



# NAB Monthly Data Insights May 2023

## NAB Group Economics

### Key Points

- **Consumer spending**, according to NAB’s transaction data, rose in May, but only partially reversed the fall over March and April. The increased spending was mainly on services, including hospitality, construction, and arts, recreation & travel.
- **Discretionary spending** rose in the month, while non-discretionary fell slightly. However, over the last three months (compared to the previous three months) discretionary spending has fallen with non-discretionary growing solidly.
- **Business credits** fell 0.1% m/m in May, but there was a 0.3% increase when excluding mining and agriculture. Credits have broadly tracked sideways so far this year but with considerable divergence by sector.

### Comments from NAB Chief Economist Alan Oster

- “Our monthly transaction data showed a small rise in spending in May (in seasonally adjusted terms), driven by discretionary spending.”
- “However, this only partially reverses declines in the previous two months, and so does not change our view that consumer spending growth is softening.”
- “Our consumer transaction data is a nominal measure and, with inflation still elevated, points to even weaker volume growth.”

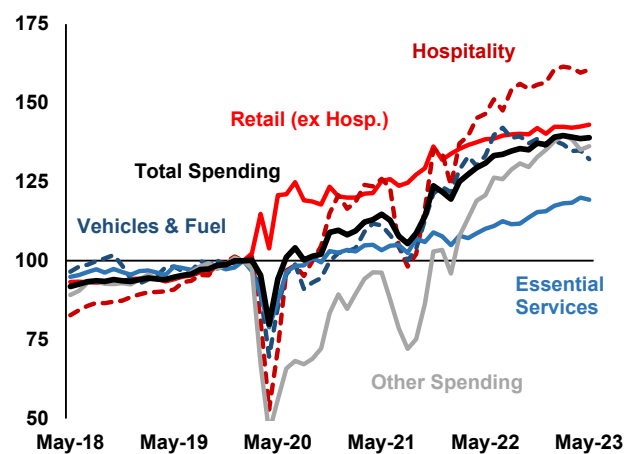
### Monthly Consumer Spending

- Total spending increased 0.2% in May after a fall of -0.3% in March (revised from -0.8%). Total spending was up 0.3% in three-month-average terms and 6.2% y/y.
- Retail spending grew 0.5% m/m, reflecting increases in both goods retailing and hospitality. Total retail spending was up 0.6% in three-month-average terms and 4.5% y/y. For detail on retail spending, see **page 3**.
- Spending on essential services fell 0.5% and there was a large fall in vehicles & fuel spending (-2.0% m/m). In contrast, the ‘other spending’ category rose 0.8%. For detail on non-retail spending, see **page 4**.
- Total spending across goods categories increased slightly (up 0.1% m/m), while spending across services grew by 0.4%. Spending across discretionary categories increased 0.3% but fell 0.1% across the non-discretionary categories.

Table 1: Key Consumer Spending Growth Statistics (%)

	Mar-23	Apr-23	May-23		
	m/m	m/m	m/m	3m/3m	y/y
Goods Retail	-0.2	0.3	0.4	0.7	3.4
Hospitality	-0.3	-0.9	0.6	0.5	9.6
<b>Total Retail</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.5</b>	<b>0.6</b>	<b>4.5</b>
Vehicles & Fuel	-1.5	0.1	-2.0	-2.2	-0.8
Essential Services	0.2	1.3	-0.5	1.8	8.4
Other Spending	-0.8	-2.4	0.8	-0.6	12.8
<b>Total Spending</b>	<b>-0.4</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>6.2</b>
Goods	-0.4	0.2	0.1	0.2	2.7
Services	-0.4	-1.0	0.4	0.3	10.7
Discretionary	-0.7	-0.7	0.3	-0.2	6.2
Non-Discretionary	0.3	0.5	-0.1	1.4	6.2

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 July 2023.**

Chart 2: Total Spending Growth (%)

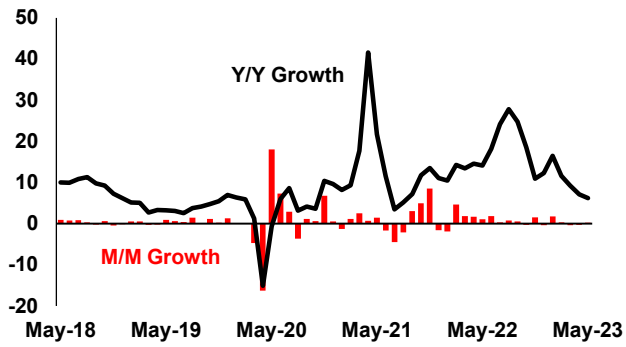


Chart 3: Comparison to ABS Consumption Growth (%)

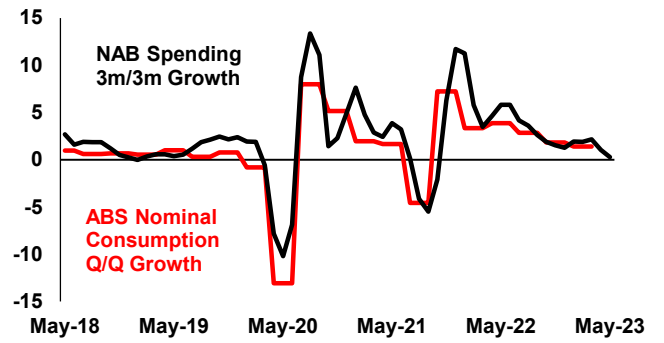


Chart 4: Goods vs Services Index (Jan 2020 = 100)

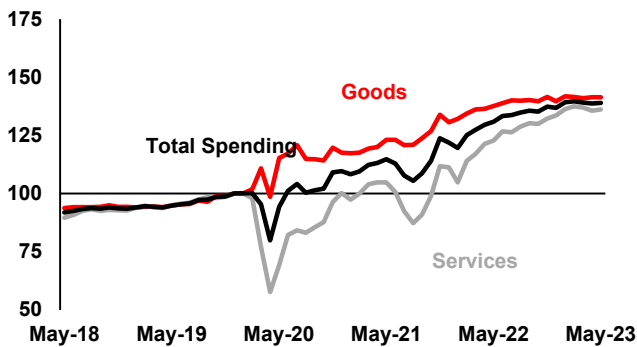
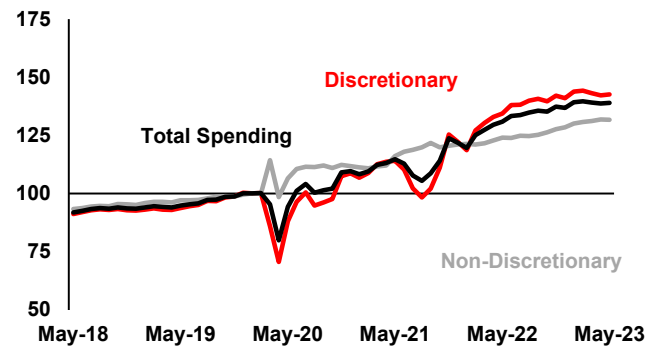


Chart 5: Discretionary Spending Index (Jan 2020 = 100)



## Monthly Consumer Spending – Detail by State

- Spending fell across most states, with only Victoria and the NT seeing increases. The largest falls were in Queensland and Tasmania. However, in three-month average terms, spending growth was strongest in Queensland, followed by WA, and has fallen only in the ACT.

Table 2: Spending Growth by State (%)

	Mar-23	Apr-23	May-23		
	m/m	m/m	m/m	3m/3m	y/y
NSW	0.4	-0.8	-0.2	0.3	6.3
VIC	-0.6	0.2	0.6	0.5	5.6
QLD	0.9	1.0	-0.9	2.5	5.9
WA	0.0	0.5	-0.7	1.9	7.9
SA	-0.4	0.6	-0.2	0.7	7.9
TAS	0.4	-0.6	-0.9	0.3	4.8
ACT	0.4	-1.8	-0.3	-0.3	3.9
NT	-0.6	-1.2	0.4	1.1	9.1

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

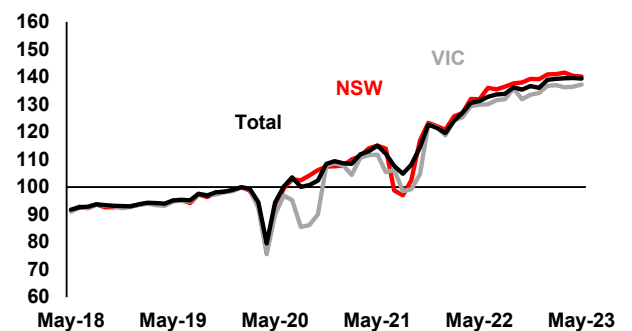


Chart 7: Spending by State (Index, Jan 2020 = 100)

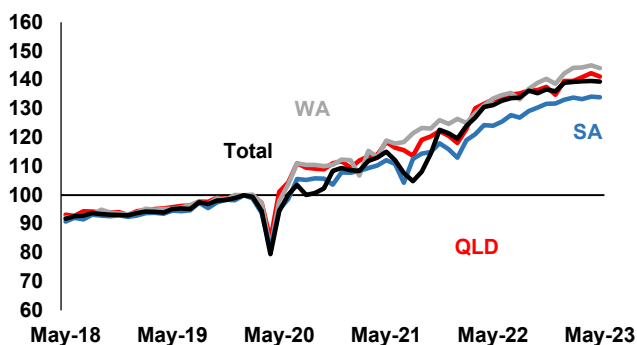
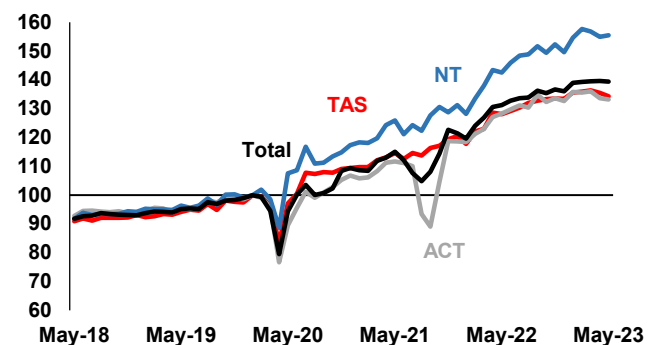


Chart 8: Spending by State (Index, Jan 2020 = 100)



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

## Monthly Consumer Spending – Retail Sector Detail

- Retail spending increased 0.5% m/m, with both goods (0.4% m/m) and hospitality (0.6%) spending rising. In three-month-average terms total retail spending was up 0.6% and 4.5% y/y.
- By subcategory, the fastest growth was in household goods (1.3% m/m), followed by clothing (0.7%) while other retail was flat and department stores fell (-0.4%). Food retailing increased by only 0.2% m/m, but in three-month terms recorded the strongest growth.
- Hospitality spending rose 0.6% m/m to be 9.6% higher than a year ago. While this only partially reversed the falls over March and April, in three-month terms (compared to previous three months) it was 0.5% higher and the level of hospitality spending remains elevated.
- April retail spending was revised up from -0.4% m/m to flat (0.0%), matching the ABS Retail Trade release estimate for the month. While the April estimate is the same, there are important differences between these series, including differences in seasonal adjustment. Both series remain at elevated levels but growth has clearly slowed.

Table 3: Retail Spending Growth (%)

	Mar-23	Apr-23	May-23		
	m/m	m/m	m/m	3m/3m	y/y
Food	0.4	0.0	0.2	1.1	4.8
Hhld Goods	-0.2	0.2	1.3	0.9	3.2
Clothing	-0.8	-0.3	0.7	-1.4	-0.2
Dept. Stores	-3.2	1.7	-0.4	-0.3	0.7
Other Retail	-0.1	0.9	0.0	0.8	3.2
<b>Total Goods Retail</b>	<b>-0.2</b>	<b>0.3</b>	<b>0.4</b>	<b>0.7</b>	<b>3.4</b>
Hospitality	-0.3	-0.9	0.6	0.5	9.6
<b>Total Retail</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.5</b>	<b>0.6</b>	<b>4.5</b>

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

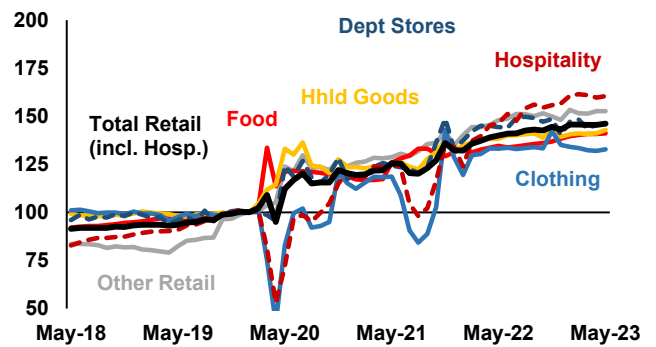


Chart 10: Total Retail Spending Growth (%)

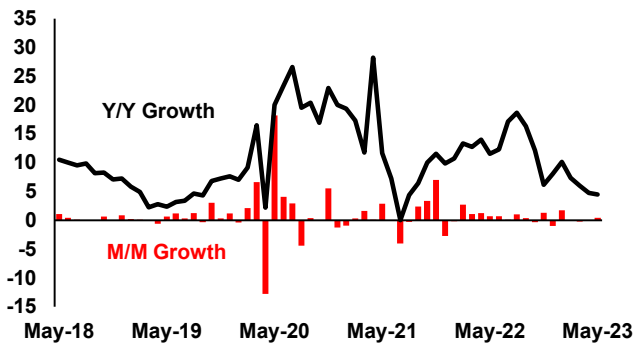


Chart 11: Comparison to ABS Retail Sales Growth (%)

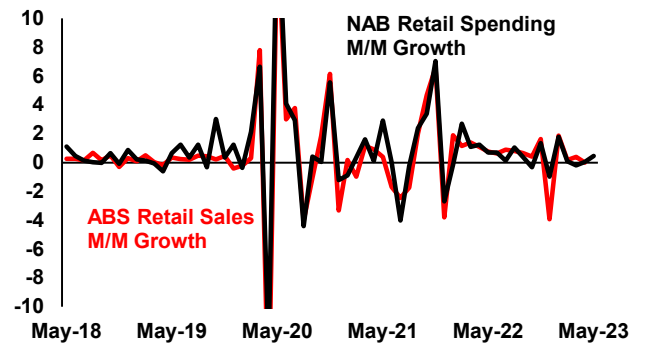


Chart 12: Spending Growth by Retail Category (%)

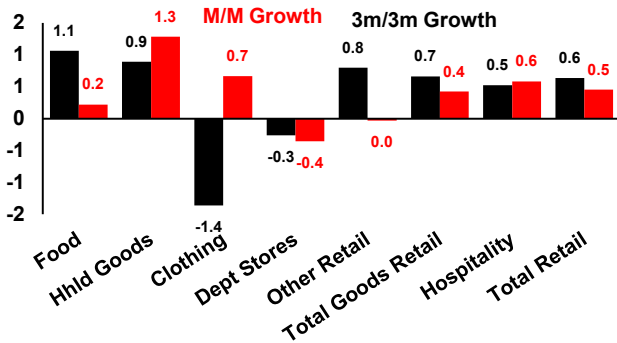
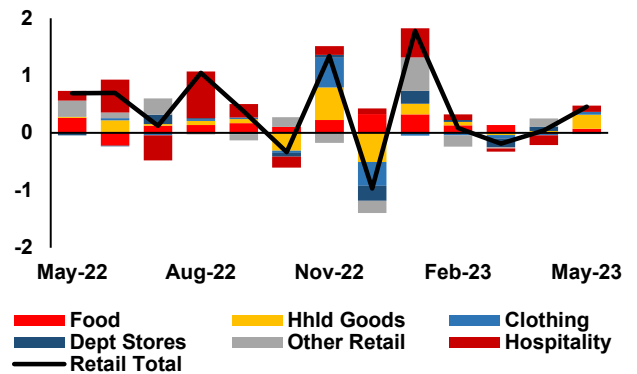


Chart 13: Contribution to Monthly Growth (%)



## Monthly Spending – Detail for Non-Retail Subcategories

- Spending on vehicles & fuel fell 2.0% in May, due to a large fall in fuel spending (-3.7%) more than offsetting increased spending on vehicles (1.6% m/m). Spending in this category has trended down since mid-2022.
- Spending on essential services fell 0.5% although the April estimate was revised up by a similar amount. There were falls in each sub-category except for utilities, with education seeing the largest decline (-1.4% m/m). Utilities increased 0.5% m/m. Overall essential services spending has risen 1.8% in three-month-average terms and 8.4% y/y.
- Other spending increased 0.8% in the month and the large fall in April was revised up (to -2.4% from -3.6%). There were large increases in arts, recreation & travel (4.0% m/m) and construction (3.5%), the two sub-categories which saw the largest falls in April. There was a large decline in Transport (-5.1%) and professional services was flat. Overall, the other spending category has fallen 0.6% in three-month-average terms but remains 12.8% higher y/y.

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

	Mar-23	Apr-23	May-23				Mar-23	Apr-23	May-23		
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Vehicles	0.9	-0.8	1.6	1.0	5.1	Arts, Rec. & Travel	1.2	-6.9	4.0	-0.6	20.4
Fuel	-2.7	0.6	-3.7	-3.8	-3.6	Construction	2.8	-5.2	3.5	0.9	5.3
<b>Vehicles &amp; Fuel Total</b>	<b>-1.5</b>	<b>0.1</b>	<b>-2.0</b>	<b>-2.2</b>	<b>-0.8</b>	Professional Services	-2.4	1.8	0.0	1.4	11.7
Education	-0.4	1.9	-1.4	0.2	4.9	Transport & Postal	-2.5	-1.4	-5.1	-4.1	10.9
Utilities	2.9	-1.1	0.5	2.2	6.2	Other Services	-1.7	0.7	1.4	0.5	7.5
Health & Care	-2.2	2.6	-0.8	1.8	9.6	<b>Other Spending Total</b>	<b>-0.8</b>	<b>-2.4</b>	<b>0.8</b>	<b>-0.6</b>	<b>12.8</b>
Media & Comms	1.7	1.5	-0.5	2.7	11.1						
<b>Essential Svcs Total</b>	<b>0.2</b>	<b>1.3</b>	<b>-0.5</b>	<b>1.8</b>	<b>8.4</b>						

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

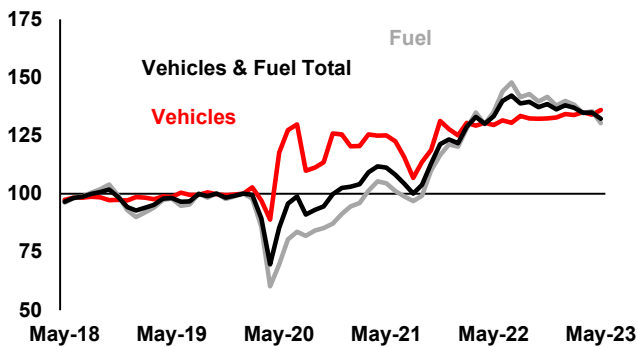


Chart 15: Other Spending Index (Jan 2020 = 100)

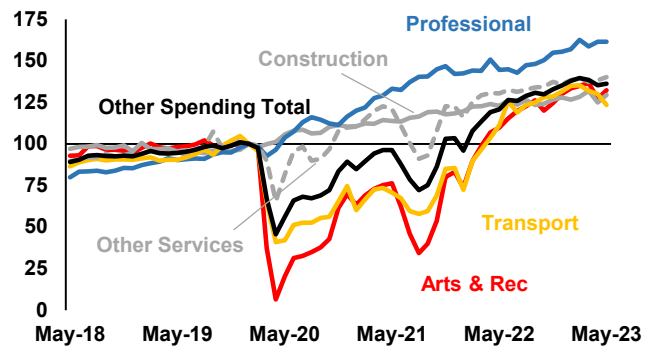
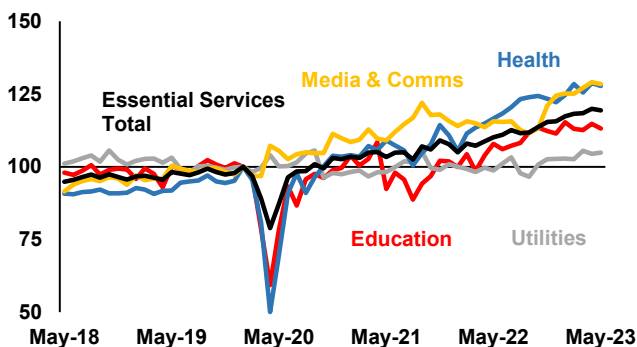


Chart 16: Essential Services Index (Jan 2020 = 100)



## Monthly Business Credits

- Business credits fell 0.1% in May. They are 4.9% higher than a year ago but were only up 0.2% on the previous three months. In recent months, administration, arts & recreation, and education saw the strongest growth, while mining has seen a large fall (but it is still at an elevated level). Utilities credits also corrected earlier in the year after reaching very elevated levels but showed signs of stabilising in May.

Table 5: Business Credits Growth by Industry (%)

	Mar-23	Apr-23	May-23				Mar-23	Apr-23	May-23		
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Accom & Food	0.3	0.0	0.6	-0.5	18.5	Mining	-2.7	-4.0	-5.3	-9.9	2.0
Admin & Support	5.7	2.5	1.6	10.5	19.3	Other Services	1.3	4.4	1.7	5.8	19.6
Agriculture	-1.5	-2.6	0.3	-3.9	-4.0	Professional Services	-2.4	1.3	-0.3	-2.2	-8.8
Arts & Rec.	3.4	2.0	1.9	6.8	20.8	Rental & Real Estate	1.4	-1.9	-1.3	0.5	-4.9
Construction	0.8	1.1	1.8	3.3	17.6	Retail Trade	0.7	1.5	0.9	1.4	14.5
Education	0.8	5.7	0.1	6.7	16.2	Transport & Postal	4.0	-2.7	-3.2	0.4	-2.4
Utilities	-3.3	-13.3	3.9	-8.5	30.9	Wholesale Trade	0.9	-0.3	0.2	0.2	-1.8
Health	0.9	1.0	1.6	3.9	10.8	<b>Total</b>	<b>0.4</b>	<b>-0.2</b>	<b>-0.1</b>	<b>0.2</b>	<b>4.9</b>
Info & Media	-2.1	-0.7	2.5	-1.0	20.2	Total ex Mining & Agri	0.8	0.2	0.3	1.5	5.7
Manufacturing	-1.4	-0.9	-0.1	-1.2	0.5						

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

Chart 17: Business Credits Growth (%)

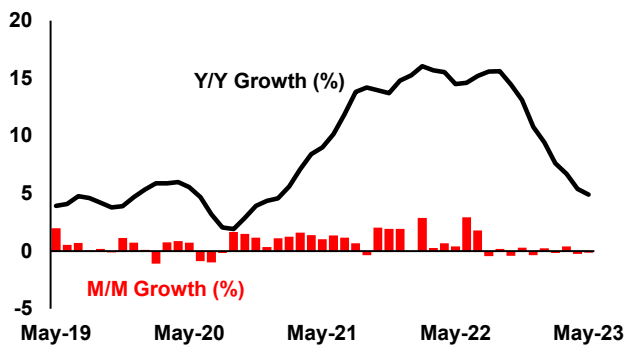


Chart 18: Business Credits Index (Jan 2020 = 100)

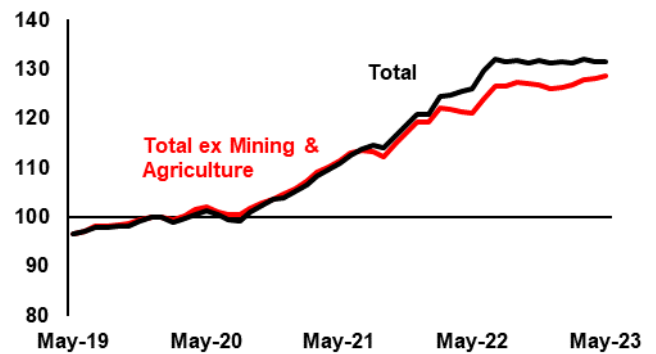


Chart 19: Credits Index by Industry (Jan 2020 = 100)

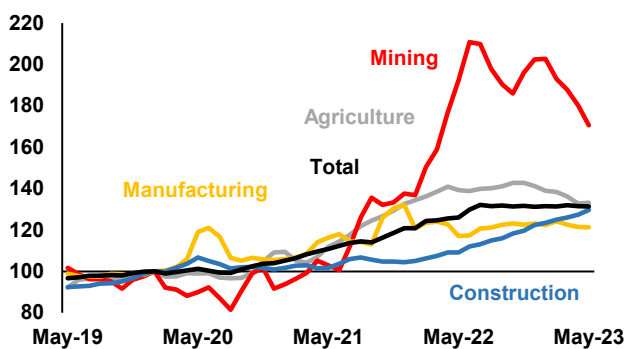


Chart 20: Credits Index by Industry (Jan 2020 = 100)

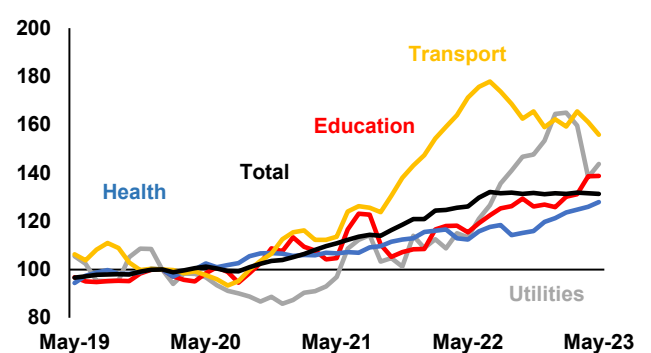


Chart 21: Credits Index by Industry (Jan 2020 = 100)

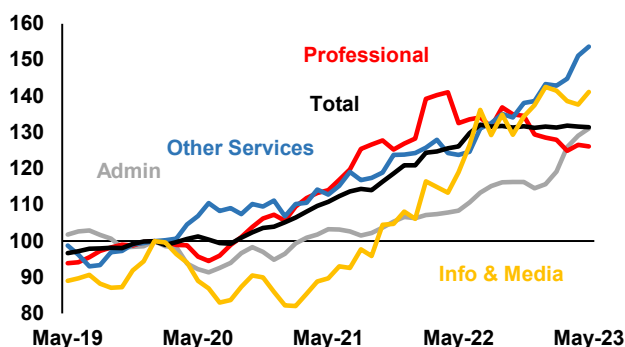
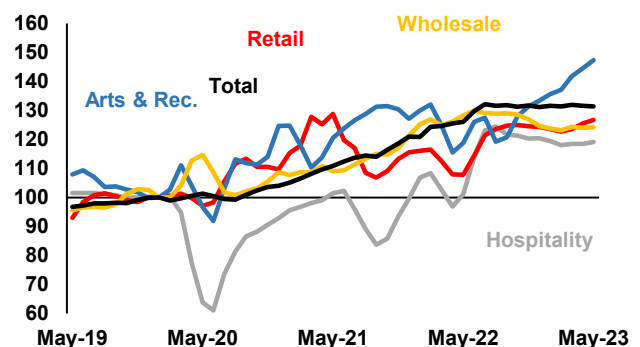


Chart 22: Credits Index by Industry (Jan 2020 = 100)



## 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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