



NAB Monthly Data Insights March 2023

NAB Group Economics

Key Points

- **Consumer spending** declined in March after softening in February. The decline was fairly consistent across spending categories, with both goods and services spending declining. This marked the first significant monthly decline in services spending since the Omicron wave in January 2022.
- **Discretionary spending** declined noticeably in the month, while non-discretionary spending only edged down slightly. Over the three months of Q1, total nominal spending was 2% higher than Q4 of 2022.
- **Business credits** rose 0.7% in March (or 1.1% excluding mining and agriculture). Credits are up 6.8% from a year ago but have grown only slightly over recent months.

Comments from NAB Chief Economist Alan Oster

- “Our monthly transaction data suggests spending turned a corner in March with total spending declining (in seasonally adjusted terms) after holding up through more than a year of high inflation and rising interest rates.”
- “The long period of rebalancing between goods and services spending looks to have run its course with both categories declining – the first significant monthly decline in services spending since the Omicron wave in January 2022.”
- “In total, nominal consumer spending was up 2% over the course of Q1. Given that inflation is still high, this suggests another quarter of modest real consumption growth is likely when national accounts data become available.”

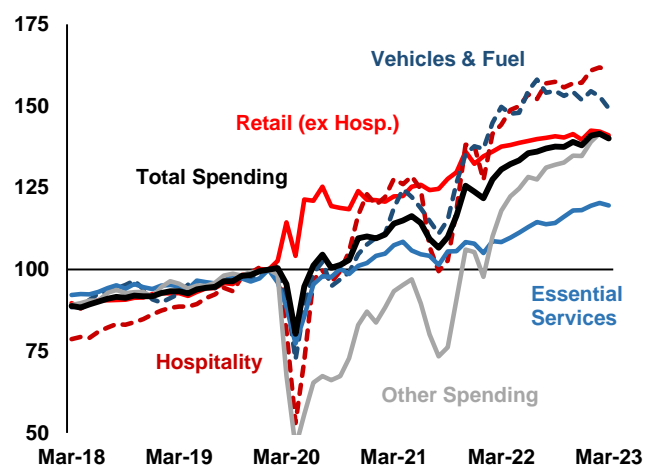
Monthly Consumer Spending

- Total spending declined 1% in March after a flat result in February. Total spending was up 2% over the past three months and 7.3% y/y.
- Retail spending declined 0.8%, with similar falls across both goods retail and hospitality. Total retail spending was up 1.4% over the past three months and 4% y/y. For detail on retail spending, see **page 3**.
- Spending on essential services eased (down 0.6% m/m) and the ‘other spending’ category declined by 1.2%. Vehicle & fuel spending fell 2.4%. For detail on non-retail spending, see **page 4**.
- Total spending across goods categories fell 1.1% m/m, while spending across services fell 0.9%. Spending across discretionary categories fell 1.4% and spending across non-discretionary categories fell 0.2%.

Table 1: Key Consumer Spending Growth Statistics (%)

	Jan-23	Feb-23	Mar-23		
	m/m	m/m	m/m	3m/3m	y/y
Goods Retail	2.0	-0.2	-0.8	1.0	2.5
Hospitality	2.4	0.6	-0.7	2.9	11.4
Total Retail	2.1	0.0	-0.8	1.4	4.0
Vehicles & Fuel	1.8	-1.1	-2.4	-0.5	-0.3
Essential Services	1.1	0.8	-0.6	2.0	10.4
Other Spending	3.2	1.9	-1.2	4.6	18.6
Total Spending	2.2	0.4	-1.0	2.0	7.3
Goods	2.0	-0.3	-1.1	0.8	2.1
Services	2.4	1.3	-0.9	3.5	14.5
Discretionary	2.6	0.3	-1.4	1.9	7.3
Non-Discretionary	1.3	0.5	-0.2	2.2	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: 8 May 2023.**

Chart 2: Total Spending Growth (%)

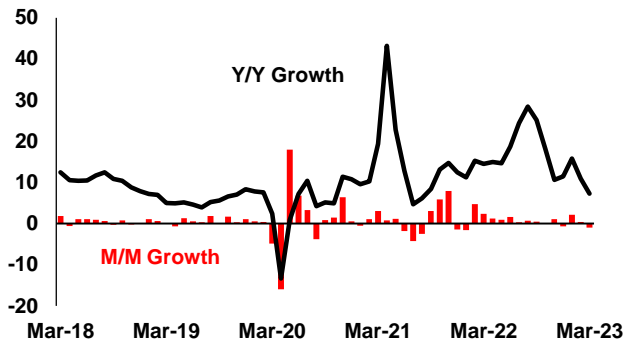


Chart 3: Comparison to ABS Consumption Growth (%)

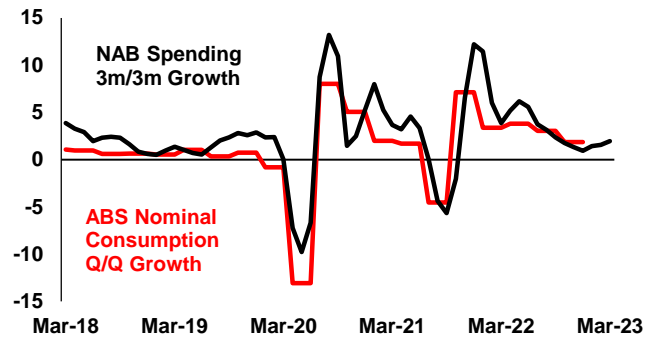


Chart 4: Goods vs Services Index (Jan 2020 = 100)

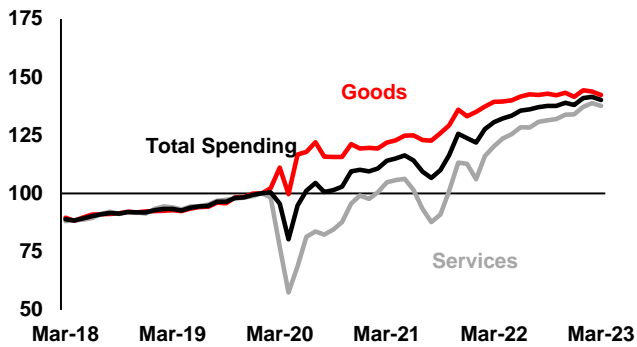
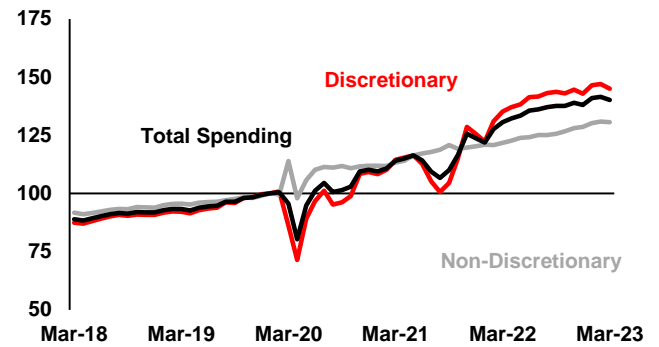


Chart 5: Discretionary Spending Index (Jan 2020 = 100)



Monthly Consumer Spending – Detail by State

- Across the states, spending was flat in WA and Qld and fell elsewhere, with the largest falls in Vic, NT and SA. Spending in all states remains higher over the three months of Q1 relative to the three months of Q4.

Table 2: Spending Growth by State (%)

	Jan-23	Feb-23	Mar-23		
	m/m	m/m	m/m	3m/3m	y/y
NSW	1.1	0.2	-0.5	1.3	9.2
VIC	1.8	-0.3	-1.7	1.7	6.4
QLD	3.3	0.1	0.0	2.4	6.5
WA	1.1	1.7	0.1	2.5	11.7
SA	0.9	0.5	-1.3	1.2	8.1
TAS	1.8	0.3	-0.6	1.7	8.6
ACT	2.3	-0.1	-0.2	2.0	8.1
NT	3.5	2.3	-1.6	3.7	10.1

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

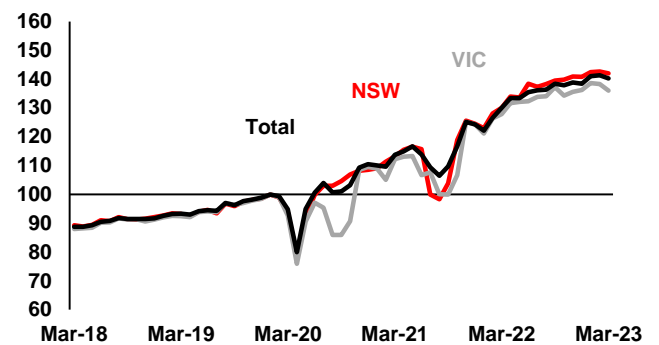


Chart 7: Spending by State (Index, Jan 2020 = 100)

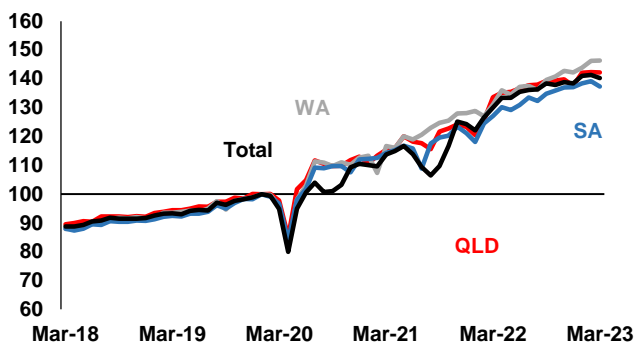
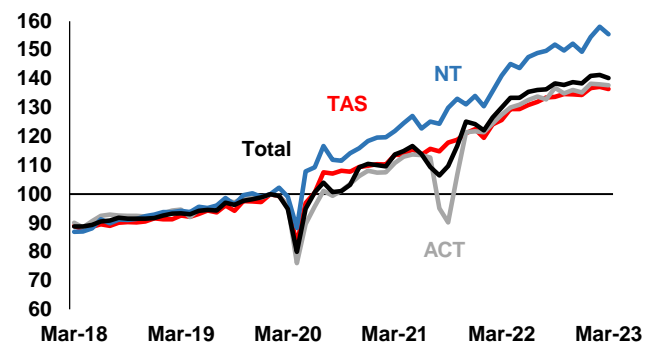


Chart 8: Spending by State (Index, Jan 2020 = 100)



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

Monthly Consumer Spending - Retail Sector Detail

- Retail spending declined 0.8% m/m, with similar falls across both goods retail (-0.8%) and hospitality (-0.7%). Total retail spending was up 1.4% over the past three months and 4% y/y.
- By subcategory, food spending was the most resilient, up 0.1%, while department store spending saw a large decline (-4.9%) and households goods, clothing, and other retail all fell by more than 1%.
- Hospitality spending also declined, down 0.7%, although hospitality spending remained 2.9% higher over the past three months and 11.4% higher y/y, reflecting the strong rebound that has been playing out.
- 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 show a decline when March data are released later in the month.

Table 3: Retail Spending Growth (%)

	Jan-23	Feb-23	Mar-23		
	m/m	m/m	m/m	3m/3m	y/y
Food	1.4	0.3	0.1	2.3	5.4
Hhld Goods	0.5	0.3	-1.1	-1.3	-2.3
Clothing	2.6	-0.7	-1.1	1.4	4.1
Dept. Stores	6.1	0.7	-4.9	1.5	-3.3
Other Retail	3.8	-1.7	-1.2	1.1	3.6
Total Goods Retail	2.0	-0.2	-0.8	1.0	2.5
Hospitality	2.4	0.6	-0.7	2.9	11.4
Total Retail	2.1	0.0	-0.8	1.4	4.0

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

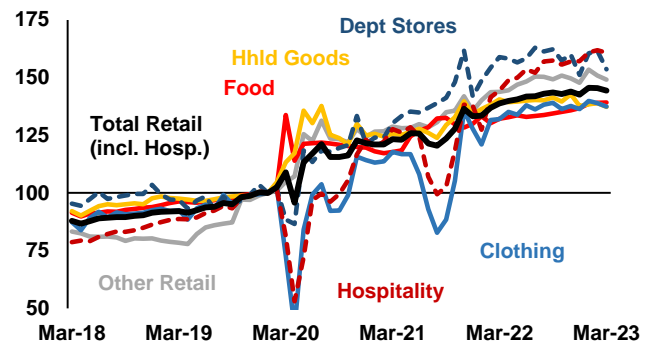


Chart 10: Total Retail Spending Growth (%)

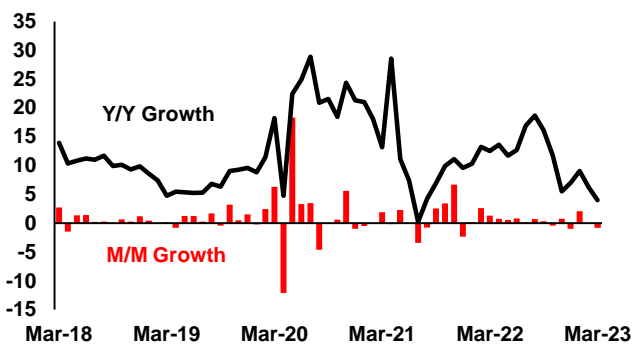


Chart 11: Comparison to ABS Retail Sales Growth (%)

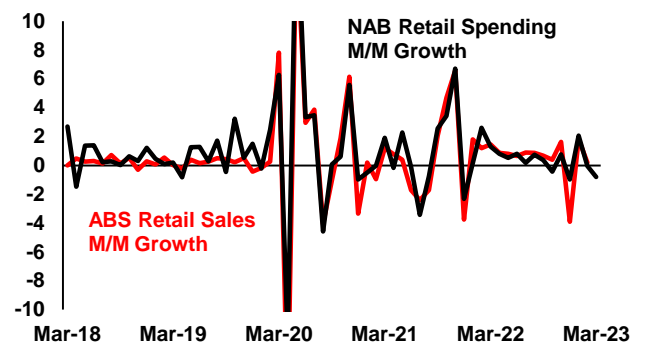


Chart 12: Spending Growth by Retail Category (%)

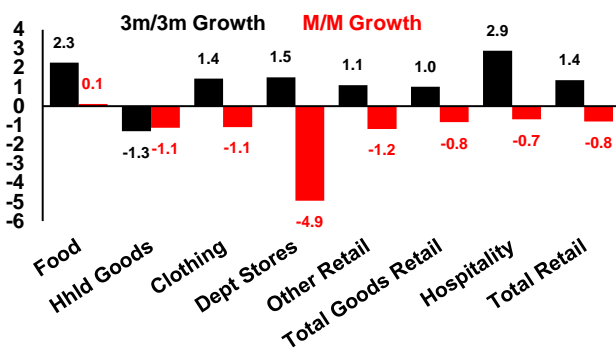
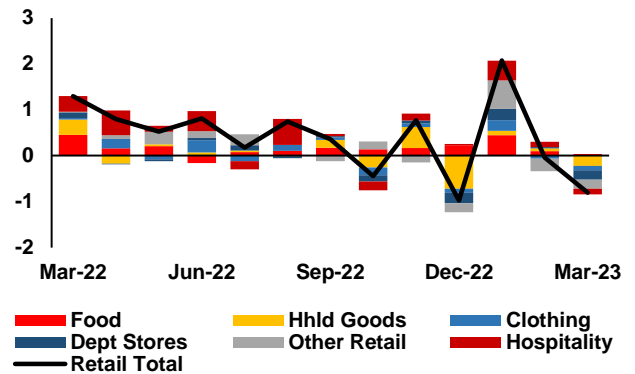


Chart 13: Contribution to Monthly Growth (%)



Monthly Spending – Detail for Non-Retail Subcategories

- Spending on vehicles & fuel fell 2.4% in the month, with a large fall in fuel spending more than offsetting a pickup in vehicle spending. Spending in this category has declined only slightly over recent months.
- Spending on essential services declined (down 0.6%) though the February decline was revised up. Falls in health and care and in education offset increases in utilities and media & communications. Spending on essential services remains 2% higher over the past three months and 10.4% higher y/y.
- Other spending declined 1.2% in the month. Professional services and other services both saw sharp declines, somewhat reversing increases in January and February. Still, there were slight increases in March in arts, recreation & travel, transport & postal, and construction. Overall, the other spending category remains 4.6% higher over the past three months and 18.6% higher y/y, largely reflecting the rebound in the travel and transport categories.

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

	Jan-23	Feb-23	Mar-23				Jan-23	Feb-23	Mar-23		
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Vehicles	2.3	-1.1	0.8	1.6	3.9	Arts, Rec. & Travel	1.0	1.8	0.8	5.3	31.2
Fuel	1.6	-1.0	-3.8	-1.5	-2.2	Construction	-1.0	0.9	0.5	1.1	4.9
Vehicles & Fuel Total	1.8	-1.1	-2.4	-0.5	-0.3	Professional Services	1.0	4.7	-5.3	5.2	6.4
Education	5.1	-3.1	-0.8	1.4	12.5	Transport & Postal	6.6	0.1	0.6	4.6	28.9
Utilities	-1.3	-0.2	1.8	0.2	8.2	Other Services	6.1	1.9	-3.3	3.7	6.2
Health & Care	1.4	3.7	-3.2	2.2	9.6	Other Spending Total	3.2	1.9	-1.2	4.6	18.6
Media & Comms	0.6	-0.1	1.1	4.2	12.5						
Essential Svcs Total	1.1	0.8	-0.6	2.0	10.4						

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

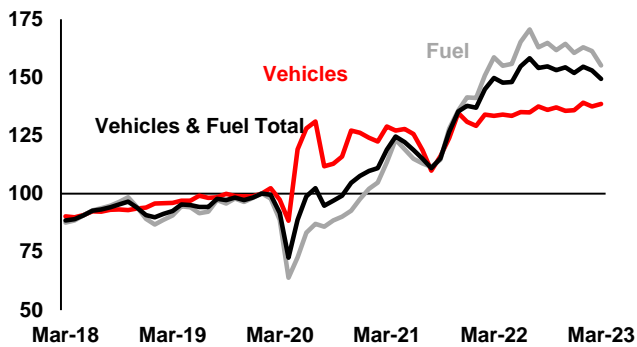


Chart 15: Other Spending Index (Jan 2020 = 100)

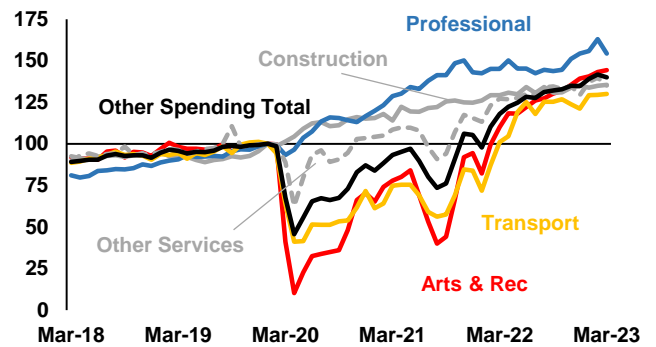
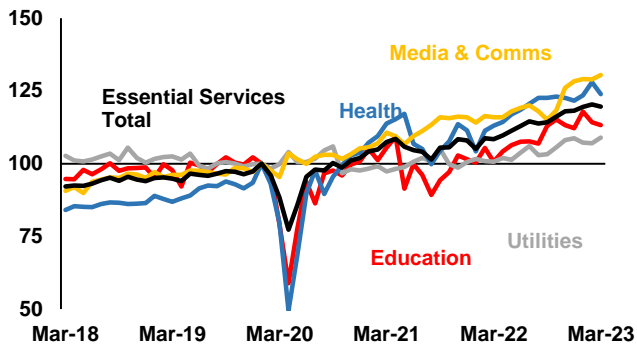


Chart 16: Essential Services Index (Jan 2020 = 100)



Monthly Business Credits

- Business credits rose 0.7% in March. Credits are up 0.7% over three months and 6.8% from a year ago. Utilities remains significantly higher over recent months, alongside information & media, arts & recreation, health, and other services. Credits have stabilised in mining and transport, while hospitality and professional services have declined somewhat.

Table 5: Business Credits Growth by Industry (%)

	Jan-23	Feb-23	Mar-23				Jan-23	Feb-23	Mar-23		
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Accom & Food	-0.7	-1.1	0.4	-1.3	12.0	Mining	0.6	-4.2	-1.9	1.2	31.2
Admin & Support	0.3	3.1	6.3	3.4	11.6	Other Services	3.2	-0.2	1.1	4.7	13.9
Agriculture	-1.5	-0.4	-2.0	-3.0	1.2	Professional Services	-0.6	-0.4	-2.3	-4.3	-6.5
Arts & Rec.	1.8	1.4	3.1	5.7	7.0	Rental & Real Estate	0.2	1.4	1.8	-0.6	-2.1
Construction	0.9	1.2	0.7	3.9	17.5	Retail Trade	0.0	1.0	1.3	1.5	7.4
Education	-1.0	3.1	0.7	0.7	12.7	Transport & Postal	2.8	-0.2	5.6	0.8	6.4
Utilities	6.9	0.4	-3.0	9.2	48.2	Wholesale Trade	-0.6	-0.7	0.9	-2.1	-1.5
Health	1.2	1.9	0.8	5.1	6.0	Total	0.4	0.2	0.7	0.7	6.8
Info & Media	4.9	-0.9	-1.3	6.5	25.6	Total ex Mining & Agri	0.5	0.7	1.1	0.8	5.0
Manufacturing	-0.4	1.4	-1.4	0.3	0.4						

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

Chart 17: Business Credits Growth (%)

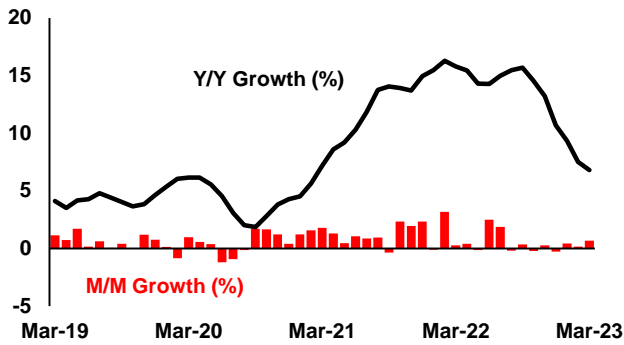


Chart 18: Business Credits Index (Jan 2020 = 100)

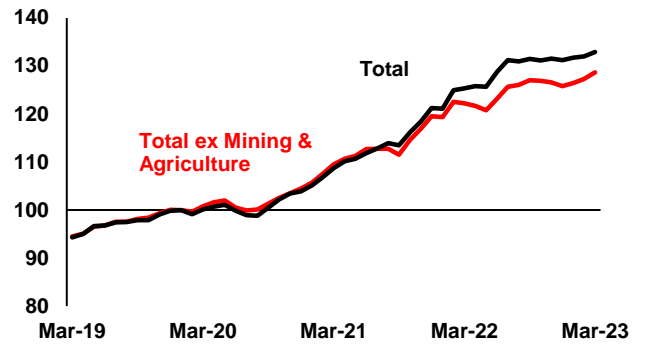


Chart 19: Credits Index by Industry (Jan 2020 = 100)

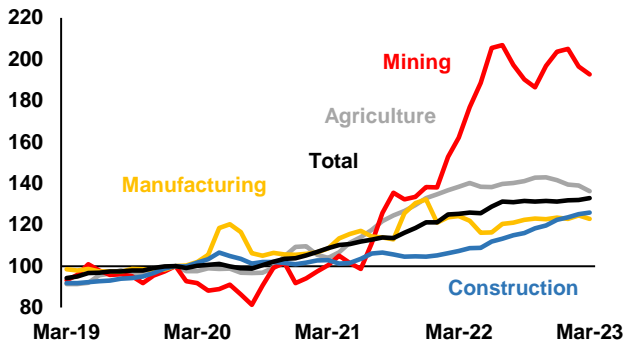


Chart 20: Credits Index by Industry (Jan 2020 = 100)

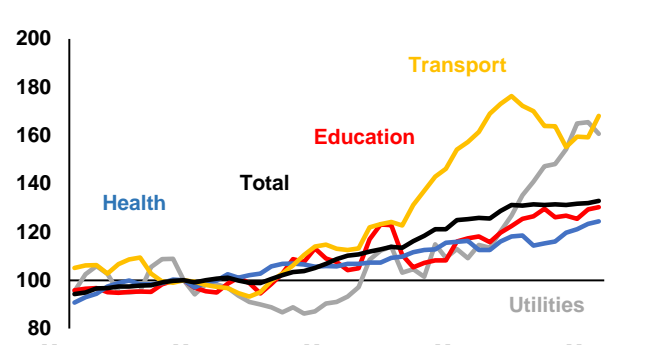


Chart 21: Credits Index by Industry (Jan 2020 = 100)

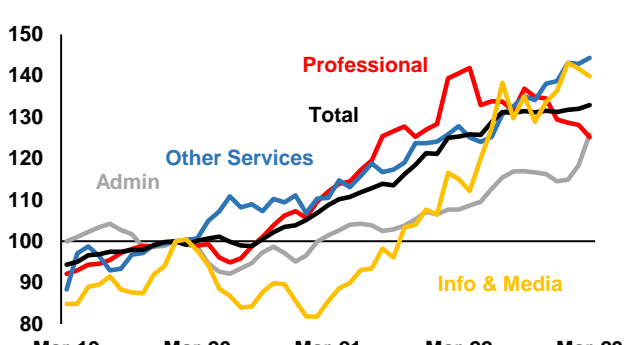
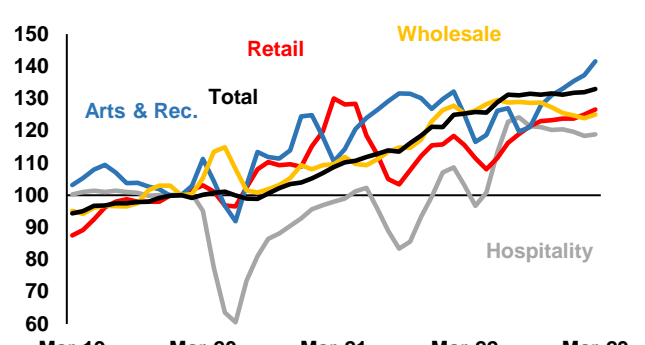


Chart 22: Credits Index by Industry (Jan 2020 = 100)



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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