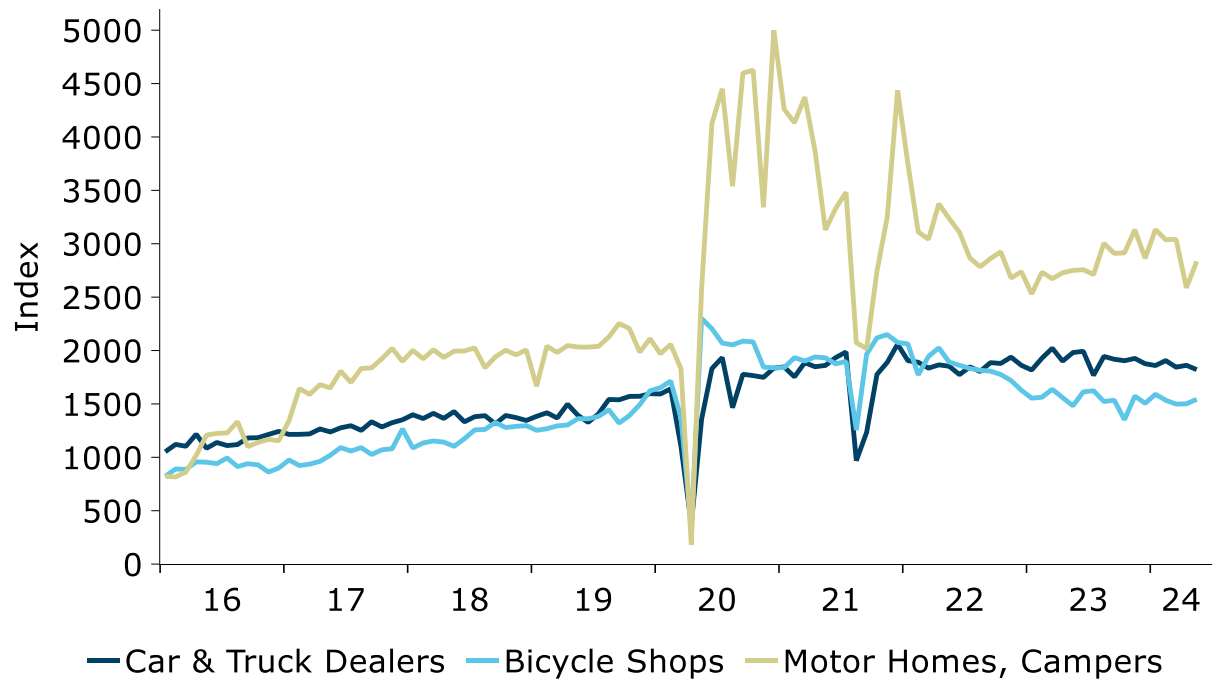
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Wheelies

- Spending on wheeled durables remains weak.

Spending at vehicle retailers



Source: Macrobond, ANZ Research

Miscellaneous goods retail

- Misc general merchandise includes buy-now-pay-later spending, which is part of the growth story here.
- Fuel spending is a big category – spending here has lifted along with fuel prices, but these look set to fall given recent drops in oil prices.



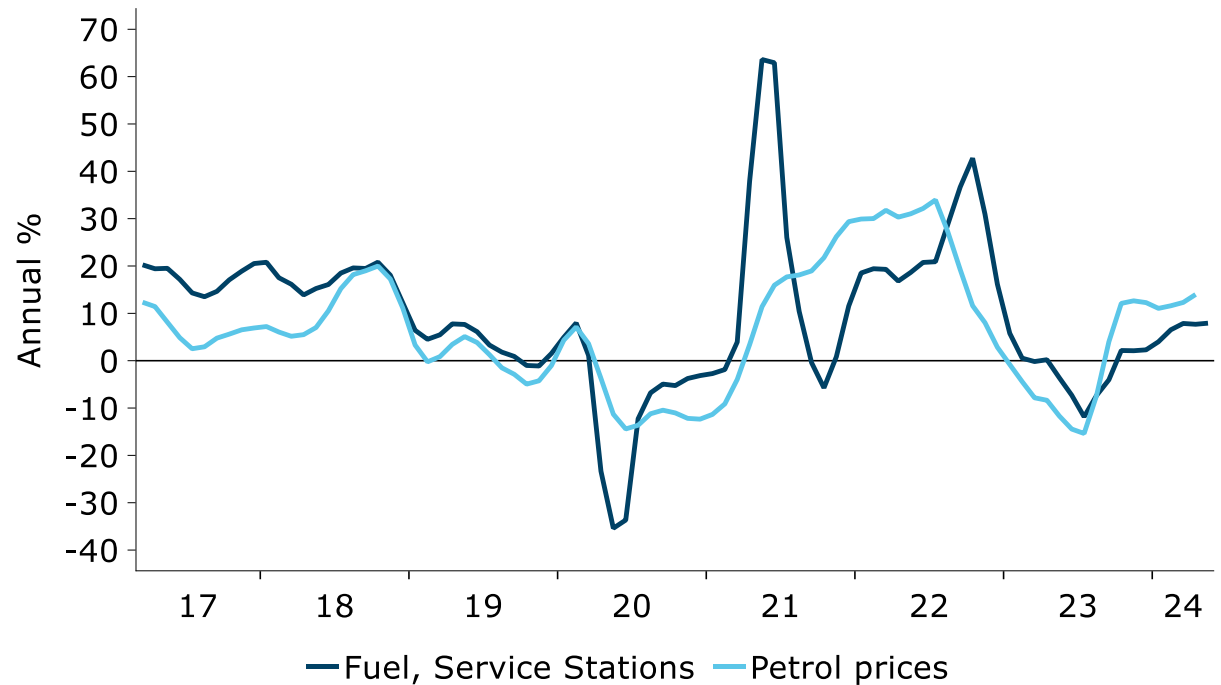
Source: Macrobond, ANZ Research
(Previous month's data in parentheses)



Pumping

- Unsurprisingly there is a correlation between fuel prices and spending at petrol stations. The spike in 2021 was caused by the Auckland fuel tax changes.

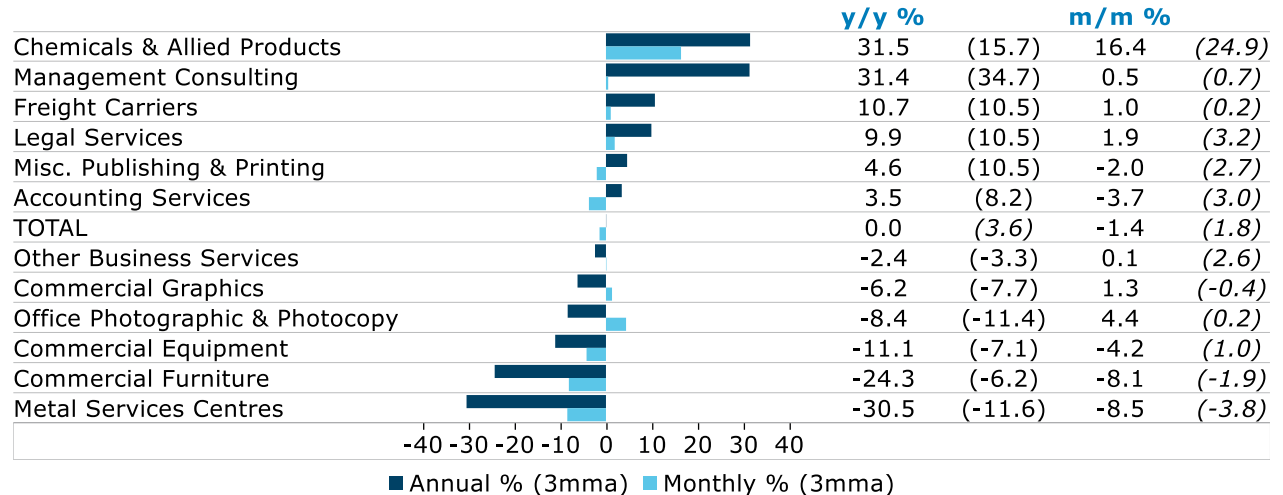
Spending fuel & service stations vs petrol prices



Source: Stats NZ, Macrobond, ANZ Research

Business goods & services

- Spending on goods and services that are predominantly for business purposes 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)



Light at the end of the tunnel?

- Spending on freight services has lifted in the past year, 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, and freight companies report that times are very tough indeed.

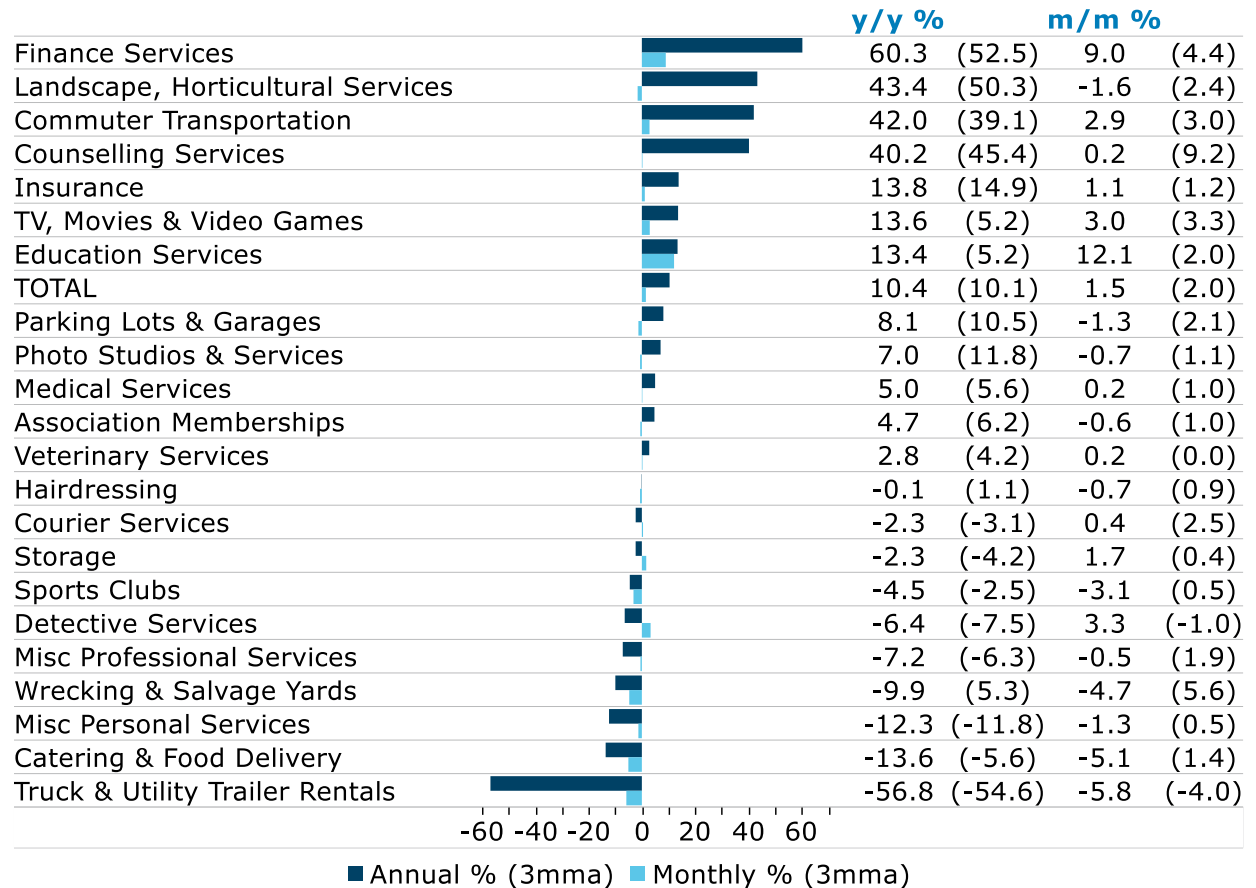
Freight carriers vs goods-producing industries real GDP



Source: Macrobond, ANZ Research

Miscellaneous services retail

- 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 the increase in spend is likely entirely prices rather than volumes.



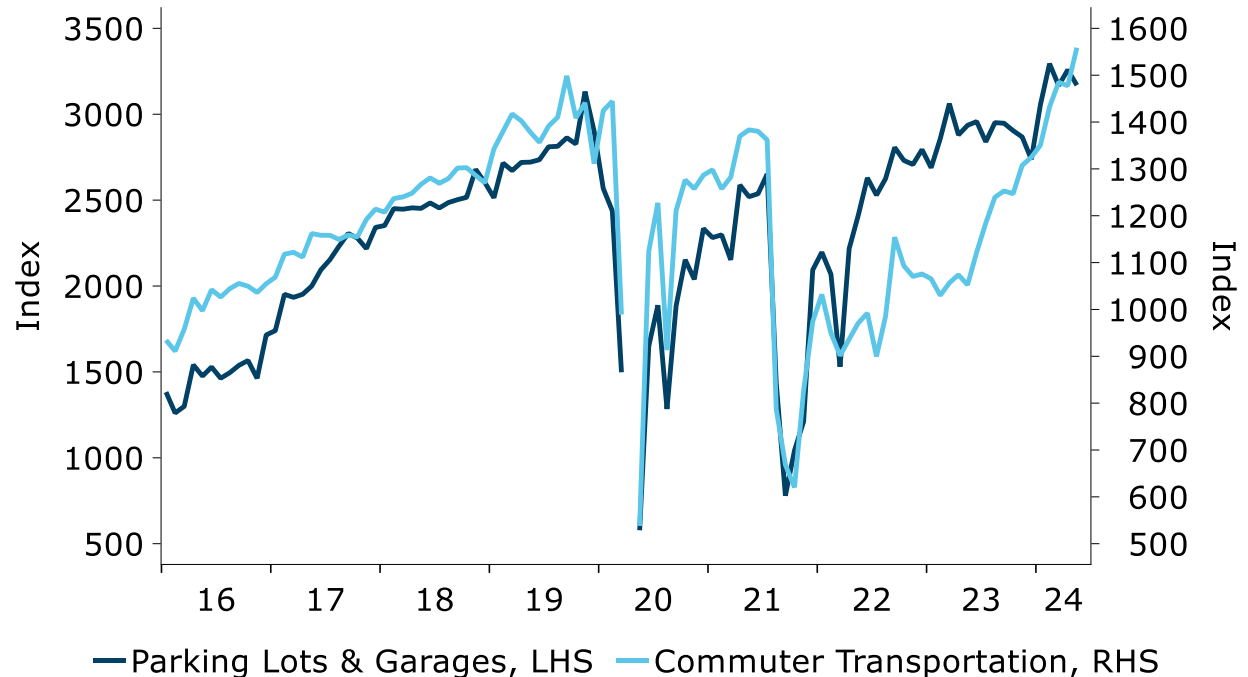
Source: Macrobond, ANZ Research



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 now above pre-COVID levels – as is carparking spend.

Commuter transportation and parking

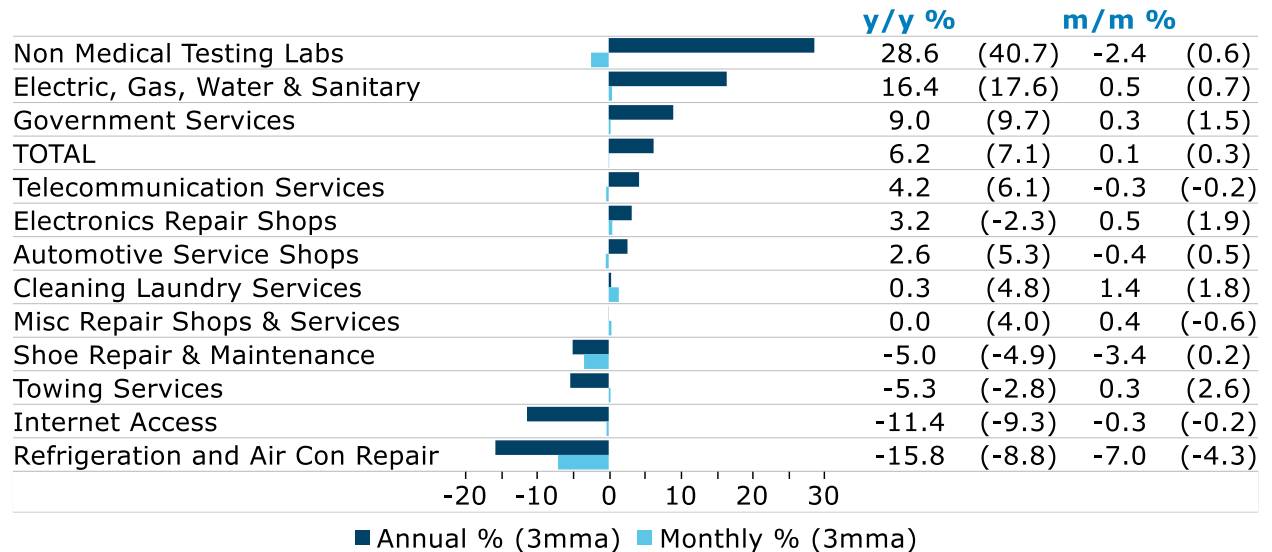


Source: Macrobond, ANZ Research



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.



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

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Last updated: 20 February 2024

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