

NAB ECONOMICS DATA INSIGHTS

IMPACTS OF CORONAVIRUS ON CONSUMPTION BASED SPENDING AND BUSINESS PAYMENT INFLOWS



NAB Group Economics

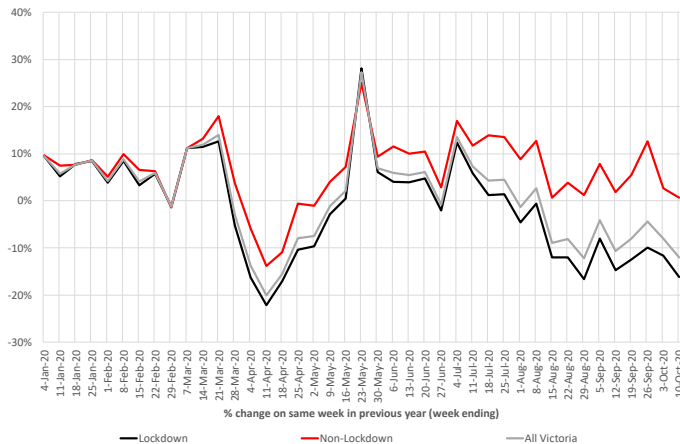
October 2020

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.

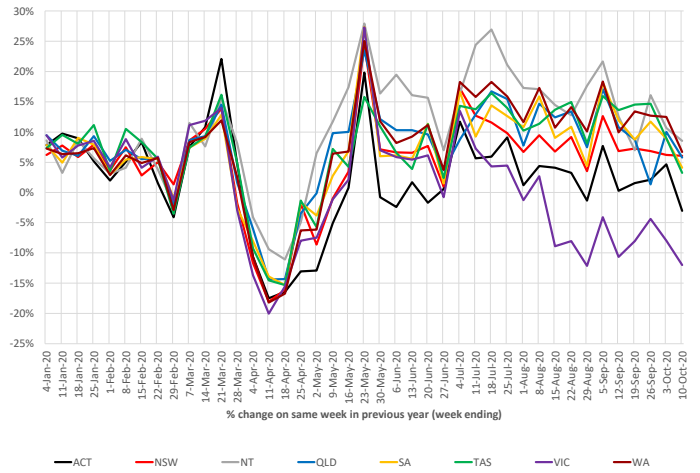
For the week ended October 10, NAB data showed a small (0.2%) increase in overall consumption spending. In VIC, the rate of spending decline accelerated - with lockdown areas (-16.2%) now back at levels last seen in late August despite improvements in case numbers since then. Spending also slowed in all other states bar NSW (where growth has levelled off), but remains highest in the NT and WA. In key industries, though slowing, Retail spending is still above the same week in the prior year. Hospitality spend continues to be dragged down by heavy falls in Accommodation spending, which offset small gains in Food & Beverage Services.

Business inflows were up 4.3% in 6-week rolling year-on-year terms in the period ending October 10 (unchanged from last week), but without JobKeeper is likely to have been closer to 2.4%. By business size, inflows increased most for SMEs and emerging firms. Hospitality continues to struggle, and was the only sector to recorded lower inflows this week. Inflows were strongest in Mining, underpinned by exploration and support services, followed by Manufacturing. Retail inflows were up almost 14% - its best result since mid-September - with Food Retailing leading the way.

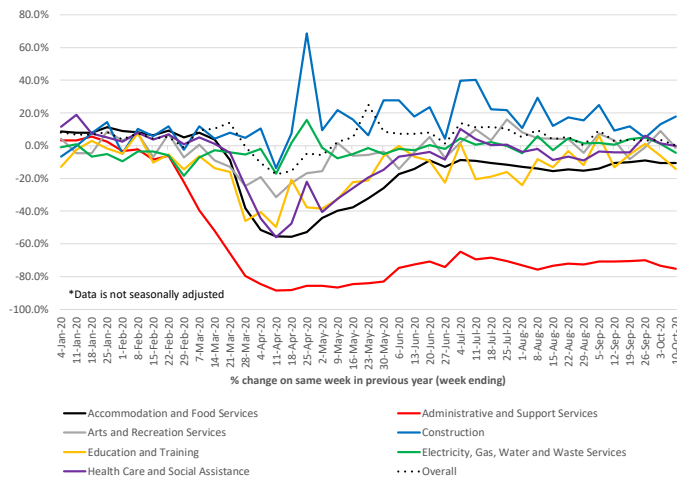
**CONSUMPTION SPENDING DATA: WEEKLY CHANGE (Y/Y)
VICTORIA - LOCKDOWN AREAS**



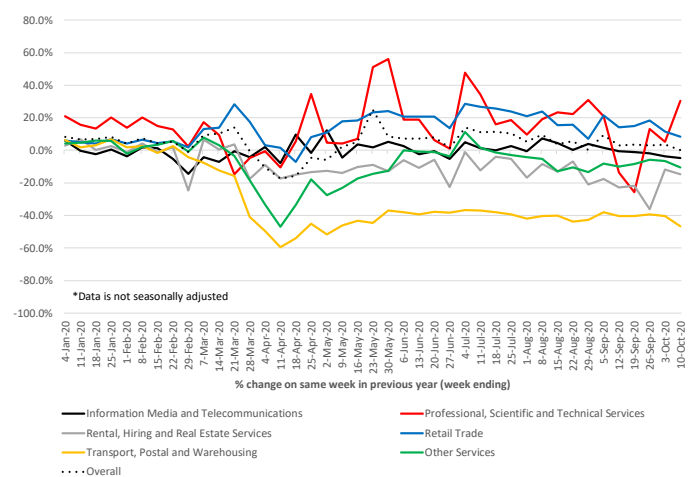
CONSUMPTION SPENDING BY STATE



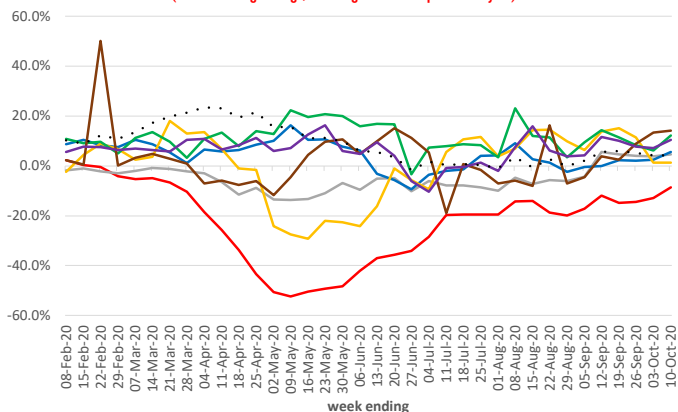
CONSUMPTION SPENDING: BY INDUSTRY



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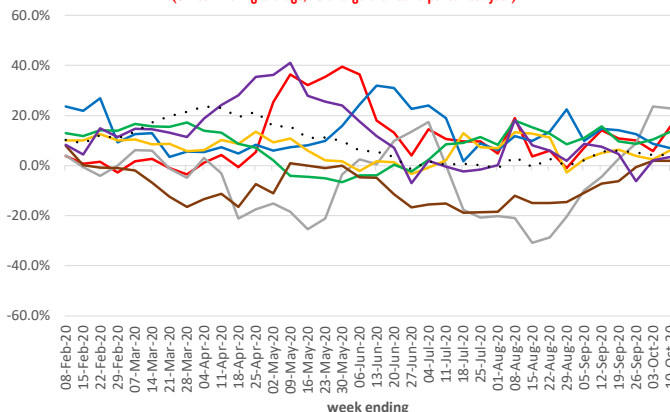


PAYMENT INFLOWS INTO NAB MERCHANTS
(6-week moving average, % change over same period last year)



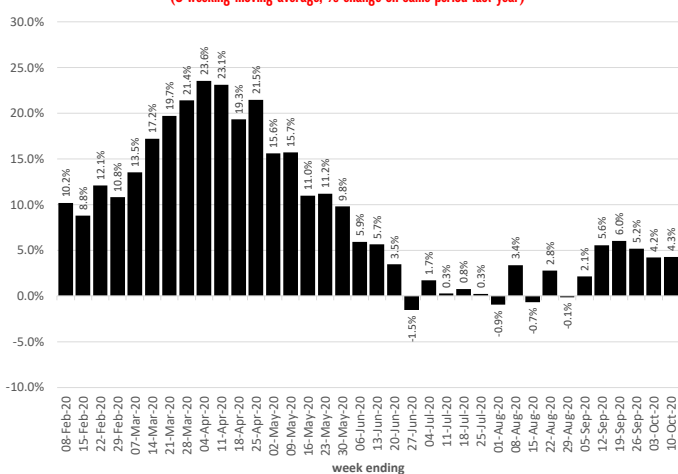
— Accommodation & Food Serv. — Admin. & Support Serv. — Agriculture, Forestry & Fishing
— Arts & Recreation Serv. — Construction — Education & Training
— Healthcare & Social Assist. — Total

PAYMENT INFLOWS INTO NAB MERCHANTS
(6-week moving average, % change over same period last year)

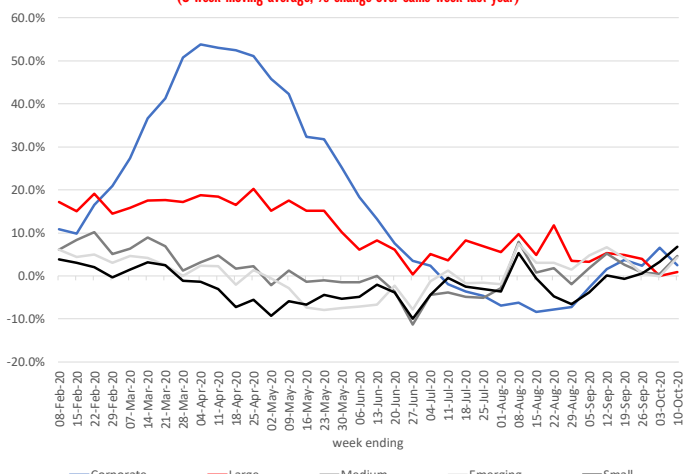


— Manufacturing — Mining — Other Serv.
— Prof. Scientific & Tech. Serv. — Retail Trade — Transport, Postal & W/housing
— Wholesale Trade — Total

PAYMENT INFLOWS INTO NAB MERCHANTS
(6-week moving average, % change on same period last year)



PAYMENT INFLOWS INTO NAB MERCHANTS - BY MERCHANT SIZE
(6-week moving average, % change over same week last year)



- NAB's latest Data Insights point to a small 0.2% y/y increase in overall consumption spending in the week ending October 10, down from +3.5% in the previous week.
- By state, overall spending growth remains weakest in VIC, with the rate of decline accelerating to -12.0% (-8.0% last week). Spending in lockdown areas was down -16.2% (its biggest fall since late-August), with spending in non-lockdown areas a pedestrian 0.7% (also back to levels last seen in mid-August). Spending growth slowed in all other states bar NSW (unchanged at 6.1%). It was highest in the NT (8.5%), followed by WA (6.7%) and QLD (5.8%), with modest gains in all other states and territories bar the ACT (-3.1%).
- In key industries, Retail spending still above last year, but slowed to 8.4% (11.5% last week). Growth was supported by Hardware, Building & Gardening Supplies, Specialised Food, Recreational Goods, Electrical, and Motor Vehicle Parts. Vehicle sales also up for fourth straight week, but spending on Clothing, Footwear & Personal Goods and Fuel still falling.
- Hospitality spend was unchanged from last week at -10.6%. Overall, industry spend still being dragged down by heavy falls in Accommodation (-40.6%), with spending on Food & Beverage Services up slightly (0.4%).
- Construction spend rose 18.0%, led by building structure and installation services. Health was flat (-0.1%), as higher spend on Allied Health was offset by continuing weakness in Childcare and a drop in Social Care. Arts & Recreation spending was down (-1.1%), with Sports & Recreation down, and slower growth in Gambling (but still a very rapid 36.9%). Spending is still weakest (and fell more steeply) in Admin & Support Services (-75.2%), driven by travel agents and a slowdown in building cleaning. Relative to last week, Transport slid further(-46.6%), with spend slowing (or falling faster) in most sub-industries.
- Overall, payment inflows into NAB Merchants increased 4.3% in 6 week rolling year-on-year terms in the week ending October 10 (4.2% last week). JobKeeper inflows still represent a large part of the extra inflows. Removing JobKeeper, the 6-week rolling change is around 2.4%.
- Inflows increased in all sizes of business. Small (6.8%), medium (4.7%) and emerging firms (4.3%) led the way with growth also accelerating from last week. Large firms also saw modest growth (0.9%) after reporting a flat outcome last week. Inflows into Corporates however slowed to 2.5% from 6.6% last week, but remained positive for the fifth straight week.
- By industry, Hospitality was the only sector to record a negative result (-8.6%). However, this was the first week growth has fallen at less than double-digit rates since late-March (although it would have been around twice as large without JobKeeper). Inflows were highest in Mining (22.8%), led by exploration and support services. Manufacturing (15.7%) was next, with very strong inflows into Petroleum & Coal, Chemical, Machinery & Equipment and Non-Metallic Mineral Manufacturing. Retail inflows were up 13.6% - its best result since mid-September - with Food Retailing leading the way. Solid growth in inflows was also seen in Education & Training (14.1%), Construction (12.2%) and Healthcare (10.4%).

NAB CONSUMPTION-BASED SPENDING BY INDUSTRY SECTOR & SELECTED SUB-INDUSTRIES (year-on-year change on same week in previous year - week ending 10 October 2020)

	% change on same week in previous year**
Accommodation & Food Services (Hospitality)	-10.6%
Administrative & Support Services (incl. Travel Agents)	-75.2%
Arts & Recreation Services	-1.1%
Construction	18.0%
Education & Training	-14.3%
Electricity, Gas & Water & Waste Services	-4.3%
Healthcare & Social Assistance	-0.1%
Information, Media & Telecommunications	-4.7%
Other Services	-10.5%
Professional, Scientific & Technical Services	30.4%
Rental, Hiring & Real Estate Services	-14.7%
Retail Trade	8.4%
Transport, Postal & Warehousing	-46.6%
TOTAL	0.2%
Best Performers (Sub-Division)	
- Library & Other Information Services	43.2%
- Gambling Activities	36.9%
- Internet Publishing & Broadcasting	35.1%
- Prof., Scientific & Tech. Serv. (ex. Computer Design & Related)	33.4%
- Publishing (except Internet & Music Publishing)	28.6%
- Construction Services	19.7%
- Broadcasting (except Internet)	18.2%
- Food Retailing	11.8%
- Repair & Maintenance	11.3%
- Other Store-Based Retailing	11.2%
Worst Performers (Sub-Division)	
- Water Transport	-92.5%
- Air & Space Transport	-90.7%
- Administrative Services	-77.7%
- Rail Transport	-76.8%
- Other Transport	-76.1%
- Motion Picture & Sound Recording Activities	-72.5%
- Creative & Performing Arts Activities	-71.5%

*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-wks ended 10 October 2020)

	6-weeks ending 10 October 2020
Accommodation & Food Services	-8.6%
Administration & Support Services	4.5%
Agriculture, Forestry & Fishing	5.6%
Arts & Recreation Services	1.2%
Construction	12.2%
Education & Training	14.1%
Healthcare & Social Assistance	10.4%
Manufacturing	15.7%
Mining	22.8%
Other Services	6.9%
Professional, Scientific & Technical Services	6.1%
Retail Trade	13.6%
Transport, Postal & Warehousing	1.9%
Wholesale Trade	3.4%
TOTAL	4.3%
Business Size	
- Small	6.8%
- Emerging	4.3%
- Medium	4.7%
- Large	0.9%
- Corporate	2.5%
Best Performers (Sub-Division)	
- Postal & Courier Pick-up & Delivery Services	152.6%
- Exploration & Other Mining Support Services	71.3%
- Aquaculture	60.6%
- Rail Transport	51.8%
- Petroleum & Coal Product Manufacturing	51.1%
- Metal Ore Mining	39.9%
- Transport Support Services	32.0%
Worst Performers (Sub-Division)	
- Heritage Activities	-55.1%
- Air & Space Transport	-55.0%
- Warehousing & Storage Services	-37.3%
- Creative & Performing Arts Activities	-36.6%
- Coal Mining	-34.0%
- Accommodation	-24.7%

* 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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