

# NAB ECONOMICS DATA INSIGHTS

## IMPACTS OF CORONAVIRUS ON CONSUMPTION BASED SPENDING AND BUSINESS PAYMENT INFLOWS



NAB Group Economics

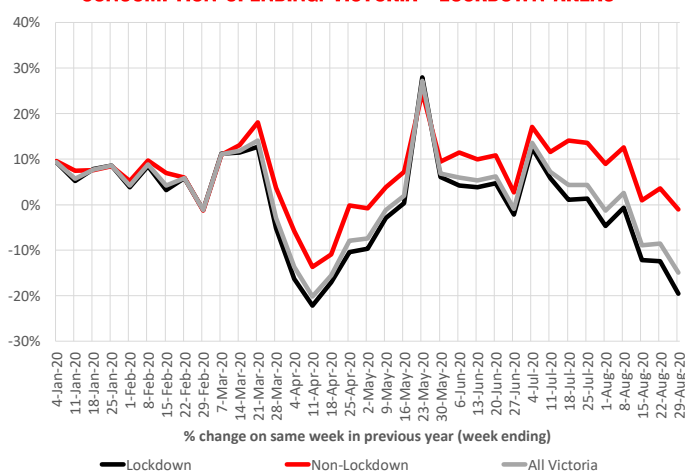
September 2020

During these extraordinary times, NAB has taken the decision to publish aggregated customer data categorised by industry segment with the view to helping provide clarity around which segments of the economy have been most affected by the broader macroeconomic trends at play. NAB takes data privacy very seriously. All customer transaction data has been aggregated and no individual's data is specifically identified or analysed as part of this process. The data used in this report will not be sold or made publicly available, but insights from the data will be shared with the Australian people.

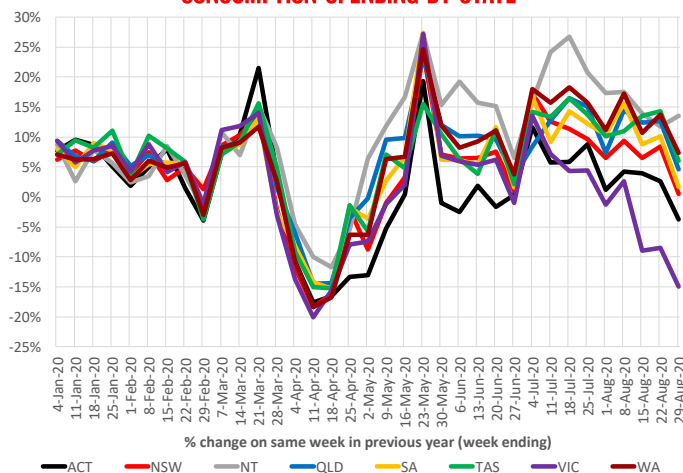
For the week ended August 29, NAB data shows a -2.5% year-on-year fall in overall consumption spending - the first negative read since very early-May. Heavy falls in VIC (-15.0%) - particularly in lockdown areas (-19.5%) - are having a big influence on the national result. That said, spending growth also slowed in all other states (bar NT), and has now stalled in NSW. Across key sectors, spending on Retail Trade is still growing, but at its slowest rate since mid-April. Consumer spending on Hospitality also fell more steeply, as consumers further reduced their spending on accommodation and cafes and restaurants (with the impact from VIC significant).

Total payment inflows into NAB merchants also turned negative. In 6-week moving average terms, they fell -0.5% y/y. By business size, inflows still falling heavily in small firms and corporates, and growing in large and emerging firms (but more slowly). By industry, the story is largely unchanged - inflows weakest in Mining, Hospitality and Transport. Inflows into Other Services are still very robust, with solid (but slower) growth in Arts & Recreation and Retail. Construction has slowed noticeably, as Manufacturing inflows turned negative for the first time since mid-April.

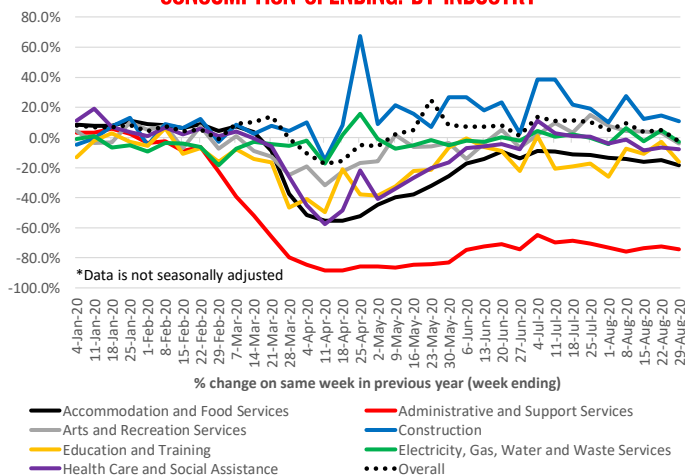
### CONSUMPTION SPENDING: VICTORIA - LOCKDOWN AREAS



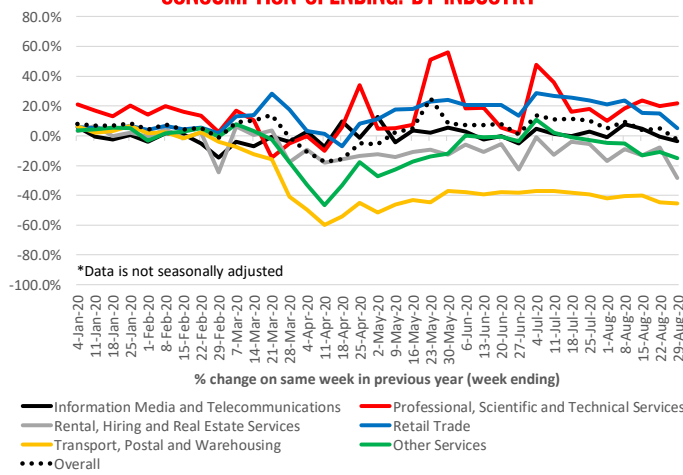
### CONSUMPTION SPENDING BY STATE

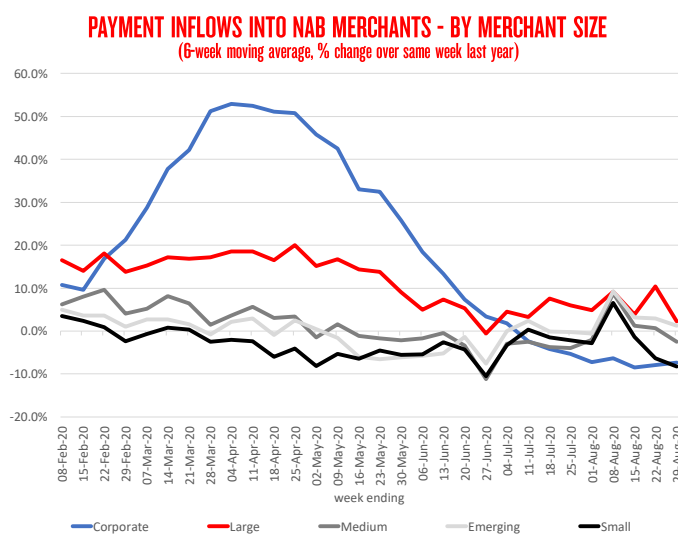
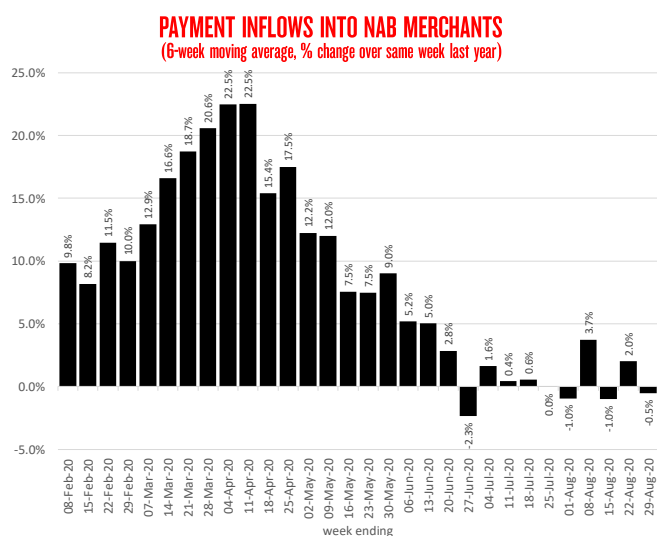
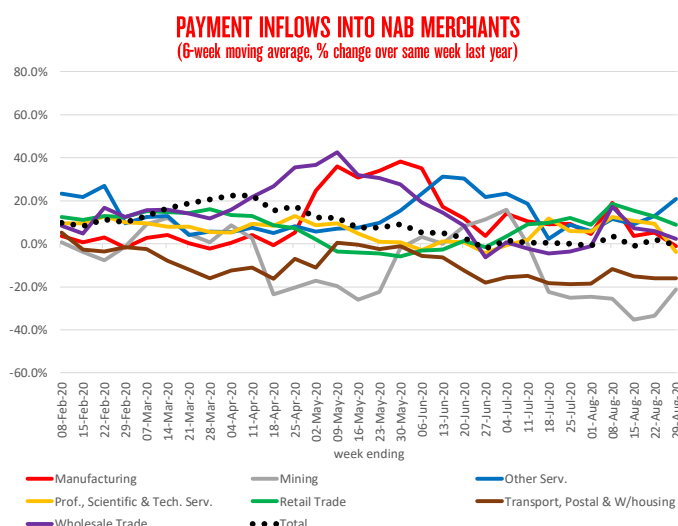
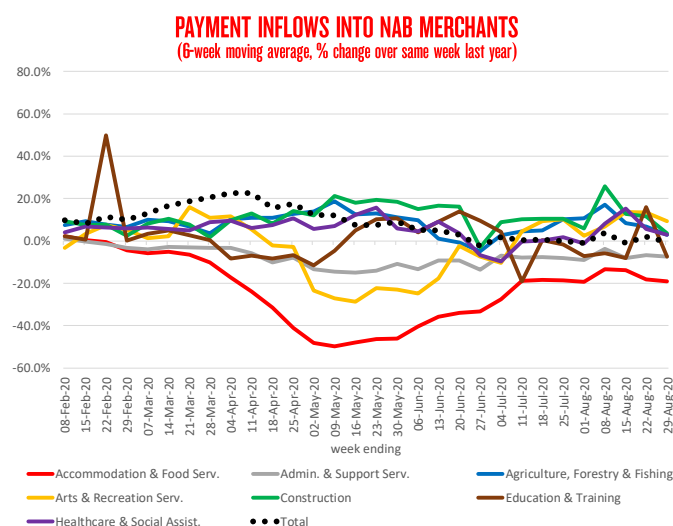


### CONSUMPTION SPENDING: BY INDUSTRY



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- NAB's latest Data Insights point to a -2.5% y/y decline in overall consumption spending in the week ending August 29, from a revised 4.9% in the previous week. This is the first negative outcome since the week ending May 2.
- A large gap has opened between VIC (-15.0%) and other states, and this is clearly affecting the national result. In VIC lockdown areas, the rate of spending decline accelerated to -19.5% (-12.5% last week), with spending in non-lockdown VIC areas now also negative (-1.1%). Spending growth also slowed substantially in all other states and territories bar NT (highest at 13.5%), and has stalled in NSW (0.6%).
- By industry, spending on Admin & Support Services still very weak (-74.4%), particularly in travel agents and employment services. Heavy falls in Transport, Postal & Warehousing (-45.4%) continues to reflect weakness in air, rail and water transport - also among the weakest performing sub-industries overall. Spending on Rental, Hiring & Real Estate Services fell -28.3%, driven by property operators and real estate services. Hospitality spend fell more steeply (-18.5%), led down by Accommodation and Cafes & Restaurants. Large spending falls also persisting in Education & Training (-16.3%) and Other Services (-14.8%). Spending was highest on Professional, Scientific & Technical Services (21.8%), supported by legal and accounting services, and Construction (10.8%).
- Retail Trade spending slowed to 5.2% y/y (15.2% last week) - representing the slowest growth rate since the week ending April 18. By sub-division, spending slowed (or fell further) across the board - particularly Other Store-Based Retailing (6.7% from 20.8% last week) and Food Retailing (10.4% from 19.7% last week). Fuel Retailing down -19.3%.
- Total payment inflows into NAB merchants also fell (-0.5%) in 6-week rolling year-on-year terms in the week ending August 29 (2.0% last week).
- It is still a mixed story by business size. Inflows are down most in small firms (-8.2%) and corporates (-7.3%). Medium firms also struggling (-2.5%). Modest increases in payment inflows were however recorded in large (2.2%) and emerging (1.3%) firms - but noticeably slower than in the previous week.
- In terms of contributions by industry, the story is largely unchanged. The heaviest falls continue to be reported in Mining (-21.2%), Accommodation & Food Services (-19.1%) and Transport, Postal and Warehousing (-16.1%). But inflows into Other Services remain very robust (20.8%), with solid (but slower growth) in both Arts & Recreation (9.3%) and Retail (8.9%). Payment inflows into Construction also slowed noticeably to 3.7%, after several consecutive weeks of double-digit growth. Inflows into Manufacturing (-1.2%) were negative for the first time since mid-April.

## NAB CONSUMPTION-BASED SPENDING BY INDUSTRY SECTOR & SELECTED SUB-INDUSTRIES (year-on-year change on same week in previous year - week ending 29 August 2020)

	% change on same week in previous year**
Accommodation & Food Services	-18.5%
Administrative & Support Services (incl. Travel Agents)	-74.4%
Arts & Recreation Services	-4.2%
Construction	10.8%
Education & Training	-16.3%
Electricity, Gas & Water & Waste Services	-2.8%
Healthcare & Social Assistance	-8.0%
Information, Media & Telecommunications	-3.5%
Other Services	-14.8%
Professional, Scientific & Technical Services	21.8%
Rental, Hiring & Real Estate Services	-28.3%
Retail Trade	5.2%
Transport, Postal & Warehousing	-45.4%
<b>TOTAL</b>	<b>-2.5%</b>
<b>Best Performers (Sub-Division)</b>	
- Building Construction	150.1%
- Gambling Activities	39.7%
- Internet Publishing & Broadcasting	39.6%
- Computer System Design & Related Services	37.6%
- Publishing (except Internet & Music Publishing)	30.8%
- Broadcasting (except Internet)	26.8%
- Prof., Scientific & Tech. Serv. (ex. Computer System Design)	20.6%
- Food Retailing	10.4%
<b>Worst Performers (Sub-Division)</b>	
- Air & Space Transport	-90.1%
- Water Transport	-86.6%
- Other Transport	-79.7%
- Rail Transport	-77.2%
- Administrative Services	-76.7%
- Motion Picture & Sound Recording Activities	-69.2%
- Creative & Performing Arts Activities	-52.0%
- Accommodation	-51.6%
- Rental & Hiring Services (except Real Estate)	-49.8%

\*This data excludes government services, taxes, direct to consumer manufacturers, mortgage and other credit facility repayments. Spending includes both online and offline transactions. Transaction data may include EFTPOS, Credit Card, BPAY, Bank Transfers, Direct Debits and PayPal services where available.

\*\*Data is not seasonally adjusted.

## PAYMENT INFLOWS INTO NAB MERCHANTS BY INDUSTRY SECTOR & SELECTED SUB INDUSTRIES (6-week moving avg, year-on-year chg on same period in previous year, 6-weeks ending 29 August 2020)

	6-weeks ending 29 August 2020
Accommodation & Food Services	-19.1%
Administration & Support Services	-7.5%
Agriculture, Forestry & Fishing	2.9%
Arts & Recreation Services	9.3%
Construction	3.7%
Education & Training	-7.3%
Healthcare & Social Assistance	2.9%
Manufacturing	-1.2%
Mining	-21.2%
Other Services	20.8%
Professional, Scientific & Technical Services	-3.8%
Retail Trade	8.9%
Transport, Postal & Warehousing	-16.1%
Wholesale Trade	2.3%
<b>TOTAL</b>	<b>-0.5%</b>
<b>Business Size</b>	
- Small	-8.2%
- Emerging	1.3%
- Medium	-2.5%
- Large	2.2%
- Corporate	-7.3%
<b>Best Performers (Sub-Division)</b>	
- Private H/holds Emp. Staff & Undiff. Goods & Services Activities	268.5%
- Gambling Activities	45.0%
- Rail Transport	35.0%
- Postal & Courier Pick-Up & Delivery Services	33.4%
- Aquaculture	32.3%
- Non-Metallic Mineral Product Manufacturing	32.0%
- Textile, Leather, Clothing & Footwear Manufacturing	30.6%
<b>Worst Performers (Sub-Division)</b>	
- Air & Space Transport	-55.1%
- Non-Store Retail & Commission-Based Buying/Selling	-51.8%
- Coal Mining	-48.0%
- Forestry & Logging	-39.1%
- Adult, Community & Other Education	-36.8%
- Warehousing & Storage Services	36.3%
- Accommodation	-35.2%

\* Payment Inflows are credits to a NAB merchant's account that is not a financing credit from NAB or a transfer from related accounts.

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