



NAB ECONOMICS DATA INSIGHTS

IMPACTS OF CORONAVIRUS ON CONSUMPTION BASED SPENDING AND BUSINESS PAYMENT INFLOWS

NAB Group Economics

December 2020

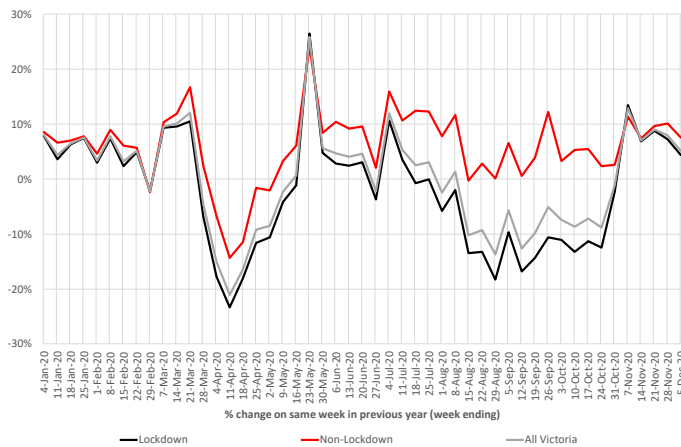
During these extraordinary times, NAB has taken the decision to publish aggregated customer data categorised by industry segment with the view to helping provide clarity around which segments of the economy have been most affected by the broader macroeconomic trends at play. NAB takes data privacy very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

Slower spending growth this week, but still positive. Spending was up 5.7% y/y in the week ending December 5 (8.8% last week), and positive in all states, led by QLD and the NT. Hospitality spend also grew for the fifth consecutive week, after having fallen in each week from March 21 to October 31 (33 weeks straight).

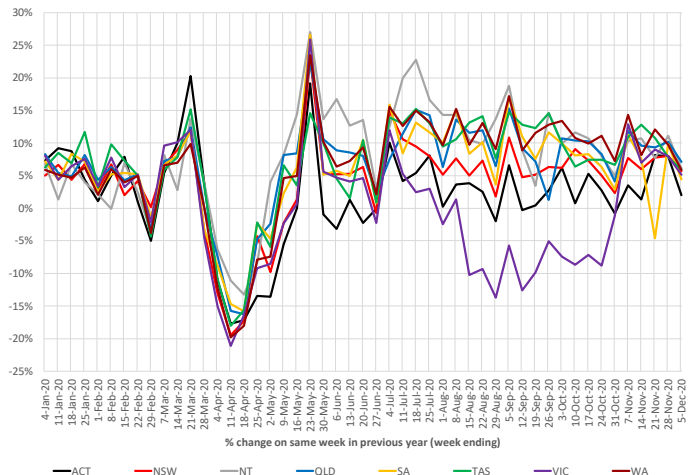
In this edition we take a closer look at how selected retail and hospitality spending in the CBDs of Melbourne and Sydney have fared this year. Unsurprisingly, Melbourne's CBD has seen big hits to spend this year. While spending in Greater Melbourne and regional Victoria has rapidly recovered, CBD data is much less buoyant, particularly in areas such as hospitality. For example, a year ago, cafes, restaurants & takeaways in the CBD captured 21% of all Greater Melbourne's spend in this sector. As of last week, it was only 11%. While Sydney avoided much of the second wave, spending in the Sydney CBD is also well down on last year. For more details see page 3.

Business inflows grew 7.7% in 6 week rolling y/y terms this week, with much of this again driven by Finance (Asset Management). Hospitality still struggling, but Arts & Rec, Retail and Transport (particularly Warehousing) out-performing.

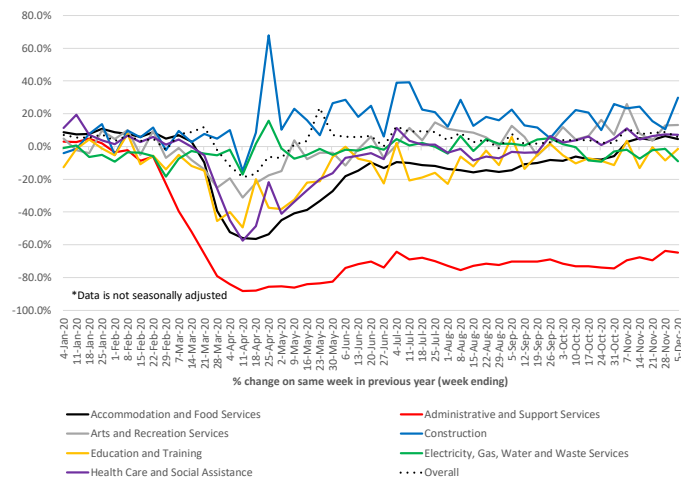
**CONSUMPTION SPENDING DATA: WEEKLY CHANGE (Y/Y)
VICTORIA - LOCKDOWN AREAS**



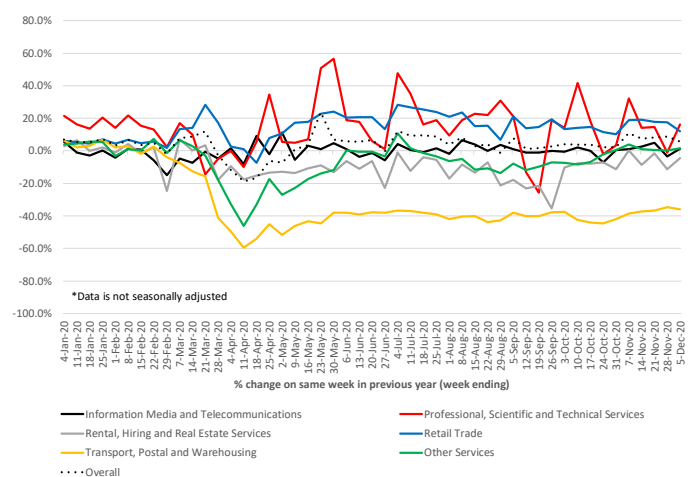
CONSUMPTION SPENDING BY STATE



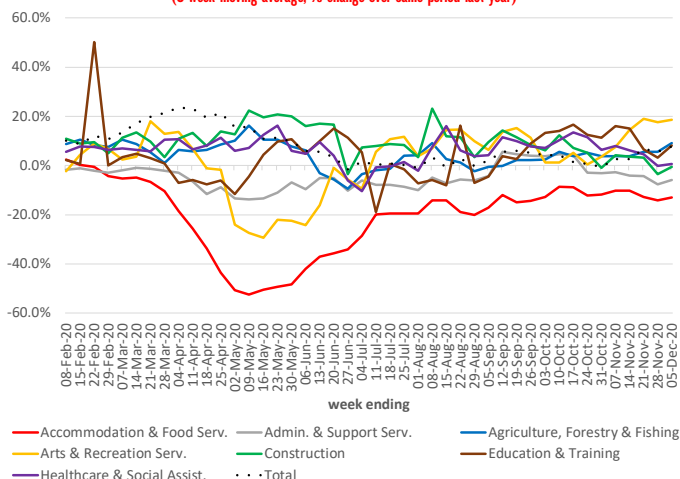
CONSUMPTION SPENDING: BY INDUSTRY



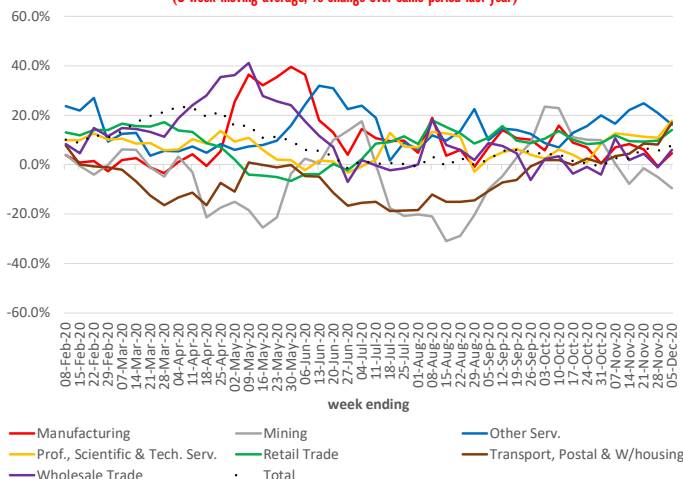
CONSUMPTION SPENDING: BY INDUSTRY



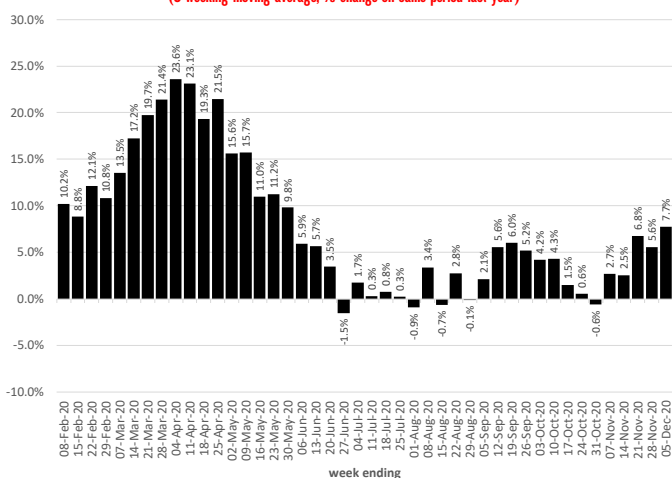
PAYMENT INFLOWS INTO NAB MERCHANTS
(6-week moving average, % change over same period last year)



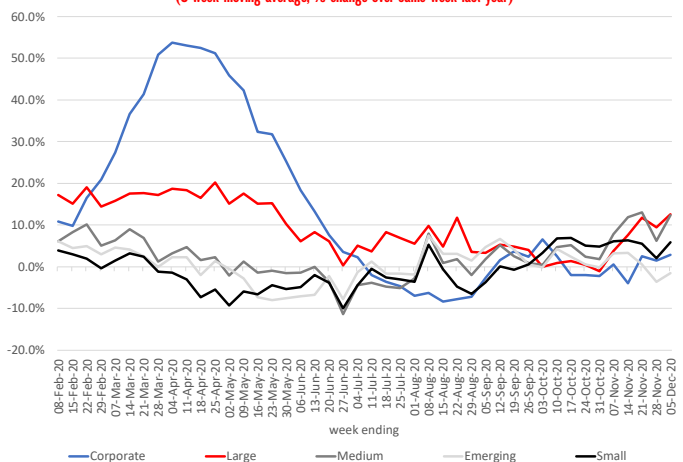
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PAYMENT INFLOWS INTO NAB MERCHANTS
(6-week moving average, % change on same period last year)



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



- NAB's Data Insights showed spending growth easing to 5.7% y/y in the week ending 5 December (8.8% last week).
- Growth eased across the country, but remained positive. Growth was highest in QLD (7.1%), followed by the NT (6.1%), TAS (5.9%), WA (5.8%) and NSW (5.7%). In VIC, growth slowed to 5.1%, with spending in regional areas (7.6%), still outstripping growth in Melbourne metro areas (4.3%). Spending growth was slowest in SA (4.4%) and the ACT (2.0%).
- While slowing from last week, Retail was 12.0% higher than the same week in 2019. Motor Vehicle Parts (27.6%), recorded the strongest growth, along with Hardware & Electrical. Car Sales (21.7%) were also up strongly but from a weak base. Fuel retailing remains very weak (-11.6%). Hospitality spend (4.5%) grew for the fifth straight week, supported by Cafes & Restaurants (13.1%) and Pubs (7.7%), with spending on Accommodation still down heavily relative to last year (-17.8%).
- Results were mixed in other sectors. Construction spend accelerated (29.9%) with Construction Services rebounding. Improvement was also evident in Arts & Recreation (13.0%), with Sports & Recreation (Gyms etc.) continuing to grow, offsetting slowing (but still rapid) growth in Gambling (26.1%). Professional & Technical Services (16.3%) rebounded after falling last week, with higher spending on Architects, Computer-related, and Legal & Accounting. Health spending (7.1%) also growing steadily, with Allied Health, Pathology and Medical Services particularly strong, Hospitals improving, but Child Care still weak.
- Admin & Support Services is still the weakest performing sector (-64.8%), with Travel Agents still very weak. Spending on Rental, Hiring & Real Estate Services (-4.6%) fell again, but improved from last week (-11.2%), driven by Agents & Property Operators. Overall spending on Transport, Postal & Warehousing was down -35.8% y/y. In Transport, there were signs sub-sectors like Airports (-66.4%) are starting to improve, but from a very low base. Couriers back to growth (5.3%) this week.
- Overall, payment inflows into NAB Merchants in 6 week rolling y/y terms for the week ending 5 December grew 7.7%, with much of this growth still being driven by inflows into Finance (Asset Management).
- By business size, inflows were highest for large (12.5%) and medium firms (12.4%). Corporate inflows were a little stronger at 2.9% (1.5%) last week, but fell for the second straight week in emerging firms (-1.6%).
- By industry, sectors showing strong growth included Arts & Recreation Services (18.6%), Professional, Scientific & Technical Services (17.7%), Transport, Postal & Warehousing (16.9%) - particularly Warehousing (50.5%) - and Other Services (16.3%). Retail inflows were also up 14.1%, with Department Stores, Recreational Goods, and Furniture continuing to out-perform.
- Inflows into Hospitality fell -12.9%. Cafes & Restaurants broke even, while inflows were down for Pubs & Taverns (-16.7%), Accommodation (-25.9%) and Clubs (-7.5%). Inflows into the Mining sector also fell for the fourth straight week (-9.5%), with heavy falls persisting in Coal Mining (-34.3%) and Exploration & Other Mining Support Services (-23.2%).

SPECIAL INSIGHT SERIES: IMPACTS OF COVID-19 ON SELECTED SPEND IN CBD'S

In response to the pandemic, many of Australia's office workers have worked from home since March. The pandemic has seen CBD office vacancies (i.e. the % of buildings without tenants) rise sharply, particularly in Sydney & Melbourne. Victoria's second wave saw working from home arrangements extended, with the majority of Melbourne office workers still required to work from home. While Melbourne's occupancy is the nation's worst, occupancy is still down across most capitals. This weeks special insight series takes a closer look at Melbourne and Sydney CBD spending on selected retail and hospitality sectors throughout the pandemic.

Melbourne's second wave saw an extended period of extensive restrictions on activity. Not only were office workers required to work from home, but from 9 July cafes, restaurants and pubs were closed (except for takeaway only) and from 2 August most retail was closed and a 5km travel limit was put in place. In addition to office workers not being allowed into work, many lived beyond the 5km limit and most businesses were required to close in any case. The 5km limit was relaxed to 25km in mid-October and retail and hospitality re-opened on 27 October. The 25km limit was scrapped on 9 November, but working from home requirements continue for many, including much of the Victorian Public Service.

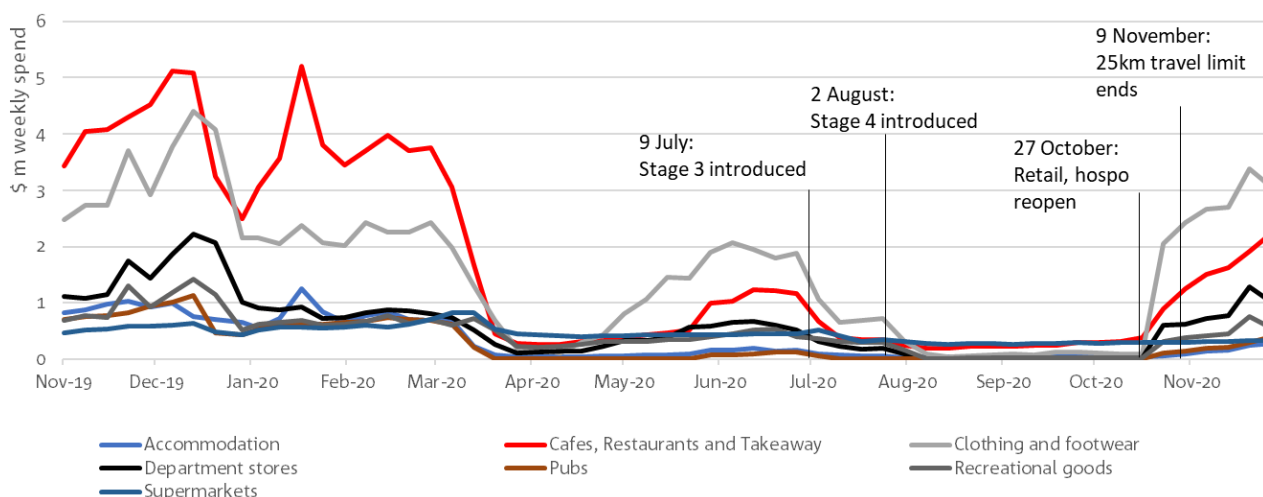
Since restrictions eased, Melbourne CBD has seen a partial recovery across much of retail and hospitality, although it is distinctly uneven in nature. Overall, Melbourne CBD cafe, restaurant and takeaway spending remains 50% down on year-ago levels, while pubs are off 57%, accommodation 69%, and department stores 29%. Perhaps surprisingly, clothing and footwear spending in Melbourne CBD was up 5% on year-ago levels last week.

While spending in Greater Melbourne and regional Victoria has rapidly recovered, CBD data is much less buoyant. Last week, CBD cafes, restaurants and takeaways accounted for 11% of Greater Melbourne's spending in this sector. By comparison, in the same week in 2019 it was 21% - in essence the CBD's share of spending in this sector is half what it was a year ago. The results are remarkably similar for pubs, down from 23% to 12%. Department stores and clothing and footwear retailers have fared somewhat better, with CBD clothing and footwear almost maintaining its pre-COVID spending share (21% to 19%) but department stores down from 21% to 15%.

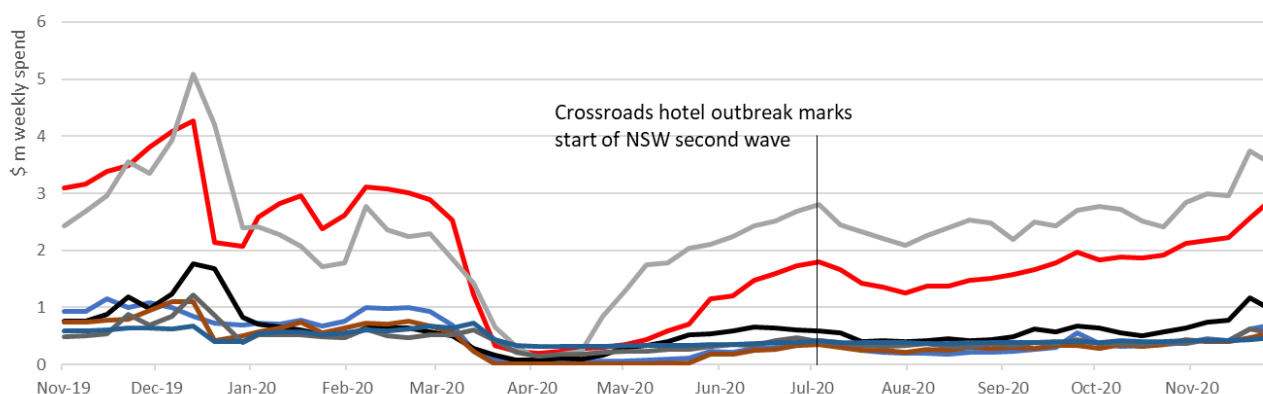
Sydney saw a series of coronavirus outbreaks from July, but avoided a widespread outbreak and did not impose harsh restrictions on activity. Nonetheless, occupancies at Sydney CBD offices continue to be impacted as many companies have held back sending all their staff back into city offices. Sydney CBD spending has been hit hard and remains below year-ago levels. Cafes, restaurants and takeaways are down 24% compared to a year ago, while pubs are off 41%.

While working from home restrictions are scheduled to ease further in Victoria in the new year, many (but by no means all) office workers across many parts of Australia have become accustomed to working from home and may not rush to return. This is likely to be an ongoing drag on CBD spending compared to the suburbs - many of which are booming.

MELBOURNE CBD SPENDING - SELECTED RETAIL AND HOSPITALITY (\$M WEEKLY, NAB TERMINAL DATA)



SYDNEY CBD SPENDING - SELECTED RETAIL AND HOSPITALITY (\$M WEEKLY, NAB TERMINAL DATA)



NAB CONSUMPTION-BASED SPENDING BY INDUSTRY SECTOR & SELECTED SUB-INDUSTRIES (year-on-year change on same week in previous year - week ending 5 December 2020)

	% change on same week in previous year**
Accommodation & Food Services (Hospitality)	4.5%
Administrative & Support Services (incl. Travel Agents)	-64.8%
Arts & Recreation Services	13.0%
Construction	29.9%
Education & Training	-1.5%
Electricity, Gas & Water & Waste Services	-9.1%
Healthcare & Social Assistance	7.1%
Information, Media & Telecommunications	1.4%
Other Services	1.6%
Professional, Scientific & Technical Services	16.3%
Rental, Hiring & Real Estate Services	-4.6%
Retail Trade	12.0%
Transport, Postal & Warehousing	-35.8%
TOTAL	5.7%
Best Performers (Sub-Division)	
- Building Construction	129.6%
- Internet Publishing & Broadcasting	32.2%
- Constuction Services	30.0%
- Building Cleaning, Pest Control & Other Support Services	27.3%
- Gambling Activities	26.1%
- Motor Vehicle & Motor Vehicle Parts Retailing	24.5%
- Waste Collection, Treatment & Disposal Services	22.7%
- Library & Other Information Services	19.4%
- Other Store-Based Retailing	16.4%
Worst Performers (Sub-Division)	
- Air & Space Transport	-91.7%
- Administrative Services	-68.7%
- Other Transport	-65.8%
- Motion Picture & Sound Recording Activities	-63.4%
- Rail Transport	-62.4%
- Road Transport	-27.4%
- Residential Care Services	-23.8%
- Water Transport	-21.3%
- Rental, Hiring & Real Estate Seervices (except Real Estate)	-20.0%

*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 5 December 2020)

	6-weeks ending 5 December 2020
Accommodation & Food Services	-12.9%
Administration & Support Services	-5.9%
Agriculture, Forestry & Fishing	9.1%
Arts & Recreation Services	18.6%
Construction	-0.6%
Education & Training	8.2%
Healthcare & Social Assistance	0.8%
Manufacturing	4.7%
Mining	-9.5%
Other Services	16.3%
Professional, Scientific & Technical Services	17.7%
Retail Trade	14.1%
Transport, Postal & Warehousing	16.9%
Wholesale Trade	5.9%
TOTAL	7.7%
Business Size	
- Small	5.9%
- Emerging	-1.6%
- Medium	12.4%
- Large	12.5%
- Corporate	2.9%
Best Performers (Sub-Division)	
- Postal & Courier Pick-up & Delivery Services	122.5%
- Other Transport	59.2%
- Warehousing & Storage Facilities	50.5%
- Gambling Activities	44.5%
- Motor Vehicle & Motor Vehicle Parts Wholesaling	43.3%
- Rail Transport	40.2%
- Metal Ore Mining	21.5%
Worst Performers (Sub-Division)	
- Private H/holds Emp. Staff & Undiff. G&S Producing Activities	-53.4%
- Air & Space Transport	-42.0%
- Coal Mining	-34.3%
- Creative & Performing Arts Activities	-32.8%
- Accommodation	-25.9%
- Exploration & Other Mining Support Services	-23.2%
- Forestry & Logging	-20.9%

* 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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