



NAB Monthly Data Insights October 2022

NAB Group Economics

Key Points

- **Consumer spending** softened in October, down 0.3%, ending a run of nine months of positive growth (the last decline was in the Omicron-affected December 2021). Essential services spending rose and retail spending edged higher but broader discretionary spending declined.
- **Retail spending** rose 0.1% overall, with continued growth in hospitality spending of 0.6% and broadly flat spending on goods retail, down from more substantial growth in September.
- **Business credits** fell 0.1% in October to be 14.4% higher y/y, with utilities, accommodation & food, education, and retail growing the strongest over the past three months.

Comments from NAB Chief Economist Alan Oster

- “Our monthly spending data showed a slowing in spending in October, particularly in discretionary areas such as household goods and recreation & travel, although growth held up in the hospitality sector.”
- “We expect the strong inflation seen in Q3 has carried on into Q4, so these nominal data for October may signal some real decline in spending volumes in the month as households begin to feel the impact of higher interest rates.”
- “Still, it remains early days and spending growth remains positive across all categories over the past three months, and relative to 2021 when spending was heavily impacted by lockdowns.”

Monthly Consumer Spending

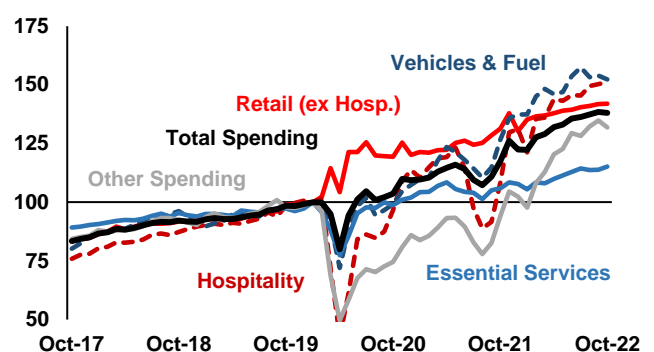
- Total spending fell 0.3% m/m in September, the first monthly decline in the series since the Omicron-affected December 2021 result. Spending was 2.2% higher over the past three months and 23.4% y/y.
- Retail spending rose 0.1% m/m, with continued growth in hospitality spending of 0.6% and broadly flat spending on goods retail, down from more substantial growth in September. Data revisions have revised down the spike in department store spending seen in September. For more detail on retail spending, see **page 3**.
- Spending on essential services rose 1.1% m/m in October, while the more discretionary other spending category declined 2.1% m/m. Spending on vehicles & fuel fell 1.1% m/m. For more detail on non-retail spending, see **page 4**.
- Across the states, spending grew 1.3% m/m in WA and SA, Tas and NSW all saw small increases, but spending edged lower in Qld and Vic and dropped further in ACT and NT.
- While there are significant conceptual differences between NAB’s transaction-based spending measures and ABS consumption measures, these data suggest nominal consumption growth was likely softer in the early part of Q4. Given the strength of inflation, the weakness in these nominal data may signal some real decline in spending volumes.

Table 1: Key Consumer Spending Growth Statistics (%)

	Aug-22	Sep-22	Oct-22		
	m/m	m/m	m/m	3m/3m	y/y
Goods Retail	0.4	0.6	0.0	1.4	10.3
Hospitality	2.9	0.5	0.6	3.9	56.3
Total Retail	0.9	0.6	0.1	1.9	18.1
Vehicles & Fuel	-2.6	0.4	-1.1	0.3	30.6
Essential Services	-0.6	0.1	1.1	1.2	9.7
Other Spending	3.2	1.9	-2.1	4.9	56.8
Total Spending	0.8	0.7	-0.3	2.2	23.4

Excludes taxes, rent, mortgages, gambling, finance, insurance, and other non-consumer transactions. Data are seasonally adjusted and subject to revision.

Chart 1: Consumer Spending Index (Jan 2020 = 100)



Next release date: 14 December 2022.

Monthly Consumer Spending - Detail by Category and State

Chart 2: Total Spending Growth (%)

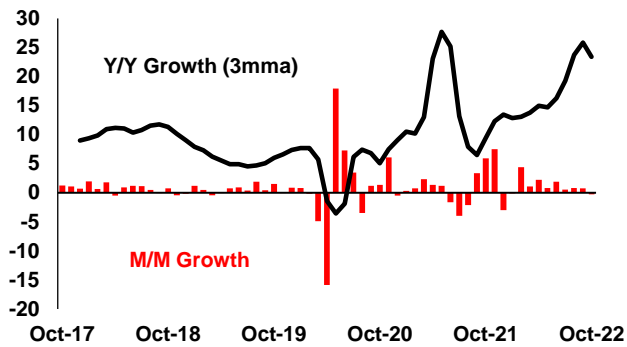


Chart 3: Comparison to ABS Consumption Growth (%)

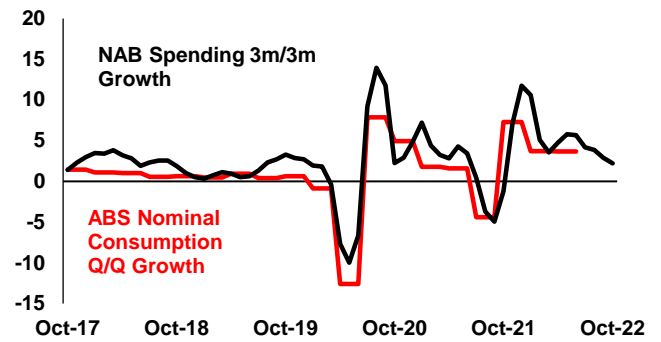


Chart 4: Spending Growth by Category (%)

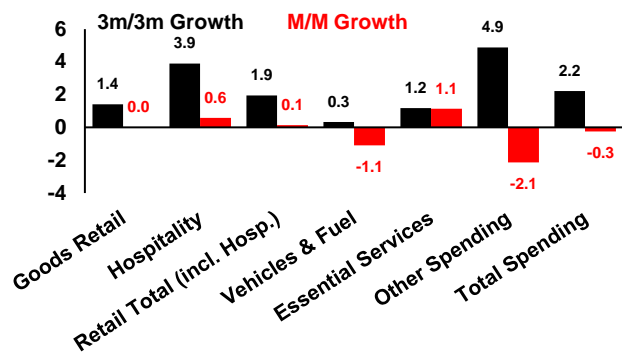


Chart 5: Contribution to Monthly Growth (%)

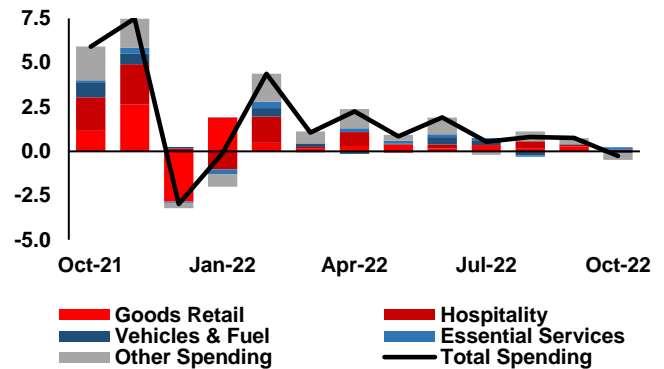


Table 2: Spending Growth by State (%)

	Aug-22		Sep-22		Oct-22	
	m/m	m/m	m/m	3m/3m	y/y	
NSW	0.8	0.9	0.1	2.1	30.5	
VIC	-1.1	2.5	-0.6	1.3	32.4	
QLD	0.2	0.9	-0.1	1.5	15.8	
WA	-1.8	2.6	1.3	1.0	11.3	
SA	-1.0	1.8	0.4	2.2	12.9	
TAS	1.1	0.2	0.3	2.3	14.8	
ACT	-0.4	3.4	-2.0	2.3	39.5	
NT	0.7	1.6	-1.6	2.9	18.0	

Chart 6: Spending by State (Index, Jan 2020 = 100)

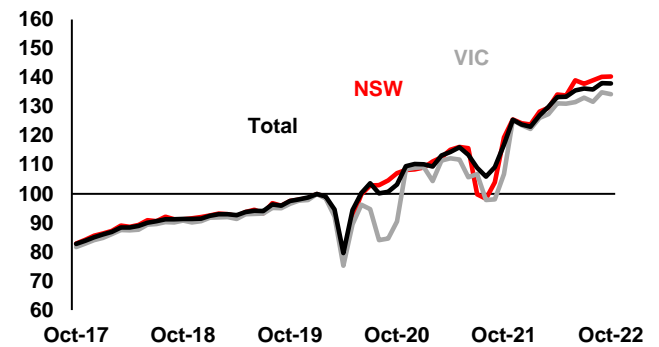


Chart 7: Spending by State (Index, Jan 2020 = 100)

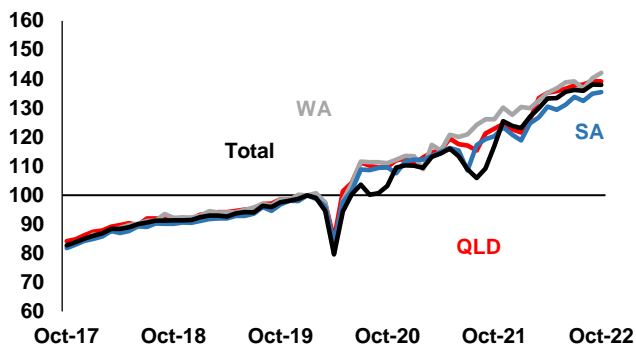
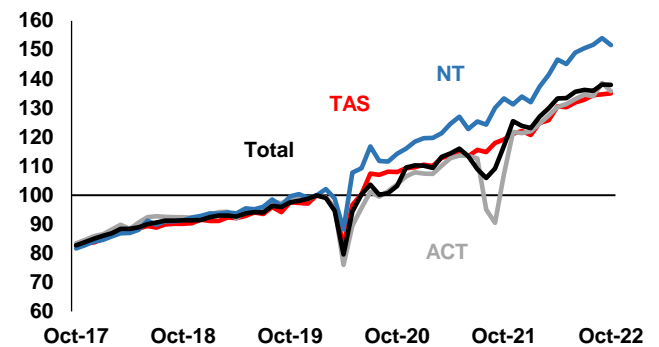


Chart 8: Spending by State (Index, Jan 2020 = 100)



Note: State spending totals differ from industry totals due to availability of geographic information.

Monthly Consumer Spending – Retail Sector Detail

- Retail spending rose 0.1%, with continued growth in hospitality spending of 0.6% and broadly flat spending on goods retail, down from more substantial growth in September.
- Spending on food inched higher in the month and spending on clothing and other retail rose, but spending on household goods fell and there was a marked fall in department stores. Data revisions have revised down the spike in department store spending seen in September.
- Overall retail spending is up 1.9% over the past three months and 18.1% y/y, with base effects from lockdowns in 2021 playing a role as well as strong inflation.
- While there are differences between NAB’s retail spending measures and ABS retail sales data, the two series have tracked closely together through the pandemic period. The October result suggests a more modest retail sales print is likely when released later in the month.

Table 3: Retail Spending Growth (%)

	Aug-22	Sep-22	Oct-22		
	m/m	m/m	m/m	3m/3m	y/y
Food	0.2	0.5	0.1	0.4	1.9
Hhld Goods	0.0	1.0	-1.4	0.5	8.9
Clothing	2.8	2.2	2.0	6.8	50.2
Dept. Stores	-0.3	0.3	-3.7	0.8	12.0
Other Retail	0.1	-0.5	1.4	1.7	12.3
Total Goods Retail	0.4	0.6	0.0	1.4	10.3
Hospitality	2.9	0.5	0.6	3.9	56.3
Total Retail	0.9	0.6	0.1	1.9	18.1

Chart 9: Retail Spending Index (Jan 2020 = 100)

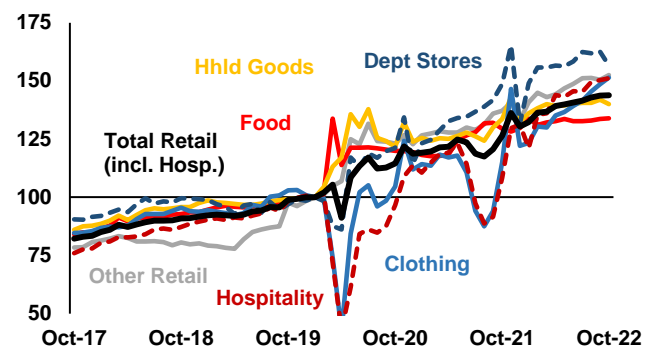


Chart 10: Total Retail Spending Growth (%)

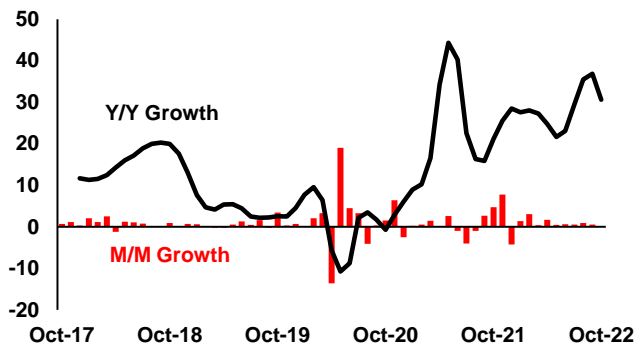


Chart 11: Comparison to ABS Retail Sales Growth (%)



Chart 12: Spending Growth by Retail Category (%)

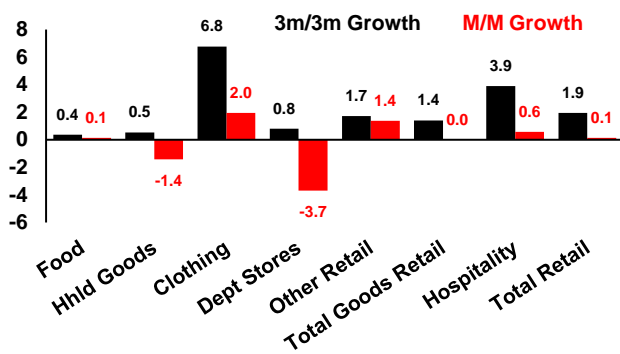
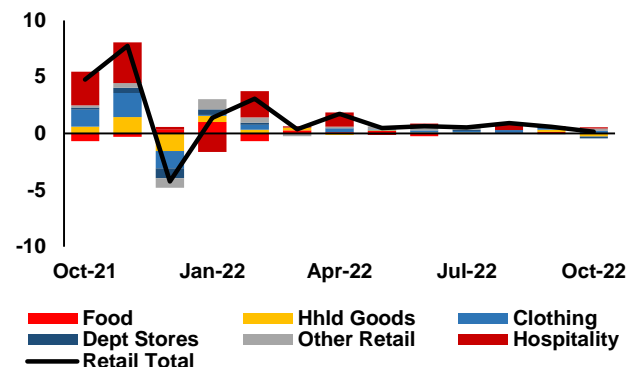


Chart 13: Contribution to Monthly Growth (%)



Monthly Spending – Detail for Non-Retail Subcategories

- Spending on vehicles and fuel fell 1.1% in the month, with a small pickup in vehicles offset by a fall in fuel spending. The latter came despite the return of full excise across the month.
- Spending on essential services rose 1.1% in the month, with a further pickup in education spending and increases in media & communications, utilities and health & care.
- Other spending fell 2.1% in the month, driven by a sharp fall in arts, recreation & travel services. There were also small declines in spending on professional services, construction, and other services. Spending on transport & postal services bucked the trend, up 2.1% in the month.

Table 4: Spending Growth by Subcategory (excl. Retail) (%)

	Aug-22	Sep-22	Oct-22				Aug-22	Sep-22	Oct-22		
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Vehicles	2.0	-1.0	0.5	2.0	17.2	Arts, Rec. & Travel	4.6	6.3	-9.5	12.3	190.1
Fuel	-4.6	1.1	-1.8	-0.4	37.8	Construction	3.1	-3.2	-0.5	0.0	5.5
Vehicles & Fuel Total	-2.6	0.4	-1.1	0.3	30.6	Professional Services	1.2	-1.0	-0.7	-1.0	-0.2
Education	-0.7	5.5	1.2	4.2	18.7	Transport & Postal	3.2	0.4	2.1	2.3	101.6
Utilities	-3.5	-0.7	1.4	-1.7	-1.6	Other Services	3.2	2.1	-0.2	5.6	37.6
Health & Care	1.9	-0.2	0.4	3.6	18.0	Other Spending Total	3.2	1.9	-2.1	4.9	56.8
Media & Comms	-1.4	-2.3	2.0	-1.7	4.4						
Essential Svcs Total	-0.6	0.1	1.1	1.2	9.7						

Chart 14: Vehicles & Fuel Index (Jan 2020 = 100)

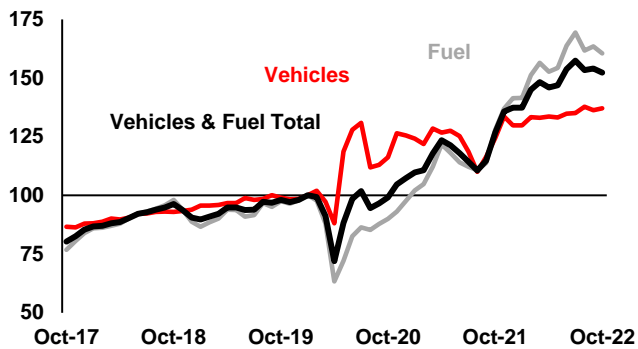


Chart 15: Other Spending Index (Jan 2020 = 100)

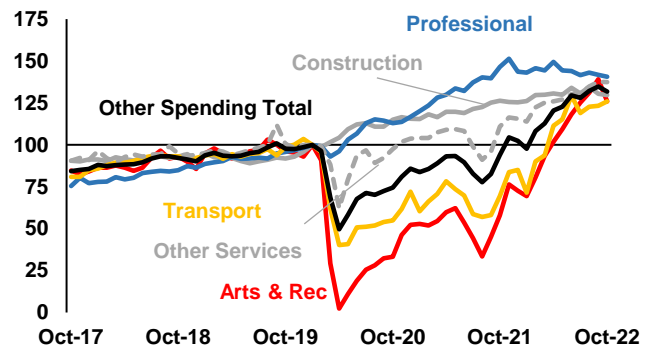
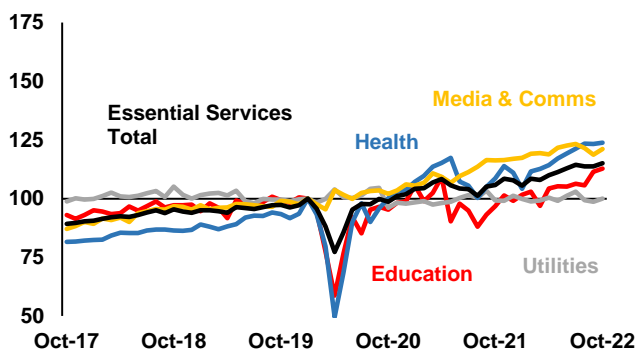


Chart 16: Essential Services Index (Jan 2020 = 100)



Monthly Business Credits

- Business credits fell 0.1% in October to be 14.4% higher y/y, with utilities, accommodation & food, education, and retail growing the strongest over the past three months.

Chart 17: Business Credits Growth (%)

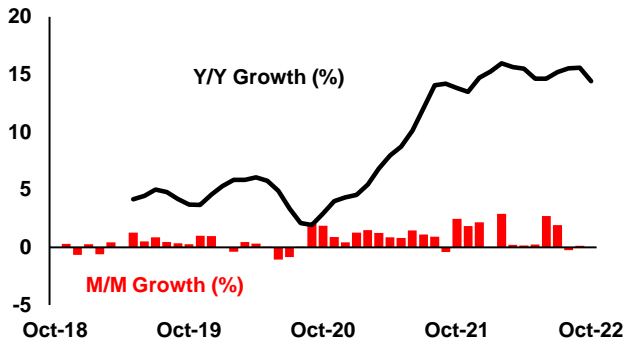


Chart 18: Business Credits Index (Jan 2020 = 100)

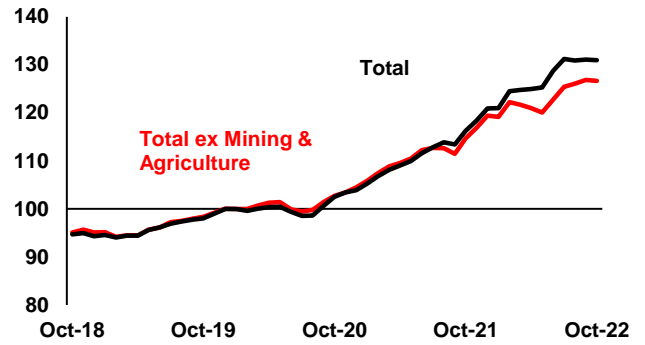


Chart 19: Credits Index by Industry (Jan 2020 = 100)

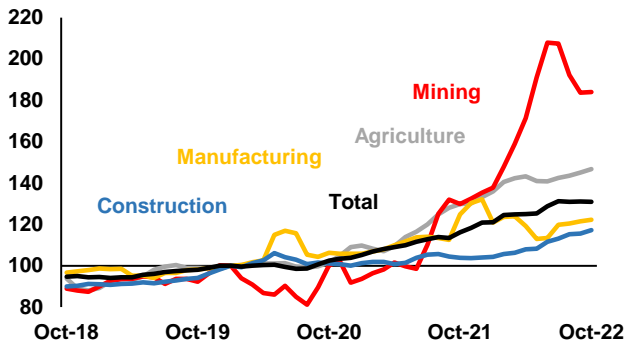


Chart 20: Credits Index by Industry (Jan 2020 = 100)

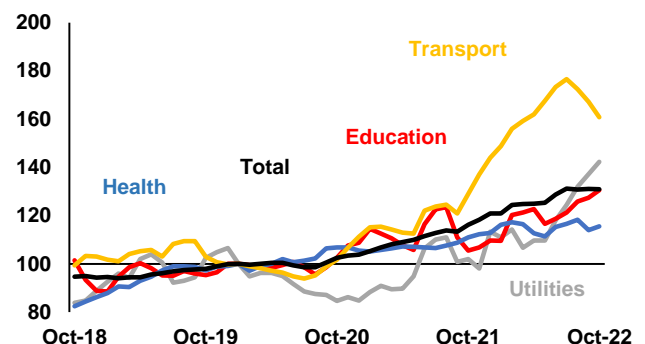


Chart 21: Credits Index by Industry (Jan 2020 = 100)

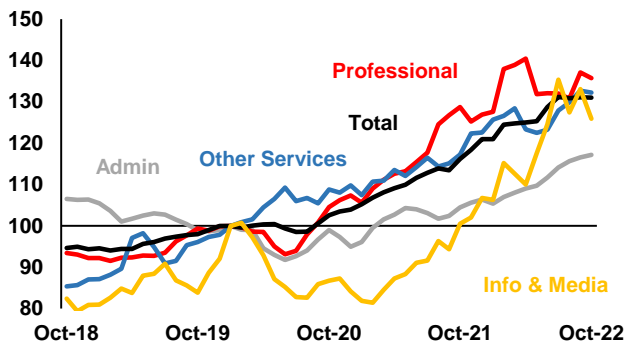


Chart 22: Credits Index by Industry (Jan 2020 = 100)

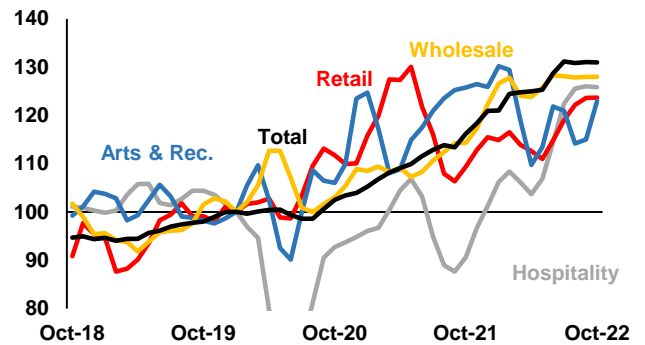


Table 5: Business Credits Growth by Industry (%)

	Aug-22	Sep-22	Oct-22			Aug-22	Sep-22	Oct-22			
	m/m	m/m	m/m	3m/3m		y/y	m/m	m/m	m/m		3m/3m
Accom & Food	2.5	0.4	-0.2	9.8	41.3	Mining	-7.3	-4.4	0.1	-7.7	44.7
Admin & Support	1.3	0.8	0.5	4.1	13.2	Other Services	1.5	2.1	-0.3	5.6	13.8
Agriculture	0.8	1.0	1.2	2.6	13.7	Professional Services	-0.9	4.8	-1.0	1.9	6.2
Arts & Rec.	-5.6	0.8	6.9	-1.2	-6.0	Rental & Real Estate	1.5	-0.4	-1.7	1.9	3.6
Construction	1.9	0.3	1.5	4.5	10.8	Retail Trade	2.6	1.2	0.1	7.1	14.2
Education	3.8	1.2	2.4	7.7	12.9	Transport & Postal	-2.3	-3.1	-3.8	-3.3	33.6
Utilities	6.1	3.9	3.7	16.8	31.1	Wholesale Trade	-0.2	0.1	0.0	0.4	12.6
Health	1.4	-3.6	1.4	1.3	6.2	Total	-0.2	0.2	-0.1	2.0	14.4
Info & Media	-5.9	4.4	-5.4	2.4	32.7	Total ex Mining & Agri	0.5	0.6	-0.1	3.1	12.0
Manufacturing	0.4	0.9	0.6	5.1	3.7						

All data calculated as a three month moving average of seasonally adjusted monthly data.

About this report

NAB publishes aggregated customer transaction data with the view to providing real-time insights into economic activity in Australia. 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 underlying data used in this report are not sold or made publicly available. This monthly report replaces the fortnightly *Data Insights* report and the monthly *NAB Cashless Retail Sales Index*, which were discontinued in October 2022.

Consumer Spending Methodology

Data on consumer spending are derived from NAB electronic transactions data, encompassing more than 4 million transactions per day. The data include transactions made by EFTPOS, Credit Card, BPAY, Bank Transfers, Direct Debits and Paypal services where available, and include transactions with Australian and international merchants. Spending includes both online and offline transactions. The data excludes cash withdrawals made during a purchase and purchases made offline in an overseas location. As the data only capture electronic transactions, results can be affected by changes in the take-up rate of electronic payment methods relative to cash. State splits of spending are based on where the customer lives, which may or may not be where the actual spending activity occurs. Customers without an Australian residential address are excluded. Transactions attributable to non-consumer sectors including Manufacturing, Mining, and Wholesale are excluded, as are Financial & Insurance Services transactions and Public Administration transactions (largely tax payments). Gambling spending and rental and mortgage payments are also excluded. Opportunities to expand coverage to include these sectors will be explored in the future. Individual industry and state series are seasonally adjusted using the X-11 method.

Business Inward Credits Methodology

Data on business inward credits are derived from credits paid into the accounts of NAB business banking customers, and are intended to approximate business revenues. Data do not account for business expenses and therefore are not reflective of profits or margins. Credits related to financing arrangements and capital raising are excluded where possible. Industry growth rates can also be affected by significant changes in the composition of NAB's business banking customer base. Businesses in the Financial & Insurance Services sector and Public Administration & Safety are excluded. Individual industry series are seasonally adjusted using the X-11 method and a three-month moving average is used to smooth volatility related to the timing of payments made to businesses. History for these series are limited and as such seasonal variation remains difficult to capture accurately. Opportunities to extend the available history to improve analysis will be explored in the future.

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