

NAB ECONOMICS DATA INSIGHTS

IMPACTS OF CORONAVIRUS ON CONSUMPTION BASED SPENDING AND BUSINESS PAYMENT INFLOWS



NAB Group Economics

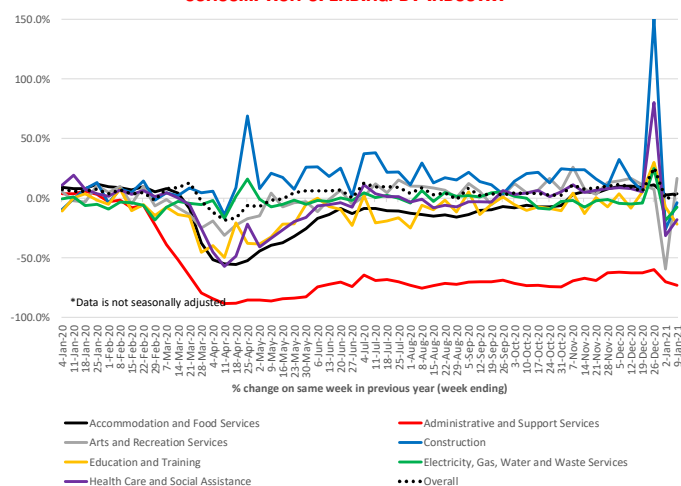
January 2021

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.

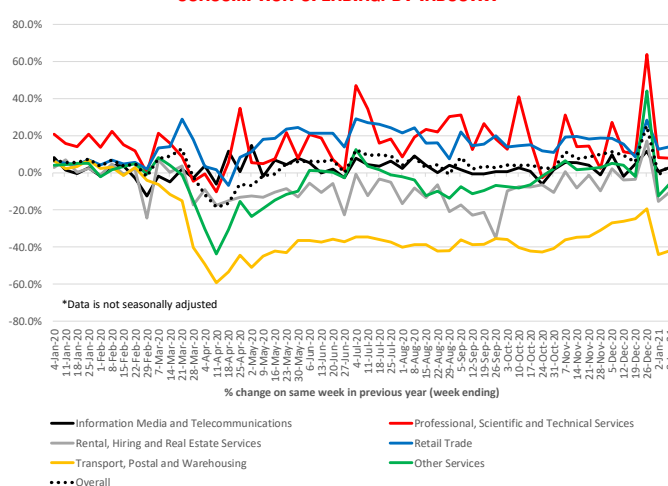
Welcome to our first Data Insights note for 2021. Despite the normal end of year volatility (with big spikes leading into Christmas and the traditional contraction thereafter), consumption spending growth resumed in the week ending January 9 - up 4.1% on the same week last year. Spending grew in all states (bar the ACT), led by the NT and WA, with VIC in the middle of the pack and NSW affected by lockdowns. Retail spending activity was relatively robust, but Hospitality spending appears to have suffered on the back of lockdowns.

Payment inflow credits were up around 5% from the same time last year in 6-week moving average terms (and only slightly weaker when removing JobKeeper). By business size, Corporates are again seeing the strongest increases (about 11%), with the rest (bar emerging firms) experiencing relatively flat to moderate growth. By industry sector, payment inflows grew fastest into Arts & Recreation and Education & Training. Mining inflows shrunk with Accommodation & Food Services also still poor.

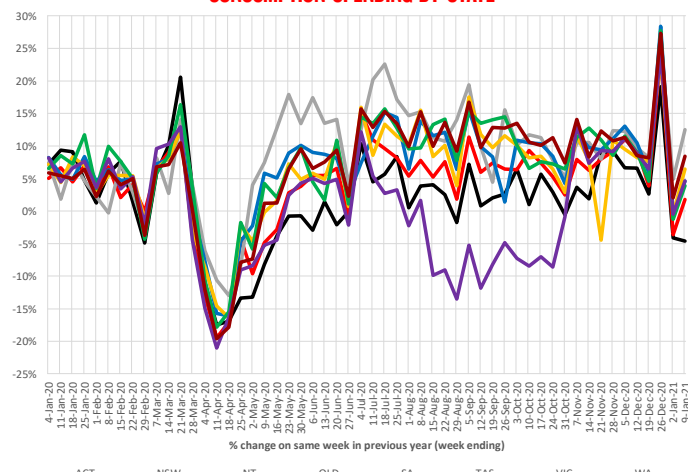
CONSUMPTION SPENDING: BY INDUSTRY



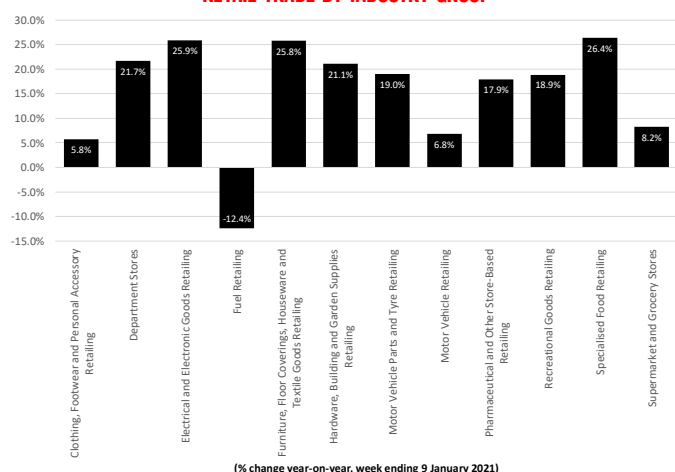
CONSUMPTION SPENDING: BY INDUSTRY



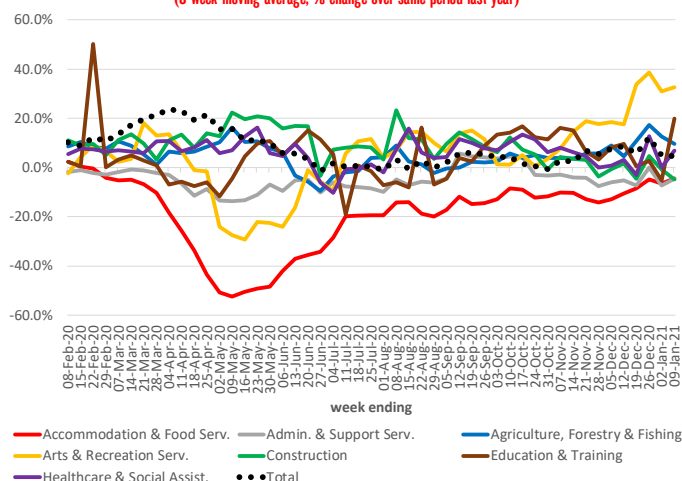
CONSUMPTION SPENDING BY STATE



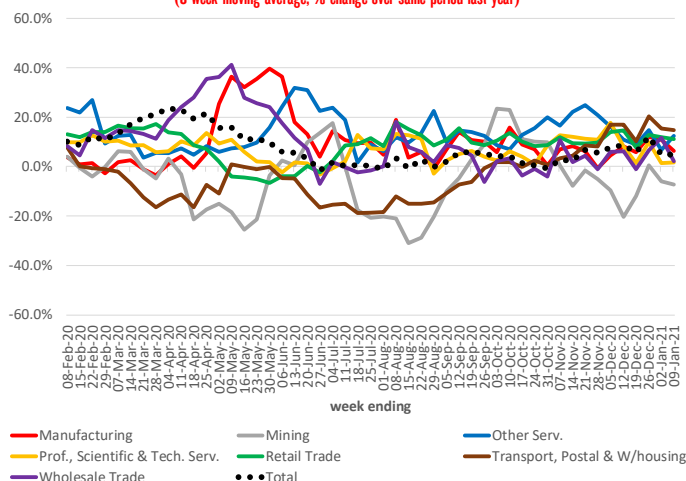
RETAIL TRADE BY INDUSTRY GROUP



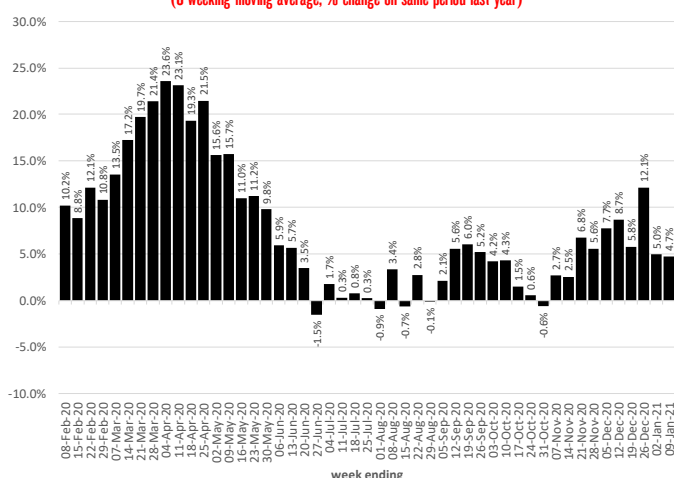
PAYMENT INFLOWS INTO NAB MERCHANTS
(6-week moving average, % change over same period last year)



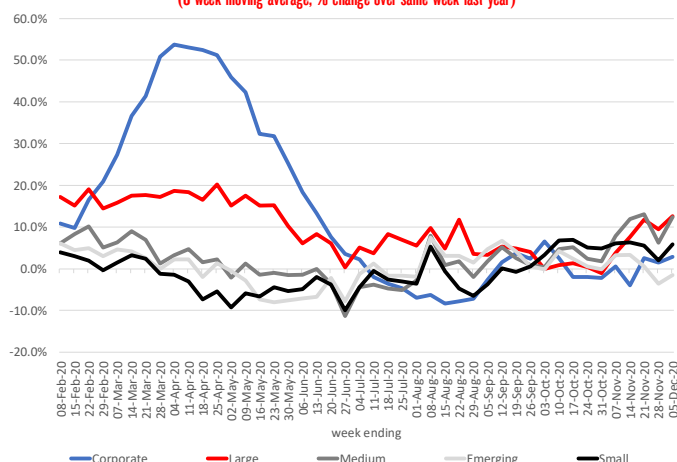
PAYMENT INFLOWS INTO NAB MERCHANTS
(6-week moving average, % change over same period last year)



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 first Data Insights report for 2021 showed spending growth at 4.1% y/y in the week ending 9 January (after having contracted -1.1% in the previous week and growing 26.4% in the week leading into Xmas). There is also a bit of end of year noise, based on low volume for sectors like Construction, and some movement in where the final week of 2020 ends.
- All states saw an elevated Xmas week 2020 followed by a drop in the next week. Amid lock downs the drop was more pronounced for NSW (-3.6%) and ACT (-4.1%). NSW has since recovered (up a modest 1.8% this week). The NT (12.5%) and WA (8.4%) led growth this week, followed SA (6.5%), VIC (4.7%) and QLD (4.6%). ACT continued to fall (-4.6%).
- By Division, Construction spend was down -3.7% y/y based on small volume for this time of year. Accommodation & Food grew 3.9%, with Arts & Recreation (16.4%) rebounding from a big fall last week (-59.4%). Admin & Support (-72.9%) still struggling, with Travel Agents weaker this week, but Building & Cleaning still performing well and Employment Services improving. Health spending fell (-18.0%). Rental, Hiring & Real Estate Services also fell (-10.2%), led by Vehicle Hire and Agents. Spending on Transport, Postal & Warehousing again slumped (-41.8%), driven by Air and Road Transport. Couriers again contracted (-6.4%) after a big week two weeks ago (37.3%). Spending on Information, Media & Telecoms (2.9%) picked up with ISPs leading the improvement along with internet publishing services (Netflix etc.).
- Spending in the key Retail Trade sector was 14.1% higher this week, led by Specialised Food (Liquor & Deli etc. 26.4%), Electrical & Electronic Goods (25.9%), Furniture & Housewares (25.8%) and Hardware, Building & Garden Supplies (21.1%). Car Sales (6.8%) and Parts (19.0%) also accelerated along with Supermarkets & Grocery Stores (8.2%). But Clothing, Footwear & Personal (5.8%) slowed after strong growth in the past two weeks. Spending on Department Stores (21.7%) remains elevated (but slowed from the prior two weeks). The story of 2020 with Fuel continues into 2021 - still very weak.
- Overall, payment inflows into NAB Merchants in 6 week rolling y/y terms for the week ending 9 January grew by 4.7% - and was not much different without Job Keeper (4.3%).
- By business size, corporates are again seeing the largest inflows (11.0%), followed by small (5.3%), medium (3.4%) and large (1.7%) firms. Inflows into emerging firms remain negative (-2.7%).
- By industry sector, Arts & Recreation grew fastest at 32.6%, followed by Education & Training (19.8%). Inflows also grew relatively quickly in Transport, Postal & Warehousing (14.8%), led mainly Other Transport and Warehousing, and in the Other Services sector (12.6%), led by Repairs & Maintenance. Inflows into Retail Trade were steady at 11.2% (11.8% last week), with Food Retailing and Cars & Car Parts leading the way.
- Inflows into the Hospitality sector fell -4.5%, with Accommodation down over 16%. Inflows into the Mining sector continued falling (-7.2%), with heavy falls persisting in Oil & Gas Extraction (-61.9%) and Coal Mining (-39.1%). Payment inflows were also down in the Construction (-4.8%) and Admin & Support Services (-4.7%) sectors.

NAB CONSUMPTION-BASED SPENDING BY INDUSTRY SECTOR & SELECTED SUB-INDUSTRIES

(year-on-year change on same week in previous year - week ending 9 January 2021)

	% change on same week in previous year**
Accommodation & Food Services (Hospitality)	3.9%
Administrative & Support Services (incl. Travel Agents)	-72.9%
Arts & Recreation Services	16.4%
Construction	-3.7%
Education & Training	-21.9%
Electricity, Gas & Water & Waste Services	-7.7%
Healthcare & Social Assistance	-18.0%
Information, Media & Telecommunications	2.9%
Other Services	-5.8%
Professional, Scientific & Technical Services	7.9%
Rental, Hiring & Real Estate Services	-10.2%
Retail Trade	14.1%
Transport, Postal & Warehousing	-41.8%
TOTAL	4.1%
Best Performers (Sub-Division)	
- Water Transport	529.2%
- Building Construction	89.0%
- Internet Publishing & Broadcasting	55.8%
- Gambling Activities	38.0%
- Publishing (except Internet & Music Publishing)	21.6%
- Other Store-Based Retailing	19.9%
- Warehousing & Storage Services	17.0%
- Computer System Design & Related Services	15.1%
- Building Cleaning, Pest Control & Other Support Services	14.7%
Worst Performers (Sub-Division)	
- Air & Space Transport	-81.0%
- Rail Transport	-77.6%
- Administrative Services	-75.9%
- Other Transport	-75.1%
- Social Assistance Services	-52.0%
- Motion Picture & Sound Recording Activities	-46.2%
- Tertiary Education	-41.2%
- Creative & Performing Arts Activities	-39.5%
- Road Transport	-31.0%

*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 9 January 2021)

	6-weeks ending 9 January 2021
Accommodation & Food Services	-4.5%
Administration & Support Services	-4.7%
Agriculture, Forestry & Fishing	9.7%
Arts & Recreation Services	32.6%
Construction	-4.8%
Education & Training	19.8%
Healthcare & Social Assistance	6.9%
Manufacturing	6.3%
Mining	-7.2%
Other Services	12.6%
Professional, Scientific & Technical Services	1.7%
Retail Trade	11.2%
Transport, Postal & Warehousing	14.8%
Wholesale Trade	2.2%
TOTAL	4.7%
Business Size	
- Small	5.3%
- Emerging	-2.7%
- Medium	3.4%
- Large	1.7%
- Corporate	11.0%
Best Performers (Sub-Division)	
- Gambling Activities	89.9%
- Other Transport	64.3%
- Computer System Design & Related Services	33.7%
- Motor Vehicle & Motor Vehicle Parts Wholesaling	30.7%
- Tertiary Education	27.3%
- Warehousing & Storage Services	26.9%
Worst Performers (Sub-Division)	
- Private H/holds Emp. Staff & Undiff. G&S Producing Activities	-69.6%
- Oil and Gas Extraction	-61.9%
- Coal Mining	-39.1%
- Air & Space Transport	-35.9%
- Creative & Performing Arts Activities	-28.3%
- Forestry & Logging	-20.8%
- Sports & Recreation Activities	-17.8%
- Accommodation	-16.4%

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

AUTHORS

Alan Oster

Group Chief Economist

Alan.Oster@nab.com.au

+(61 0) 414 444 652

Brien McDonald

Associate Director - Economics

Brien.McDonald@nab.com.au

+(61 0) 455 052 520

Steven Wu

Associate Director - Economics

Steven.A.Wu@nab.com.au

+(61 0) 472 808 952

Dean Pearson

Head of Behavioural & Industry Economics

Dean.Pearson@nab.com.au

+(61 0) 457 517 342

Robert De Iure

Associate Director - Economics

Robert.De.Iure@nab.com.au

+(61 0) 477 723 769

Phin Ziebell

Associate Director - Economics

Phin.Ziebell@nab.com.au

+(61 0) 475 940 662

Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances.

NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.