NAB Monthly Data Insights
February 2023

NAB Group Economics

Key Points

- **Consumer spending** was flat in February after rebounding in January. Retail was flat, and spending on essential services and vehicles & fuel declined in the month, but other spending increased.
- **Goods and services spending** continued to rebalance, with a small decline in goods offset by a small increase in services spending. Similarly, there was a small decline in discretionary spending and small rise in non-discretionary.
- **Business credits** were also broadly flat, up just 0.1% in February (or 0.6% excluding mining and agriculture). Credits are up 7.6% from a year ago but have been broadly steady over recent months.

Comments from NAB Chief Economist Alan Oster

- "Our monthly transaction data indicates that spending was broadly flat in February, consistent with our assessment that consumption has held up but is unlikely to be able to sustain its strong recent growth rates."
- "So far there are few signs of significant shifts between discretionary and non-discretionary spending categories, albeit these distinctions are difficult to analyse in industry-level data."
- "While we expect inflation likely peaked in Q4, price rises are likely still contributing to nominal spending growth and, as such, the flat outcome for February implies a soft outcome for real consumption. However, these data remain subject to significant seasonal effects so it will take time to get a clear read of consumption trends."

Monthly Consumer Spending

- Total spending was flat in the month after rebounding in January. Total spending was up 1.7% over the past three months and 10.3% y/y.
- Retail spending was flat, with a slight fall in goods retail (down 0.1%) and a slight rise in hospitality (up 0.2%). Total retail spending was up 0.5% over the past three months and 5.8% y/y. For detail on retail spending, see **page 3**.
- Spending on essential services eased (down 0.4% m/m) while the 'other spending' category rose by 0.7%. Vehicle & fuel spending fell 1.5%. For detail on non-retail spending, see **page 4**.
- Total spending across goods categories fell 0.3% m/m, while spending across services rose 0.3%. Spending across discretionary categories fell 0.1% and spending across non-discretionary categories rose 0.1%.

Table 1: Key Consumer Spending Growth Statistics (%)

	Dec-22	Jan-23	Feb-23		
	m/m	m/m	m/m	3m/3m	y/y
Goods Retail	-1.3	2.1	-0.1	0.4	4.1
Hospitality	-0.3	2.4	0.2	1.3	14.1
Total Retail	**-1.1**	**2.1**	**0.0**	**0.5**	**5.8**
Vehicles & Fuel	-1.5	1.9	-1.5	-0.5	4.8
Essential Services	0.1	1.1	-0.4	2.4	9.2
Other Spending	1.9	2.0	0.7	5.2	27.8
Total Spending	**-0.4**	**1.9**	**0.0**	**1.7**	**10.3**
Goods	-1.3	2.0	-0.3	0.2	4.2
Services	0.9	1.8	0.3	3.5	18.8
Discretionary	-0.8	2.3	-0.1	1.4	11.7
Non-Discretionary	0.6	1.1	0.1	2.3	7.3

Chart 1: Consumer Spending Index (Jan 2020 = 100)
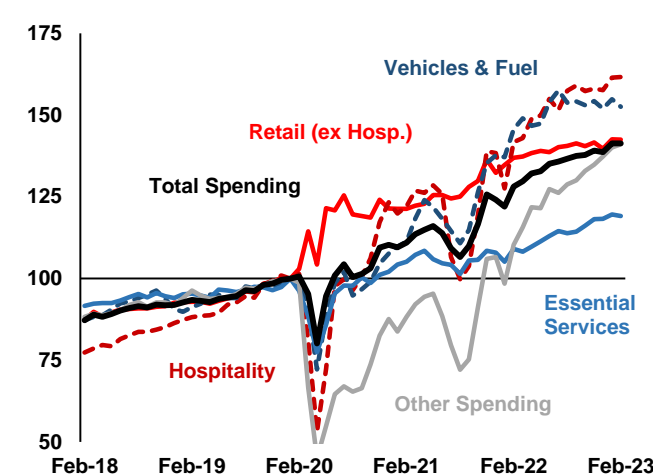
Note: Spending data excludes taxes, rent, mortgages, gambling, finance, insurance, and other non-consumer transactions. Data are seasonally adjusted and subject to revision. "Goods" includes goods retail, vehicles and fuel, and "services" includes all other categories. "Non-discretionary" includes food, health, education, utilities, and media & comms, and "discretionary" includes all other categories. **Next release date: 12 April 2023.**
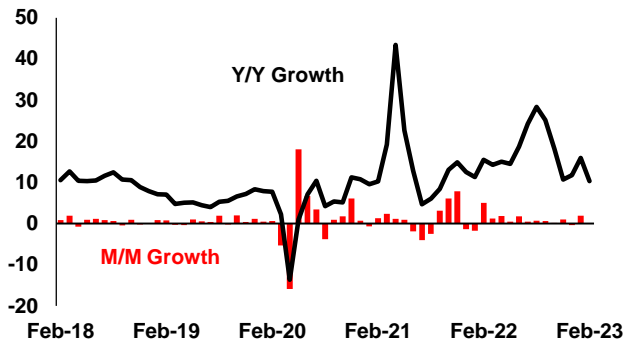
Chart 2: Total Spending Growth (%)

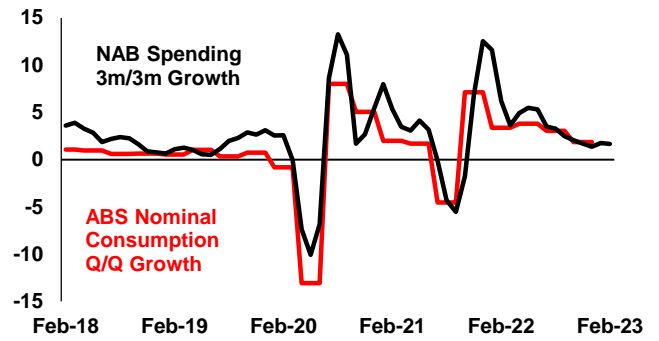**Chart 3: Comparison to ABS Consumption Growth (%)**

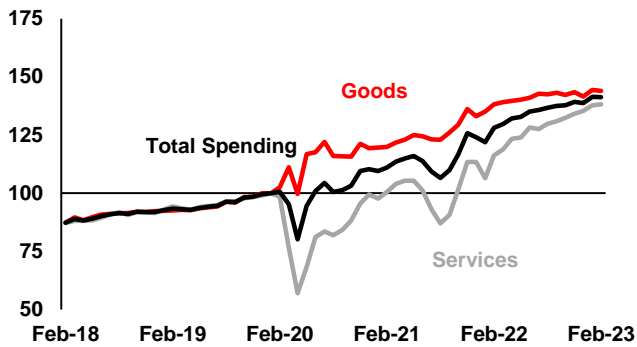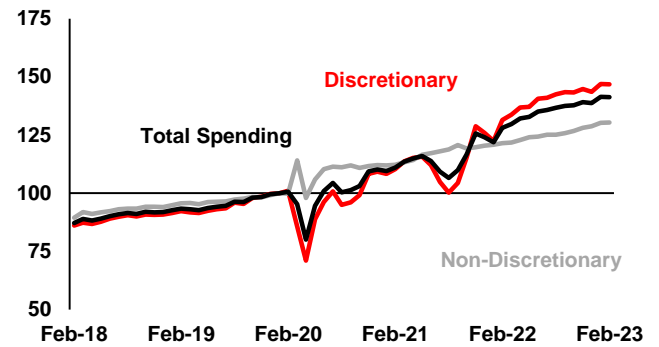**Chart 4: Goods vs Services Index (Jan 2020 = 100)**

Chart 5: Discretionary Spending Index (Jan 2020 = 100)

Monthly Consumer Spending – Detail by State

- Across the states, spending grew in WA and the NT, but was flat in SA and Tasmania; spending fell slightly elsewhere. Spending in all states remains higher over the past three months (compared to the previous three months).

Table 2: Spending Growth by State (%)

	Dec-22	Jan-23	Feb-23		
	m/m	m/m	m/m	3m/3m	y/y
NSW	0.0	1.2	-0.3	1.3	10.6
VIC	0.4	1.7	-0.2	1.2	8.7
QLD	-1.7	3.3	-0.5	0.6	12.3
WA	-0.3	1.1	1.4	2.1	14.4
SA	0.2	1.0	0.0	1.6	11.0
TAS	-0.1	1.8	0.0	1.3	9.7
ACT	-0.6	2.4	-0.3	1.0	10.6
NT	-1.8	3.5	1.6	1.6	15.5

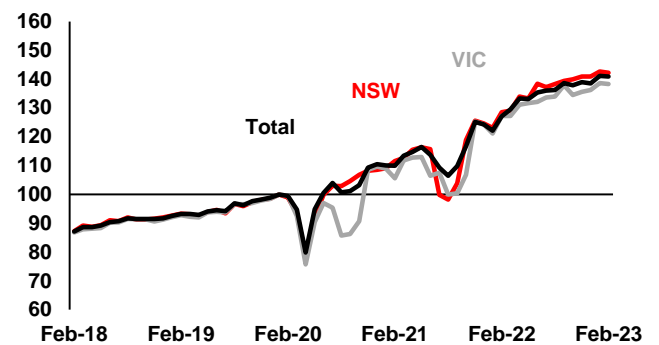**Chart 6: Spending by State (Index, Jan 2020 = 100)**

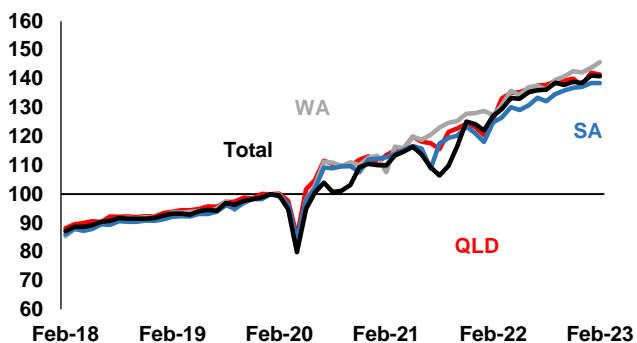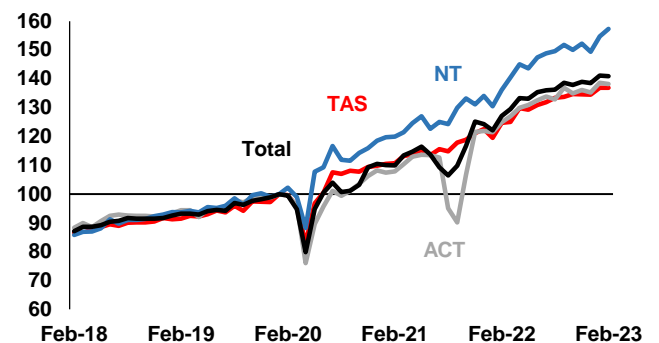**Chart 7: Spending by State (Index, Jan 2020 = 100)**

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 was flat m/m, with a slight fall in goods retail (down 0.1%) and a slight rise in hospitality (up 0.2%). Total retail spending was up 0.5% over the past three months and 5.8% y/y.

- By subcategory, food spending continued to rise, up 0.5%, and department store spending also rose 0.6% after a strong rebound in January. Household goods spending was broadly flat while spending fell on clothing (down 0.6%) and other retail (down 1.2%).

- Hospitality spending grew slightly, up 0.2% for the month, to be up 1.3% over the past three months. Hospitality spending was up 14.1% y/y, reflecting the lingering base effects of the Omicron outbreak in 2022.

- While there are differences between NAB's retail spending measures and ABS retail sales data, the two series have tracked closely through the pandemic period. The latest result suggests that retail sales will likely remain flat when February data are released later in the month.

Table 3: Retail Spending Growth (%)

	Dec-22	Jan-23	Feb-23		
	m/m	m/m	m/m	3m/3m	y/y
Food	0.9	1.1	0.5	2.3	6.1
Hhld Goods	-3.6	0.5	0.1	-2.1	0.0
Clothing	-0.6	2.7	-0.6	0.2	5.0
Dept. Stores	-9.9	11.1	0.6	-2.4	4.7
Other Retail	-0.8	3.3	-1.2	0.5	4.7
Total Goods Retail	**-1.3**	**2.1**	**-0.1**	**0.4**	**4.1**
Hospitality	-0.3	2.4	0.2	1.3	14.1
Total Retail	**-1.1**	**2.1**	**0.0**	**0.5**	**5.8**

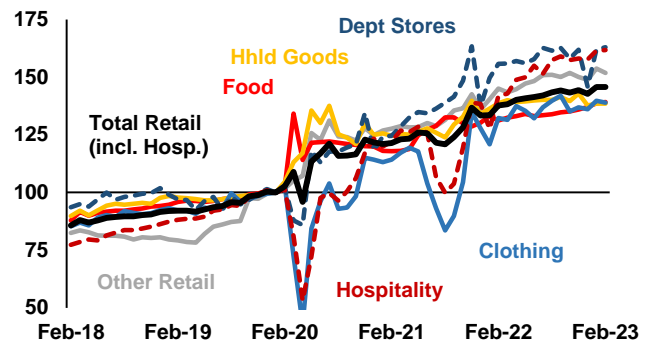**Chart 9: Retail Spending Index (Jan 2020 = 100)**

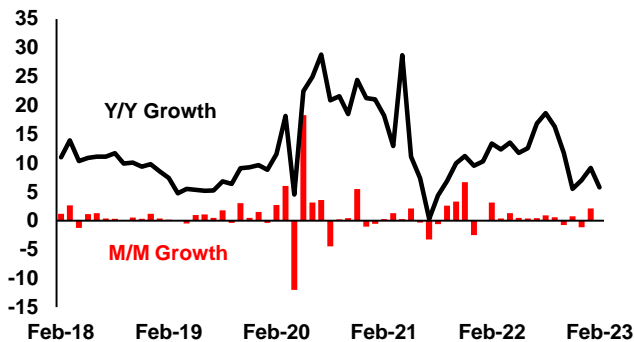**Chart 10: Total Retail Spending Growth (%)**

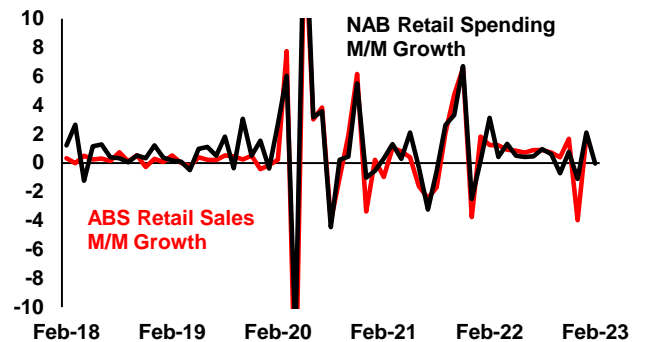**Chart 11: Comparison to ABS Retail Sales Growth (%)**

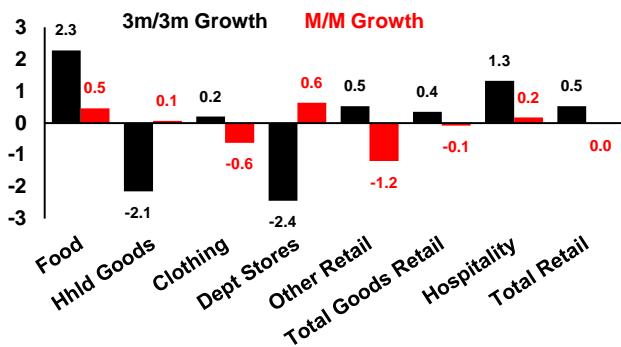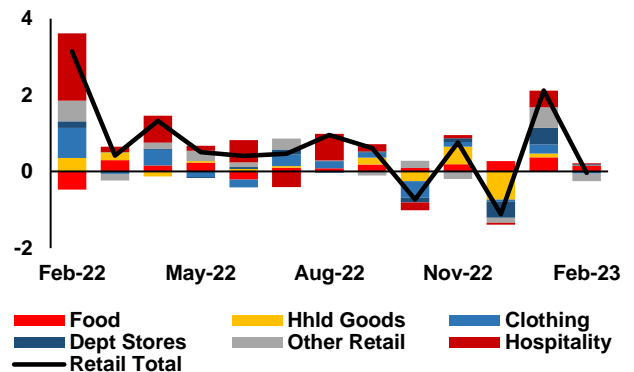**Chart 12: Spending Growth by Retail Category (%)**

Chart 13: Contribution to Monthly Growth (%)

Monthly Spending – Detail for Non-Retail Subcategories

- Spending on vehicles & fuel fell 1.5% in the month, with similar falls across both components. Spending in this category has been broadly steady for several months.
- Spending on essential services fell somewhat (down 0.4% m/m), with declines in education, utilities and media & comms, although spending on health & care rose in the month. Still, spending on essential services remains 2.4% higher over the past three months.
- Other spending rose by 0.7% in the month. There were significant increases in transport, professional services, and other services, while the arts, recreation & travel subcategory saw a fall, as did construction. Overall, the other spending category remains considerably higher over the past three months, up 5.2%.

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

| | Dec-22 | Jan-23 | Feb-23 | | | | Dec-22 | Jan-23 | Feb-23 | | |
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Vehicles	0.2	2.4	-1.6	0.8	2.0	Arts, Rec. & Travel	3.2	2.1	-1.4	6.6	44.3
Fuel	-2.3	1.7	-1.4	-1.0	6.1	Construction	1.0	-1.0	-0.4	1.5	2.5
Vehicles & Fuel Total	**-1.5**	**1.9**	**-1.5**	**-0.5**	**4.8**	Professional Services	2.2	1.2	2.4	7.3	10.6
						Transport & Postal	2.5	3.5	2.7	7.2	47.5
Education	-0.7	5.6	-5.0	0.6	5.7	Other Services	-0.5	1.4	1.4	1.0	12.1
Utilities	0.4	-1.5	-1.8	1.0	3.6	**Other Spending Total**	**1.9**	**2.0**	**0.7**	**5.2**	**27.8**
Health & Care	-0.7	1.4	2.6	1.2	14.3						
Media & Comms	1.7	0.3	-0.6	7.1	9.6						
Essential Svcs Total	**0.1**	**1.1**	**-0.4**	**2.4**	**9.2**						

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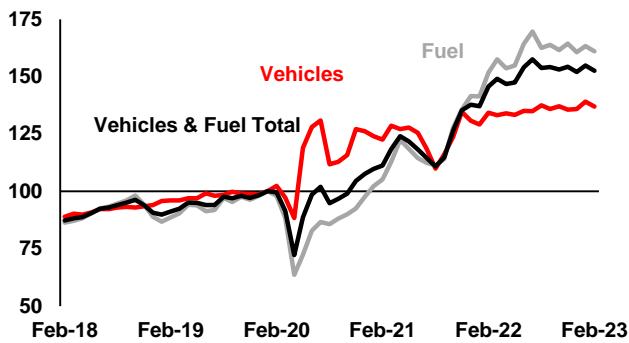

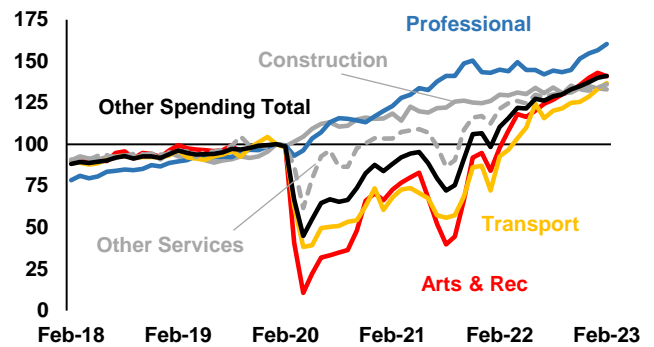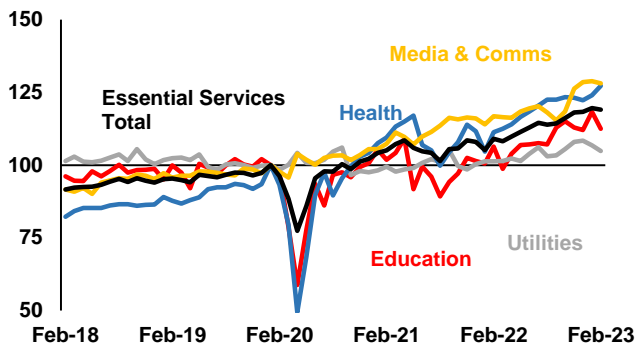**Chart 15: Other Spending Index (Jan 2020 = 100)**

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

Monthly Business Credits

- Business credits rose 0.1% in February. Credits are up 7.6% from a year ago but are flat in three-month average terms. Utilities, information & media, arts & recreation, health, mining and other services have contributed to growth over recent months, while professional services, rental & real estate, accommodation & food, transport & postal and wholesale have declined.

Table 5: Business Credits Growth by Industry (%)

| | Dec-22 | Jan-23 | Feb-23 | | | | Dec-22 | Jan-23 | Feb-23 | | |
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Accom & Food	-0.6	-1.4	-1.7	-3.6	14.1	Mining	3.3	0.5	-4.3	5.1	41.0
Admin & Support	-1.8	0.4	2.6	-1.0	8.2	Other Services	0.4	3.1	-0.3	4.1	13.6
Agriculture	-0.8	-1.5	0.2	-1.1	3.9	Professional Services	-3.8	-0.6	-0.4	-4.9	-2.1
Arts & Rec.	1.4	1.1	0.9	5.7	4.1	Rental & Real Estate	-1.9	0.2	1.5	-4.3	-3.3
Construction	2.2	0.7	0.9	4.4	16.6	Retail Trade	0.1	-0.4	0.9	0.2	6.2
Education	1.2	-1.3	3.1	1.5	15.0	Transport & Postal	-4.5	3.4	-1.7	-3.5	8.0
Utilities	4.8	6.8	0.2	11.8	43.9	Wholesale Trade	-1.9	-0.6	-0.1	-3.2	-0.4
Health	3.1	1.2	1.9	5.3	5.8						
Info & Media	2.0	4.8	-0.8	5.8	27.4	**Total**	**-0.4**	**0.4**	**0.1**	**0.0**	**7.6**
Manufacturing	0.6	-0.4	1.5	0.8	-1.6	Total ex Mining & Agri	-0.7	0.5	0.6	-0.5	5.0

All data calculated as a three month moving average of seasonally adjusted monthly data.
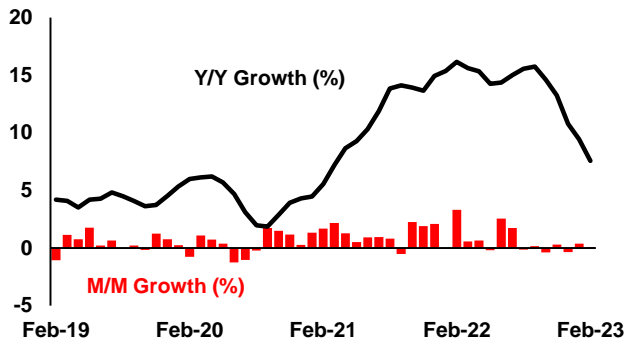
Chart 17: Business Credits Growth (%)

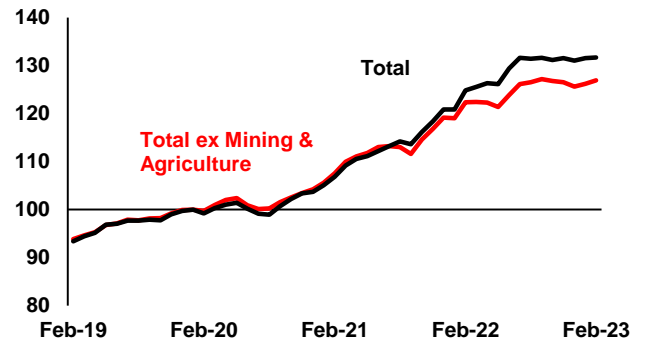**Chart 18: Business Credits Index (Jan 2020 = 100)**

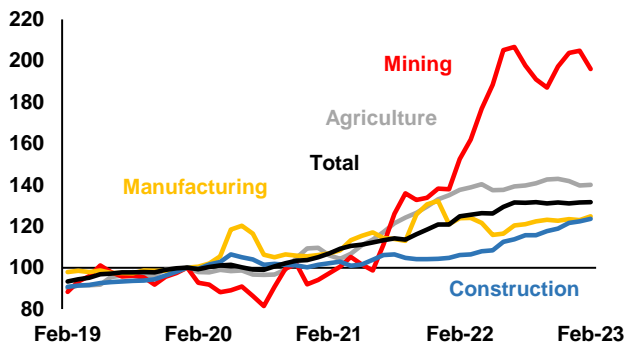**Chart 19: Credits Index by Industry (Jan 2020 = 100)**

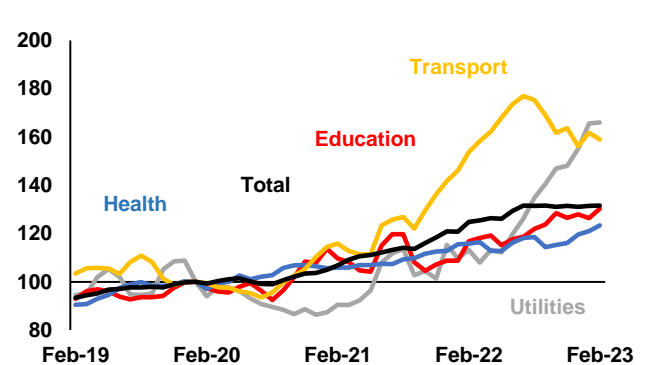**Chart 20: Credits Index by Industry (Jan 2020 = 100)**

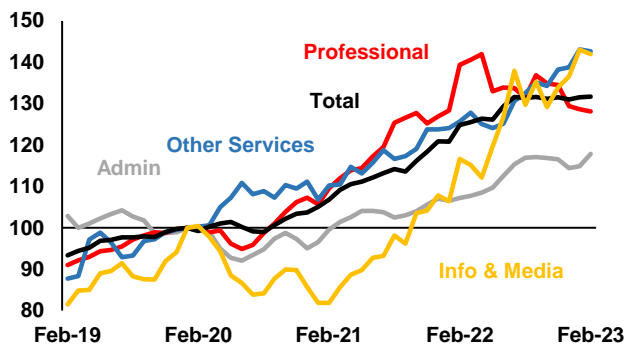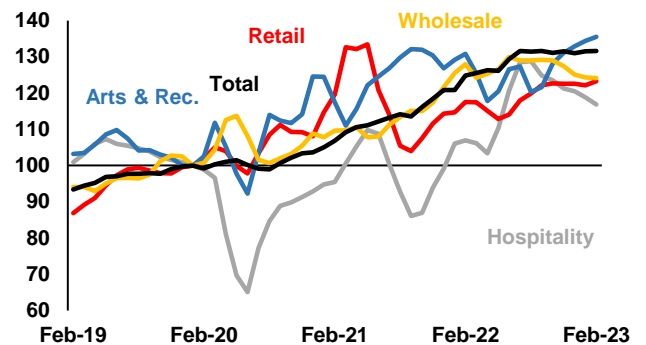**Chart 21: Credits Index by Industry (Jan 2020 = 100)**

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

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 replaced 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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