



# NAB ECONOMICS DATA INSIGHTS

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

NAB Group Economics

November 2020

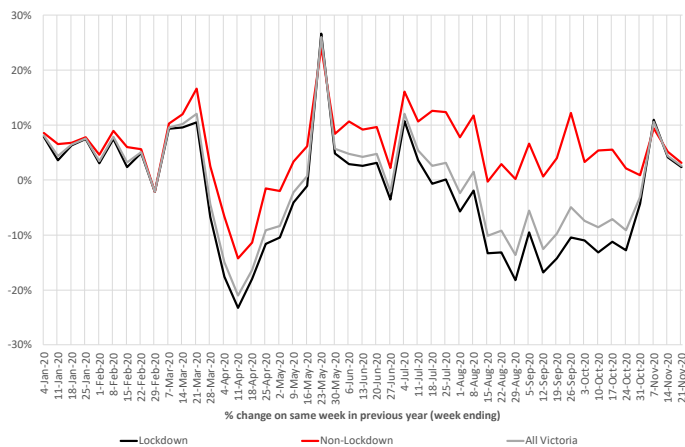
*During these extraordinary times, NAB has taken the decision to publish aggregated customer data categorised by industry segment with the view to helping provide clarity around which segments of the economy have been most affected by the broader macroeconomic trends at play. NAB takes data privacy very 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 spending growth slowed to 2.2% y/y in the week ending November 21 (4.9% last week), led by an -8.9% fall in SA as the state went into temporary lockdown. Spend growth was positive in all other states, led by WA and TAS.

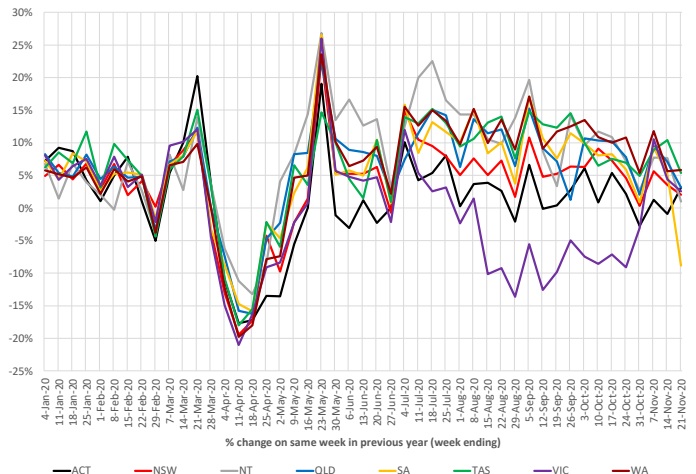
This week we take a closer look at tourism spending by Melbourne residents in regional Victoria. We have analysed the first two full weeks of data since travel from Melbourne to the regions was allowed from 9 November. The data suggests that since reopening, spending by Melbourne residents on accommodation, cafes, restaurants and takeaways, as well as pubs and bars in regional Victoria has been well above the same period in 2019 - an encouraging sign for many regional Victorian businesses hit hard first by the bushfires and now the pandemic. For more details see page 3.

Payments inflows into NAB merchants grew 6.8% in 6-week rolling y/y terms this week (2.5% last week), mainly due to large inflows into Financial Asset Investing. Excluding this, inflows were basically unchanged from last week at 2.7%.

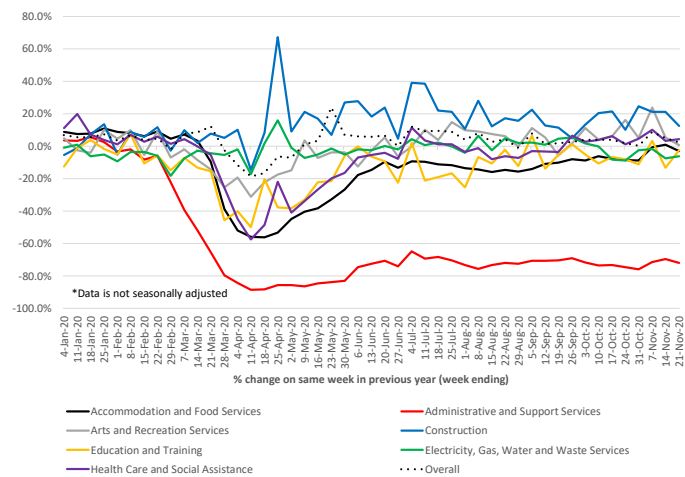
**CONSUMPTION SPENDING DATA: WEEKLY CHANGE (Y/Y)  
VICTORIA - LOCKDOWN AREAS**



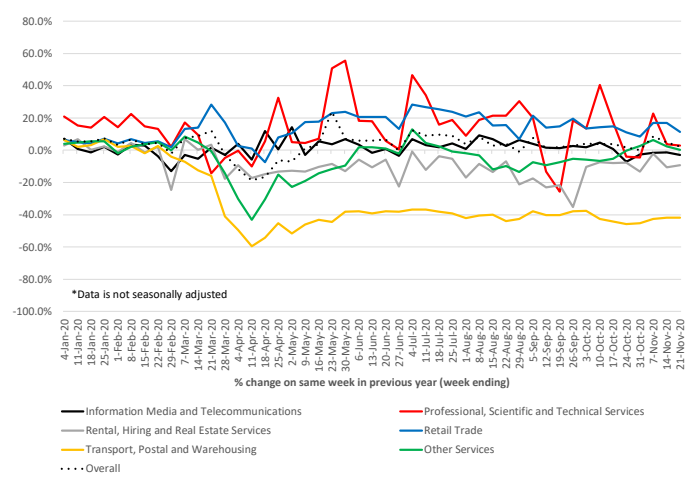
**CONSUMPTION SPENDING BY STATE**



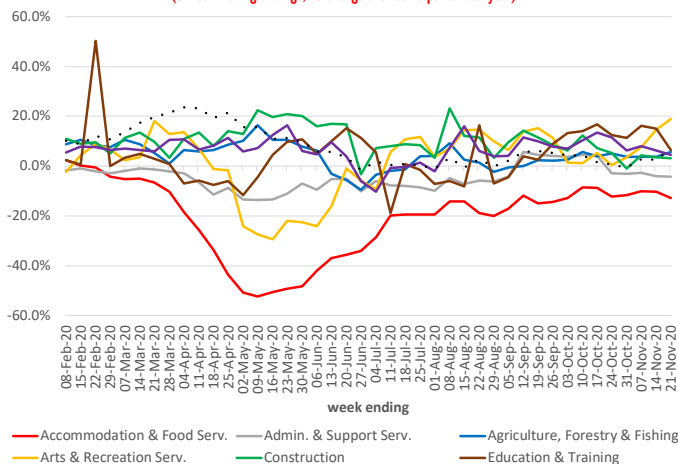
**CONSUMPTION SPENDING: BY INDUSTRY**



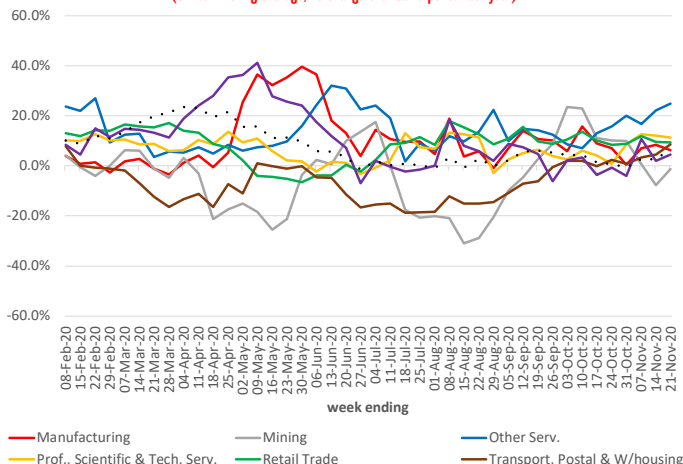
**CONSUMPTION SPENDING: BY INDUSTRY**



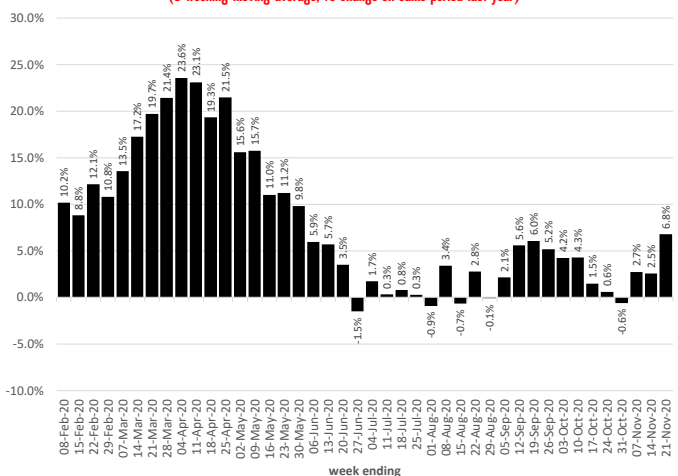
**PAYMENT INFLOWS INTO NAB MERCHANTS**  
(6-week moving average, % change over same period last year)



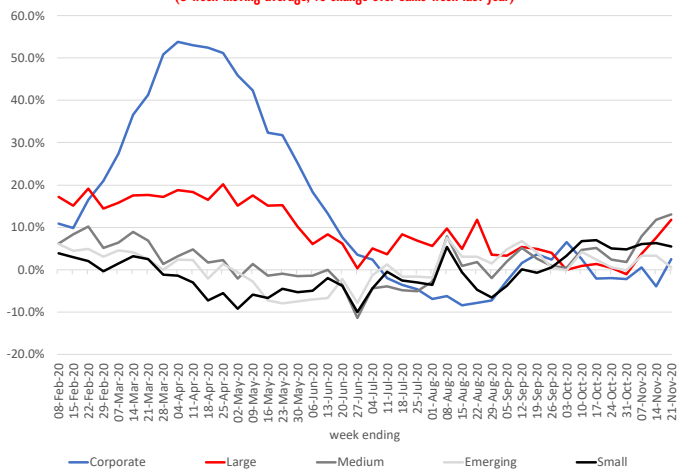
**PAYMENT INFLOWS INTO NAB MERCHANTS**  
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**PAYMENT INFLOWS INTO NAB MERCHANTS**  
(6-week moving average, % change over same period last year)



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

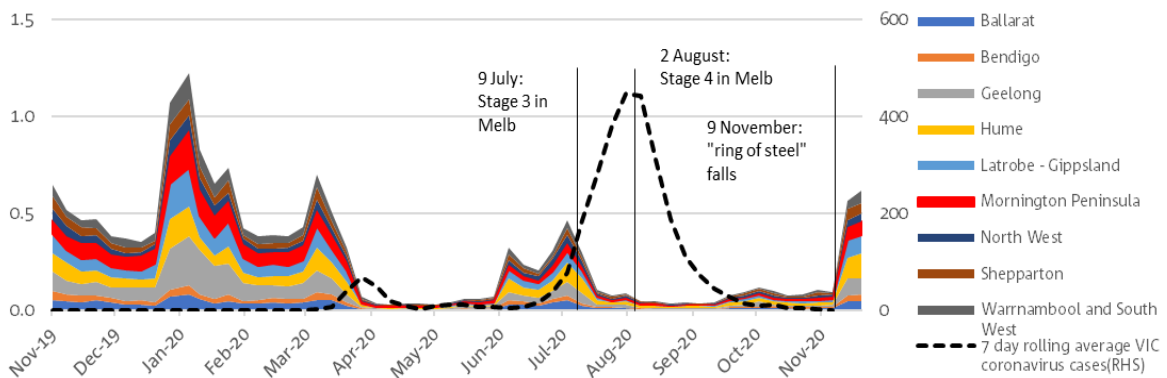


- NAB's latest Data Insights saw consumption spending growth slow to 2.2% y/y in the week ending 21 November (4.9% last week).
- Spend growth was positive in all states bar SA (where it fell -8.9% as the state went into temporary lockdown). Results were mixed in other states. Spending was highest and accelerated in WA (5.8%), followed by TAS (but slowing to 5.3%). Spending accelerated in the ACT (3.2%), but slowed in NSW (2.1%) and the NT (1.0%). In VIC, overall spending also eased to 2.6%, with spending growth rates easing in previously locked down areas (2.4%) and non-lockdown areas (3.1%).
- In key sectors, spending in Retail slowed to 11.3% (12.6% last week). At the group level, spending was led by Electrical, Furniture & Hardware, and Motor Vehicle Parts. Clothing, Footwear & Personal also grew for the third straight week (6.7%), albeit down from the previous week. Fuel Retailing is still very weak.
- Hospitality (-3.1%) contracted again, after posting its first gain since early-March last week (0.8%). By industry sub-sector, spending on Accommodation improved (-29.9%), but is still weighing heavily on overall Hospitality spending. Spend growth on Food & Beverage Services also eased to 5.8% (from 11.1% last week).
- Spending in most other sectors also slowed this week. Administration & Support Services remains the worst performing sector (-72.0%). Construction remains strong, but slowing (12.6%). Spending on Arts & Recreation eased (0.6%), and continues to be supported by strong spending on Gambling Activities (30.9%), which offset less negative spend in Sports & Recreation (-9.0%). Spending on Professional & Technical Services (2.8%) levelled off, with good growth from Architects for a second week offsetting another drop in Legal and Accounting Services.
- On the positive side, Health spend accelerated (4.4%) after a slowing last week, with Allied Health, Medical Services and a rebound in Social Assistance Services the key drivers. Rental, Hiring & Real Estate also showed an improvement but is still falling (-9.2%), driven by slightly less negative Agents (-5.6%), with Property Operators positive (6.6%).
- Overall, payment inflows into NAB Merchants in 6 week rolling y/y terms for the week ending 21 November grew 6.8% (2.5% last week). This jump was mainly due to large inflows into Financial Asset Investing. Excluding this, overall payment inflows were broadly unchanged at 2.7%. By business size, medium-sized firms led the way (13.1%), followed by large firms (11.8%), small firms (5.5%) and corporates (2.5%). Emerging firms were slowest at 0.5%.
- By industry, Other Services was up most (24.8%), followed by Arts & Recreation (19.0%). Retail also still strong (9.2%), mainly due to Department Stores, Furniture and Recreational Goods. Overall inflows into Accommodation & Food Services still falling (-12.8%), led by Accommodation (-23.3%). In other key sectors, Manufacturing was up 6.2%, with Transport, Storage & Warehousing up 8.5%, supported by very strong growth in Postal & Courier Pick-Up & Delivery Services (163%).

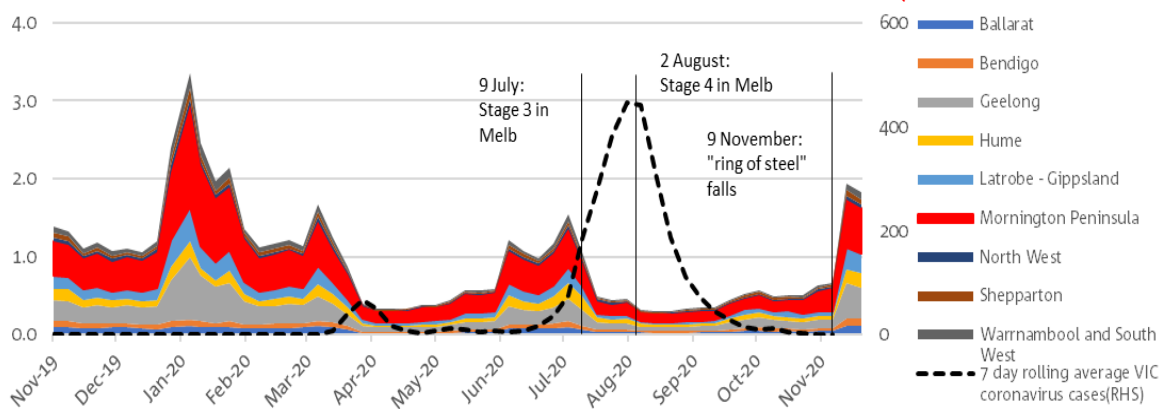
## SPECIAL INSIGHT: TOURISM SPENDING BY MELBOURNE RESIDENTS IN REGIONAL VICTORIA

- In response to Victoria’s second wave, Melbourne was placed into stage 3 restrictions on 9 July and stage 4 restrictions on 2 August. Melbourne residents were not allowed to leave the city until 9 November, when the “ring of steel” surrounding the city was removed. With massive pent-up demand for a modest weekend away, we have analysed spending by NAB customers who live in Melbourne for the first 2 full weeks that regional travel has been allowed (9-15 & 16-22 November).
- The results are very encouraging for regional businesses so far. In the first full week out of restrictions, spending on accommodation was up 22%, while spending at cafes, restaurants and takeaway was up 76%, and spending at pubs and bars up 39%, all compared to the same week in 2019. In the second week out of restrictions, accommodation was up 31%, cafes, restaurants and takeaways up 55% and pubs and bars up 27%, all compared to the same week in 2019.
- Our analysis includes regional breakdowns of Melbourne resident spending. The Geelong SA4 (including the Bellarine Peninsula and the Great Ocean Rd as far as Lorne), Hume (which covers North-East Victoria) and Latrobe- Gippsland (which covers Gippsland from Phillip Island to the NSW border) captured around half of Melbourne resident accommodation. Meanwhile, the Mornington Peninsula captured almost a third of cafe, restaurant and takeaway spending, a market perhaps more influenced by those taking a day trip. Hume was the most popular destination for pub and bar patrons, surging 83% in the first week post lockdown and 102% in the second week, when compared to the same weeks in 2019.
- The data from this report is sourced from NAB credit card transactions data. It differs from consumer spend data in that it not only explores the category of spend (e.g. retail, hospitality, etc.), but also where that spend took place geographically. The EFTPOS terminal locations used to identify spend location are sourced from within the transactions data and cleaned using a NAB proprietary process to assign the correct postcode location of the EFTPOS. All customer transaction data has been aggregated and no individual’s data is specifically identified or analysed as part of this process.

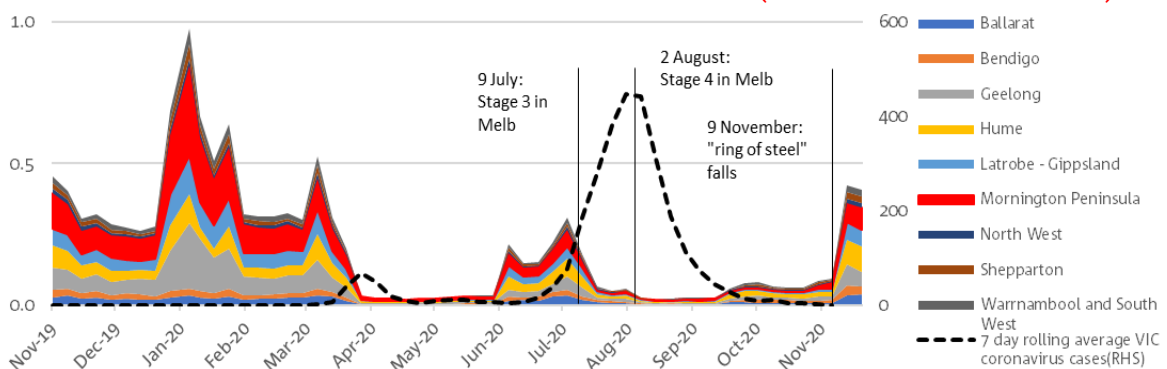
### ACCOMODATION SPENDING BY MELB. RESIDENTS IN REGIONAL VIC (\$M WEEKLY, NAB CUSTOMERS)



### CAFES, RESTAURANTS AND TAKEAWAY SPENDING BY MELB. RESIDENTS IN REGIONAL VIC (\$M WEEKLY, NAB CUSTOMERS)



### PUB AND BAR SPENDING BY MELB. RESIDENTS IN REGIONAL VIC (\$M WEEKLY, NAB CUSTOMERS)



## NAB CONSUMPTION-BASED SPENDING BY INDUSTRY SECTOR & SELECTED SUB-INDUSTRIES (year-on-year change on same week in previous year - week ending 21 November 2020)

	% change on same week in previous year**
Accommodation & Food Services (Hospitality)	-3.1%
Administrative & Support Services (incl. Travel Agents)	-72.0%
Arts & Recreation Services	0.6%
Construction	12.6%
Education & Training	-2.6%
Electricity, Gas & Water & Waste Services	-6.3%
Healthcare & Social Assistance	4.4%
Information, Media & Telecommunications	-3.0%
Other Services	0.3%
Professional, Scientific & Technical Services	2.8%
Rental, Hiring & Real Estate Services	-9.2%
Retail Trade	11.3%
Transport, Postal & Warehousing	-41.9%
<b>TOTAL</b>	<b>2.2%</b>
<b>Best Performers (Sub-Division)</b>	
- Building Construction	182.7%
- Library & Other Information Services	47.4%
- Gambling Activities	30.9%
- Internet Publishing & Broadcasting	26.3%
- Waste Collection, Treatment & Disposal Services	24.9%
- Other Store-Based Retailing	16.2%
- Motor Vehicle & Motor Vehicle Parts Retailing	16.0%
- Warehousing & Storage Services	12.7%
- Building Cleaning, Pest Control & Other Support Services	12.7%
<b>Worst Performers (Sub-Division)</b>	
- Water Transport	-96.3%
- Air & Space Transport	-90.9%
- Administrative Services	-75.6%
- Rail Transport	-68.0%
- Other Transport	-65.8%
- Motion Picture & Sound Recording Activities	-60.8%
- Creative & Performing Arts Activities	-54.6%

\*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 21 November 2020)

	6-weeks ending 21 November 2020
Accommodation & Food Services	-12.8%
Administration & Support Services	-4.2%
Agriculture, Forestry & Fishing	5.7%
Arts & Recreation Services	19.0%
Construction	3.2%
Education & Training	6.5%
Healthcare & Social Assistance	4.5%
Manufacturing	6.2%
Mining	-1.4%
Other Services	24.8%
Professional, Scientific & Technical Services	11.3%
Retail Trade	9.2%
Transport, Postal & Warehousing	8.5%
Wholesale Trade	4.5%
<b>TOTAL</b>	<b>6.8%</b>
<b>Business Size</b>	
- Small	5.5%
- Emerging	0.5%
- Medium	13.1%
- Large	11.8%
- Corporate	2.5%
<b>Best Performers (Sub-Division)</b>	
- Postal & Courier Pick-up & Delivery Services	163.5%
- Oil & Gas Extraction	69.0%
- Gambling Activities	47.9%
- Motor Vehicle & Motor Vehicle Parts Wholesaling	43.3%
- Rail Transport	31.8%
- Personal & Other Services	27.1%
- Metal Ore Mining	26.6%
<b>Worst Performers (Sub-Division)</b>	
- Private H/holds Emp. Staff & Undiff. G&S Producing Activities	-50.0%
- Air & Space Transport	-48.2%
- Creative & Performing Arts Activities	-35.0%
- Coal Mining	-29.2%
- Accommodation	-23.3%
- Non-Store Retailing & Retail Commission-Based Buying/Selling	-14.5%
- Exploration & Other Mining Support Services	-14.4%

\* 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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