

NAB ECONOMICS DATA INSIGHTS

IMPACTS OF CORONAVIRUS ON CONSUMPTION BASED SPENDING AND BUSINESS PAYMENT INFLOWS



NAB Group Economics

November 2020

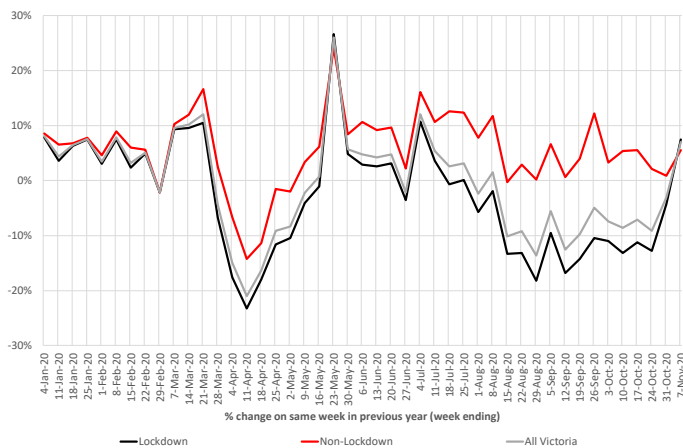
During these extraordinary times, NAB has taken the decision to publish aggregated customer data categorised by industry segment with the view to helping provide clarity around which segments of the economy have been most affected by the broader macroeconomic trends at play. NAB takes data privacy very 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.

Overall consumer spending increased 5.4% y/y in the week ending November 7 (biggest increase since early-September), as spending in Victoria roared back as lockdown restrictions began being lifted. Overall spending increased 7.0% in Victoria (first positive result since the first week of August), second only to WA (8.3%).

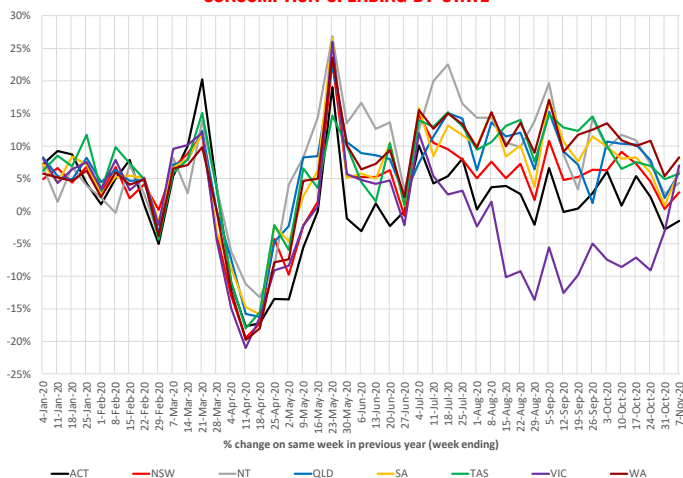
This week we take a closer look at Victoria. Victoria's retail, hospitality and health services spending has recovered rapidly since major reopening on 27 October. While hospitality spending remains well below pre-pandemic levels, further increases to venue limits this week, combined with an extended run of low to no cases, should see further growth. For more detail see page 3.

Payments inflows into NAB merchants also showed a 2.7% increase in 6-week rolling y/y terms this week (-0.6% last week). Improvement came mainly from medium (7.9%) and small (6.1%) firms, with corporates lagging (0.6%) - although reversing 2 consecutive weeks of contraction.

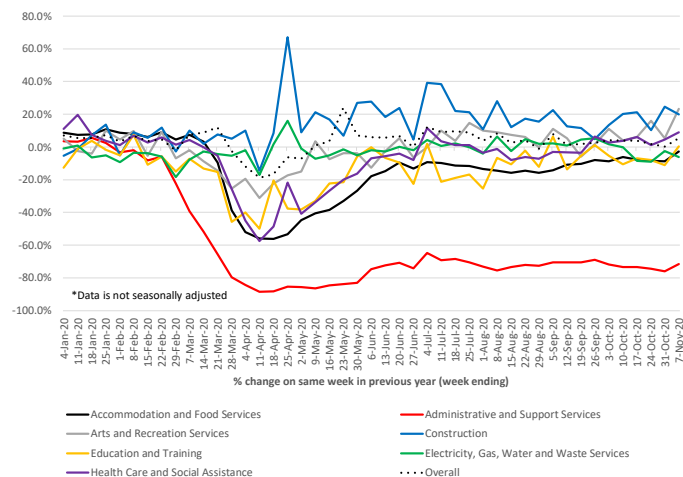
**CONSUMPTION SPENDING DATA: WEEKLY CHANGE (Y/Y)
VICTORIA - LOCKDOWN AREAS**



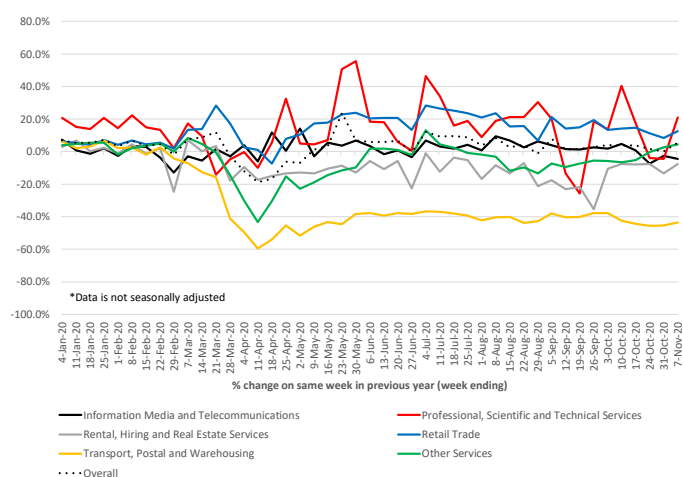
CONSUMPTION SPENDING BY STATE

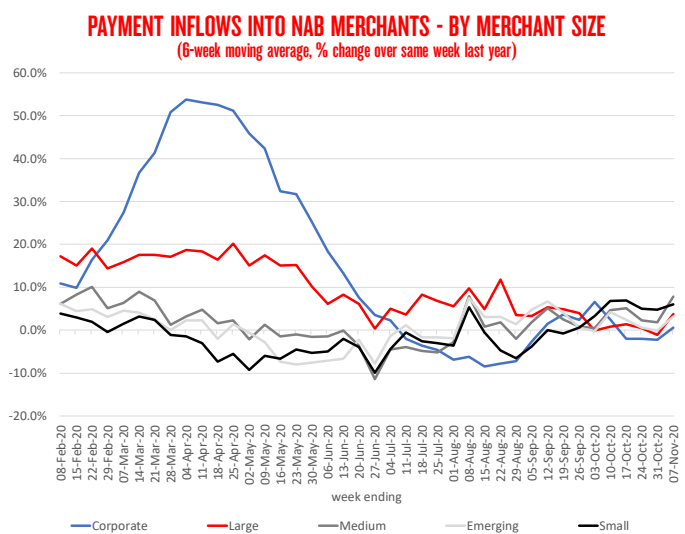
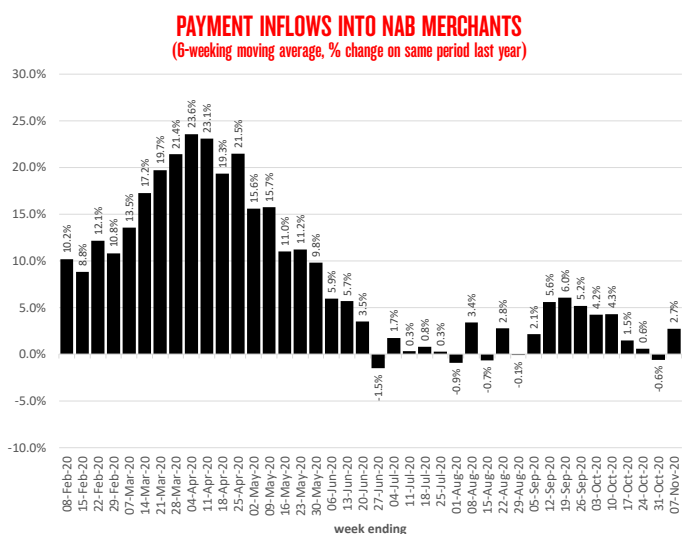
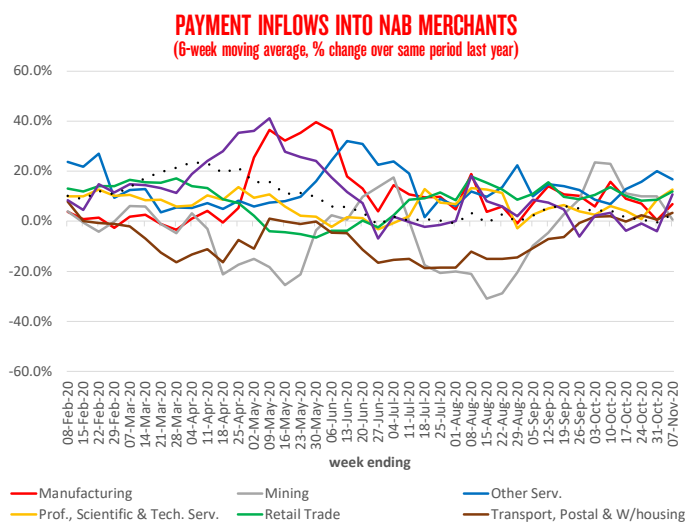
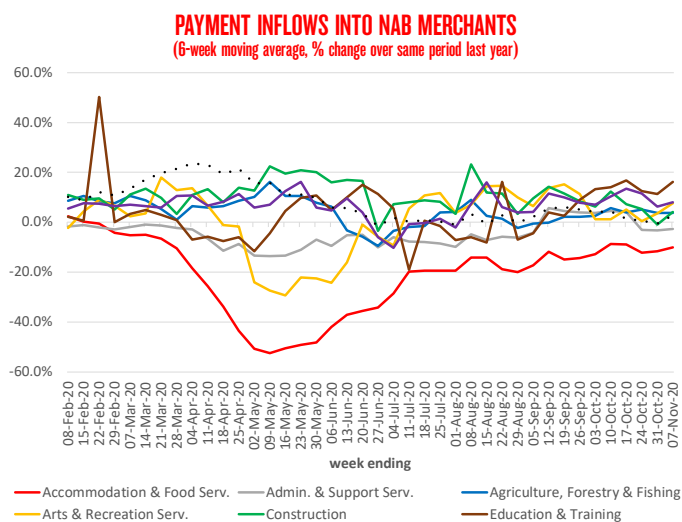


CONSUMPTION SPENDING: BY INDUSTRY



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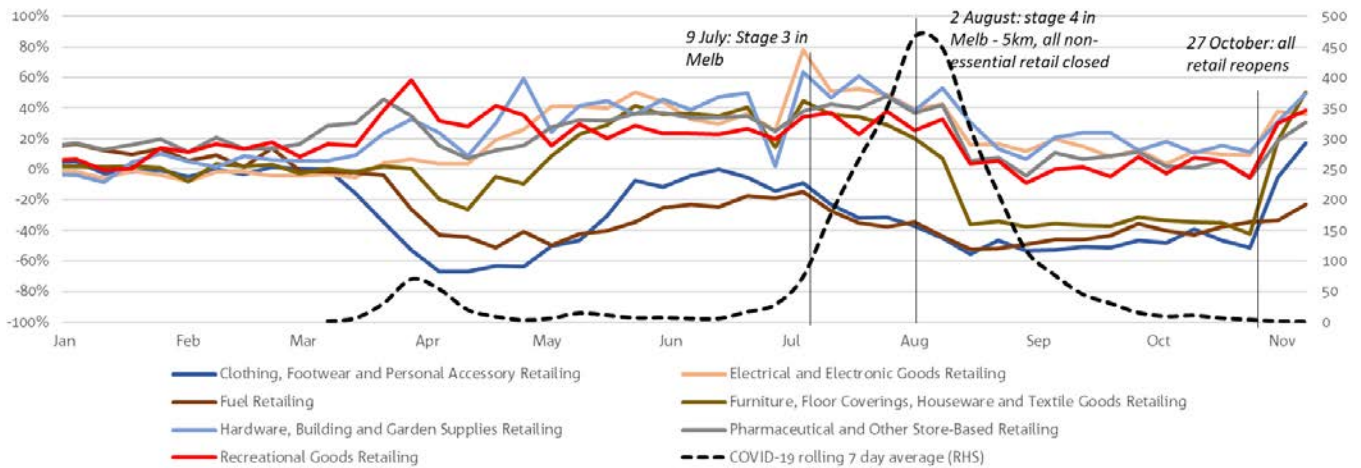


- NAB's latest Data Insights show a 5.4% y/y increase in consumption spending in the week ending 7 November (0.2% last week). This was the fastest rate of growth recorded since early-September.
- The emergence of VIC from lockdown restrictions on 27 October was significant. Overall spending in VIC was up 7.0% y/y (the first positive result since the first week of August), with spending in previously locked down areas up 7.5% y/y and 5.6% y/y higher in non-lockdown areas. Spending also accelerated in all other states, led by WA (8.3%), followed by VIC (7.0%), SA (6.1%) and QLD (5.9%). NSW (2.9%) was the second slowest, ahead of ACT which contracted (-1.5%).
- In key sectors, Retail spend was above last year, and accelerated in growth terms to 12.5%, from 8.5% last week. Spending accelerated in all key Retail groups. Spending on Electrical, Furniture and Hardware showed the strongest growth, with Clothing, Footwear & Personal also growing again for the first time in 14 weeks. Spending on Fuel is still very weak, but improved relative to last week.
- Hospitality spend fell for the 34th straight week, but at just -2.9% was a considerable improvement from last week (-8.9%) and the lowest rate of decline since spending first began falling in late-March. While spending on Accommodation improved, it is still bearing the brunt (-35.3%), but Food & Beverage Services (8.2%) accelerated, led by Cafes & Restaurants (10.2%).
- Most other sectors also improved this week, but some are still well below where they were in the same week last year. Spending grew fastest in Arts & Recreation (23.3%). While gambling has for some time (and continues) to support spending in this sector, sports & recreation spend saw its smallest fall (-1.8%) since late-March. Professional Services also grew 20.8%, assisted by a rebound in Legal, Accounting and Advertising (classifieds). Construction spend was also strong (20.0%), particularly Building Construction. Spending remains weakest in Admin & Support Services (-75.1%), and Transport, Postal & Warehousing (-43.4%), although the magnitude of these falls were somewhat less severe than last week.
- Overall, payment inflows into NAB Merchants in 6 week rolling y/y terms for the week ending 7 November grew 2.7%, against a -0.6% fall last week. By business size, improvement came mainly from medium (7.9%) and small (6.1%) firms, with corporates lagging (0.6%) - but reversing 2 consecutive weeks of contraction.
- By industry, payment inflows into the Retail sector increased 11.9% (8.7% last week), supported by very strong inflows into Department Stores (39.6%), Furniture (34.7%) and Recreational Goods (38.3%). Inflows into Hardware (17.7%) also ticked up. Inflows into Accommodation & Food Services are however still falling (-10.2%), although the rate of decline has slowed from previous weeks. In other key sectors, inflows into Education increased by 16.1% overall, with Tertiary highest (21.1%). Manufacturing also saw a 6.9% increase in inflows, with all sub-industries growing except Transport Equipment Manufacturing (-13.1%) and Beverages (-3.2%).

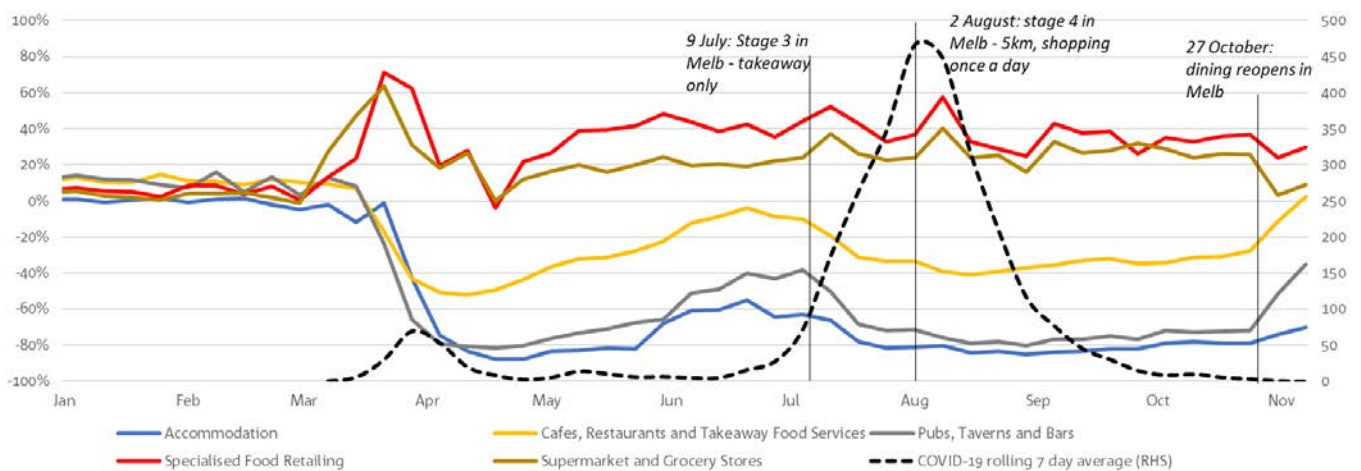
SPECIAL INSIGHT: REOPENING IN MELBOURNE

- Melbourne (and to a lesser extent regional Victoria) experienced restrictions during the second wave. But now with cases brought under control, Melbourne has been reopening. On 27 October, all remaining retail, restaurants, pubs and cafes in Melbourne were allowed to reopen (subject to COVIDSafe restrictions). This has been captured in our weekly data, with a strong jump in retail and hospitality spending. The 25km limit and “ring of steel” preventing Melbourne residents visiting regional Victoria remained in place until 9 November. Forthcoming data releases will be able to assess this.
- The reopening of retail has been stark, with Melbourne up 20.9% compared to the same week last year. Hospitality is still below the same time last year (-18.6%) but is roaring back, with a further loosening of venue capacity limits announced this week. Health spending has also surged (particularly on pathology and diagnostic imaging), but much of this was allowed through stage four restrictions, with the exception of elective surgery. This suggests that fear rather than restrictions may have been the major driver of spending activity.

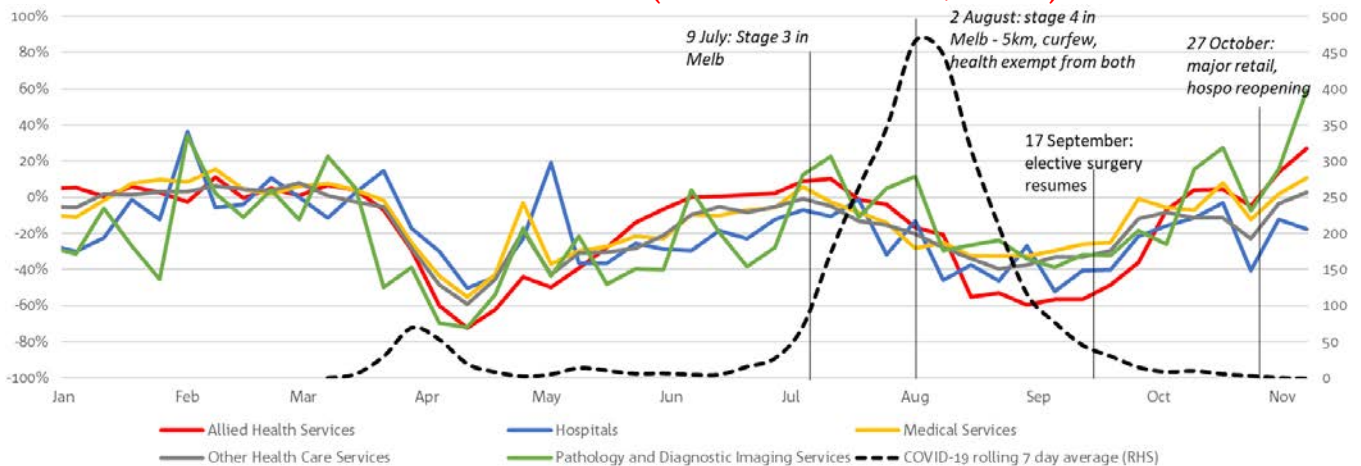
MELBOURNE: RETAIL (%YOY SPENDING CHANGE, WEEKLY)



MELBOURNE: FOOD & HOSPITALITY (%YOY SPENDING CHANGE, WEEKLY)



MELBOURNE: HEALTH SERVICES (%YOY SPENDING CHANGE, WEEKLY)



NAB CONSUMPTION-BASED SPENDING BY INDUSTRY SECTOR & SELECTED SUB-INDUSTRIES (year-on-year change on same week in previous year - week ending 7 November 2020)

	% change on same week in previous year**
Accommodation & Food Services (Hospitality)	-2.9%
Administrative & Support Services (incl. Travel Agents)	-71.7%
Arts & Recreation Services	23.3%
Construction	20.0%
Education & Training	0.4%
Electricity, Gas & Water & Waste Services	-6.2%
Healthcare & Social Assistance	9.0%
Information, Media & Telecommunications	-4.4%
Other Services	4.5%
Professional, Scientific & Technical Services	20.8%
Rental, Hiring & Real Estate Services	-7.6%
Retail Trade	12.5%
Transport, Postal & Warehousing	-43.4%
TOTAL	5.4%
Best Performers (Sub-Division)	
- Building Construction	211.5%
- Gambling Activities	47.4%
- Publishing (except Internet & Music Publishing)	36.6%
- Internet Publishing & Broadcasting	32.1%
- Prof. Scientific & Tech. Serv. (ex. Computer Design & Related)	22.5%
- Motor Vehicle & Motor Vehicle Parts Retailing	20.1%
- Construction Services	19.6%
- Building Cleaning, Pest Control & Other Support Services	19.5%
- Other Store-Based Retailing	18.9%
Worst Performers (Sub-Division)	
- Air & Space Transport	-90.1%
- Water Transport	-86.7%
- Administrative Services	-75.1%
- Rail Transport	-72.0%
- Other Transport	-70.1%
- Motion Picture & Sound Recording Activities	-69.5%
- Creative & Performing Arts Activities	-52.9%

*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 7 November 2020)

	6-weeks ending 7 November 2020
Accommodation & Food Services	-10.2%
Administration & Support Services	-2.8%
Agriculture, Forestry & Fishing	3.8%
Arts & Recreation Services	7.7%
Construction	4.2%
Education & Training	16.1%
Healthcare & Social Assistance	8.0%
Manufacturing	6.9%
Mining	0.6%
Other Services	16.6%
Professional, Scientific & Technical Services	12.7%
Retail Trade	11.9%
Transport, Postal & Warehousing	3.4%
Wholesale Trade	10.8%
TOTAL	2.7%
Business Size	
- Small	6.1%
- Emerging	3.3%
- Medium	7.9%
- Large	3.7%
- Corporate	0.6%
Best Performers (Sub-Division)	
- Postal & Courier Pick-up & Delivery Services	149.6%
- Rail Transport	64.4%
- Oil & Gas Extraction	44.2%
- Motor Vehicle & Motor Vehicle Parts Wholesaling	41.4%
- Petroleum & Coal Product Manufacturing	38.5%
- Gambling Activities	35.2%
- Basic Chemical & Chemical Product Manufacturing	29.9%
Worst Performers (Sub-Division)	
- Heritage Activities	-60.6%
- Air & Space Transport	-51.7%
- Creative & Performing Arts Activities	-34.9%
- Private H/holds Emp. Staff & Undiff. G&S-Producing Activities	-28.6%
- Coal Mining	-23.8%
- Forestry & Logging	-21.9%
- Water Transport	-20.5%

* 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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