

NAB Monthly Data Insights

June 2023



NAB Group Economics

Key Points

- **Consumer spending**, according to NAB’s transaction data, was broadly flat in June (down 0.1% m/m). The prior May monthly result was also revised upwards to a stronger +0.8% m/m.
- **Both discretionary and non-discretionary** spending categories were soft in the month. However, in three-month average terms, discretionary spending has fallen while non-discretionary has continued to grow.
- **Business credits** fell 0.1% m/m in May, but there was a 0.2% increase when excluding mining and agriculture. Credits continue to track sideways.

Comments from NAB Chief Economist Alan Oster

- “Our monthly transaction data showed a broadly flat result for June, with a lift in hospitality spending but a fall in retail.”
- “The June result follows a lift in spending in May, but leaves overall spending flat in nominal terms for Q2 as a whole, consistent with our view that consumer spending growth is softening.”
- “Given our expectations that inflation remained elevated through the quarter, the flat nominal result suggests consumption was likely flat at best in real terms and may have fallen.”

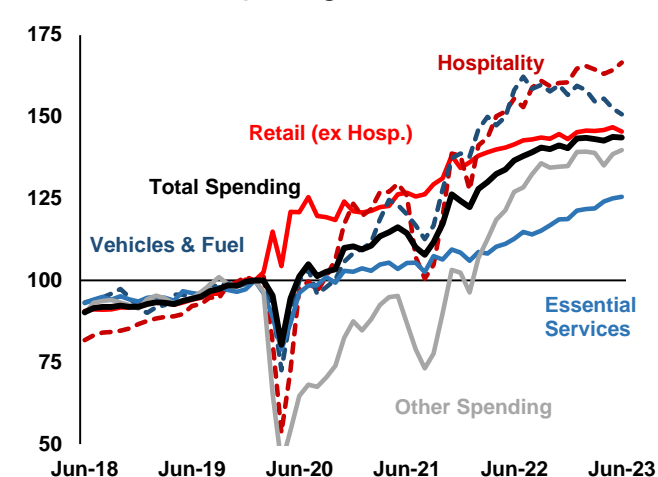
Monthly Consumer Spending

- Total spending fell 0.1% in May after a rise of 0.8% in May (revised from 0.2%). Total spending was flat in three-month-average terms and 5.1% higher y/y.
- Retail spending fell 0.5% m/m despite a rise in hospitality. Total retail spending was up 0.3% in three-month-average terms and 3.6% y/y. For detail on retail spending, see **page 3**.
- Spending on essential services rose 0.4% m/m and the ‘other spending’ category rose 0.9% m/m, while there was another fall in vehicles & fuel spending (-1.1% m/m). For detail on non-retail spending, see **page 4**.
- Total spending across goods categories declined 1%, while spending across services grew 0.9%. Spending was slightly lower across both discretionary and non-discretionary categories, but discretionary categories have still been clearly weaker over recent months.

Table 1: Key Consumer Spending Growth Statistics (%)

	Apr-23		May-23		Jun-23	
	m/m	m/m	m/m	3m/3m	y/y	
Goods Retail	0.2	0.6	-0.9	0.4	2.8	
Hospitality	-0.8	0.7	1.4	-0.1	7.1	
Total Retail	0.0	0.6	-0.5	0.3	3.6	
Vehicles & Fuel	0.5	-1.9	-1.1	-2.8	-4.7	
Essential Services	1.7	0.7	0.4	2.6	11.4	
Other Spending	-2.7	2.5	0.9	-0.9	10.1	
Total Spending	-0.3	0.8	-0.1	0.0	5.1	
Goods	0.3	0.2	-1.0	-0.1	1.6	
Services	-1.0	1.6	0.9	0.3	9.7	
Discretionary	-0.7	0.9	-0.2	-0.6	3.8	
Non-Discretionary	0.6	0.6	-0.1	1.4	8.0	

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: 9 August 2023.**

Chart 2: Total Spending Growth (%)

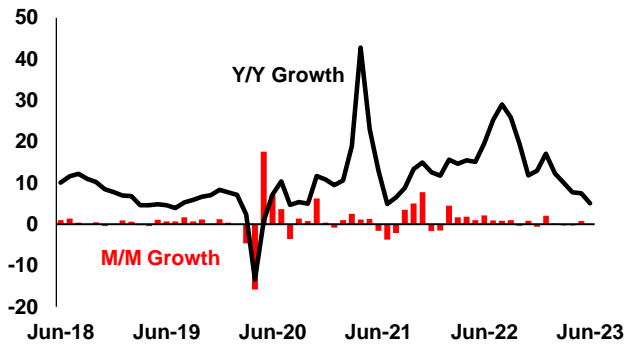


Chart 3: Comparison to ABS Consumption Growth (%)

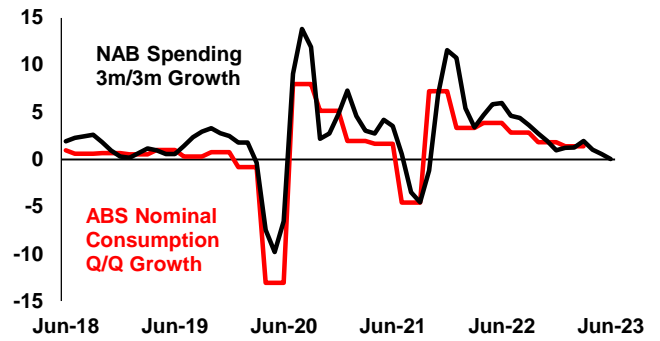


Chart 4: Goods vs Services Index (Jan 2020 = 100)

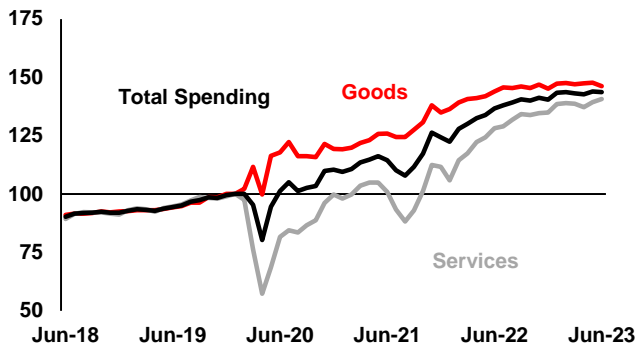
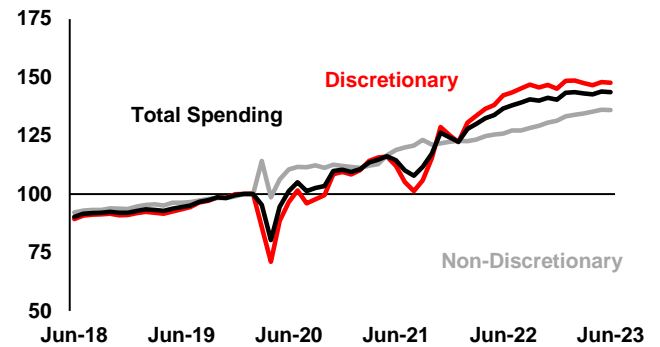


Chart 5: Discretionary Spending Index (Jan 2020 = 100)



Monthly Consumer Spending – Detail by State

- Spending declined in Qld, Vic and WA but rose elsewhere, most strongly in ACT and NSW. In three-month average terms, spending growth was highest across WA, Qld, SA and Vic.

Table 2: Spending Growth by State (%)

	Apr-23	May-23	Jun-23		
	m/m	m/m	m/m	3m/3m	y/y
NSW	-0.4	0.0	1.1	0.3	5.1
VIC	0.1	0.9	-0.3	0.5	5.3
QLD	0.8	-0.4	-0.7	0.9	5.1
WA	-0.1	0.1	-0.1	1.0	7.4
SA	0.7	0.1	0.1	0.8	7.1
TAS	-0.7	-0.1	0.6	-0.1	5.3
ACT	-1.9	0.0	1.9	-0.9	5.8
NT	-0.9	0.9	0.8	0.3	8.6

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

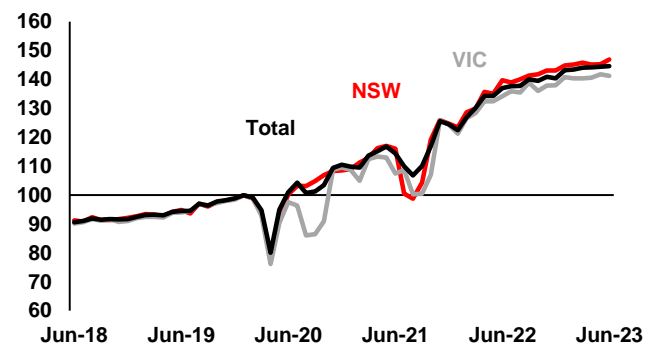


Chart 7: Spending by State (Index, Jan 2020 = 100)

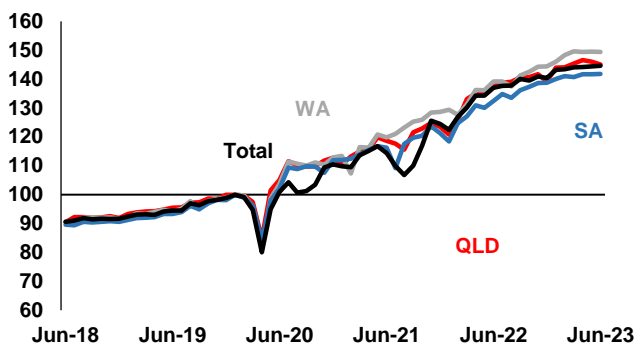
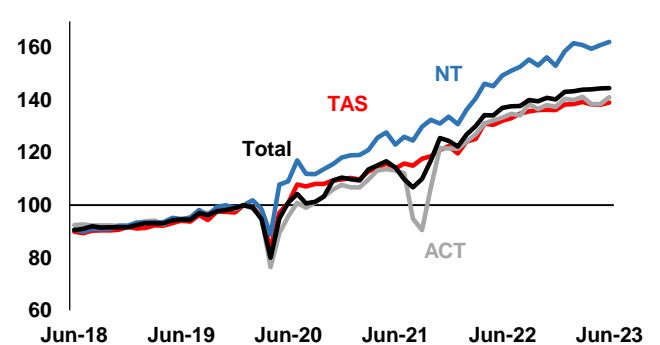


Chart 8: Spending by State (Index, Jan 2020 = 100)



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

Monthly Consumer Spending - Retail Sector Detail

- Retail spending fell 0.5% m/m, with a fall in goods retail (-0.9% m/m) outweighing a lift in hospitality (1.4%). Total retail spending was up 0.3% in three-month average terms and 3.6% y/y.
- By subcategory, there was a rise in household goods (0.8%) but other subcategories fell, with the largest falls in other retail (-3.4%), clothing (-1.6%) and department stores (-1.6%). Food retailing fell by a more modest 0.4% m/m, and remained higher in three month average terms.
- Hospitality spending rose 1.4% m/m to be broadly flat in three month average terms and 7.1% higher than a year ago. Hospitality spending remains at an elevated level.
- May retail spending growth was revised slightly higher, from 0.5% to 0.6%, in line with the ABS retail trade estimate of 0.7% for the month. While there are important differences between these series, including differences in seasonal adjustment, the latest data suggests retail spending growth may have slowed in June.

Table 3: Retail Spending Growth (%)

	Apr-23	May-23	Jun-23		
	m/m	m/m	m/m	3m/3m	y/y
Food	-0.2	0.4	-0.4	0.6	5.7
Hhld Goods	0.2	1.6	0.8	1.6	2.7
Clothing	-0.5	0.4	-1.6	-1.2	-2.0
Dept. Stores	0.6	0.4	-1.6	-1.8	-3.3
Other Retail	1.3	-0.1	-3.4	-0.2	1.1
Total Goods Retail	0.2	0.6	-0.9	0.4	2.8
Hospitality	-0.8	0.7	1.4	-0.1	7.1
Total Retail	0.0	0.6	-0.5	0.3	3.6

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

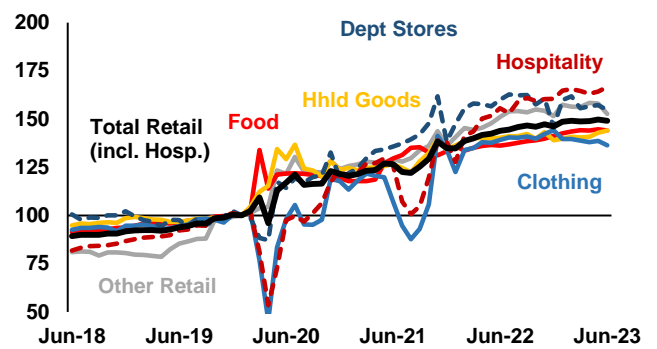


Chart 10: Total Retail Spending Growth (%)

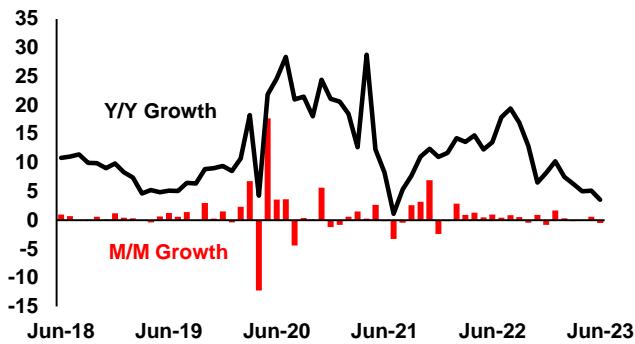


Chart 11: Comparison to ABS Retail Sales Growth (%)

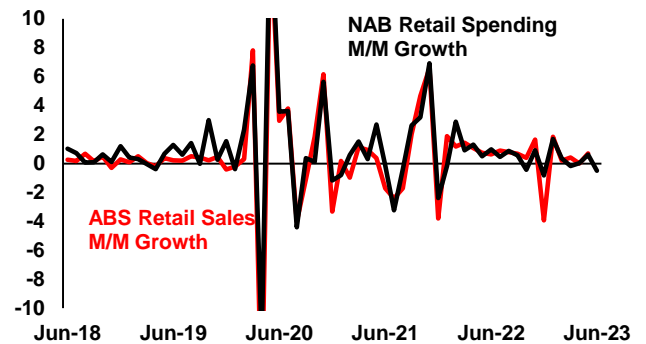


Chart 12: Spending Growth by Retail Category (%)

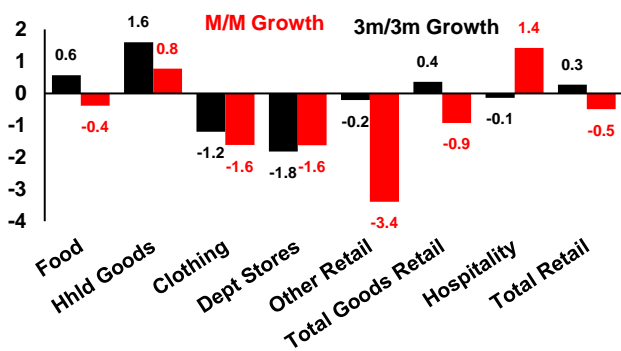
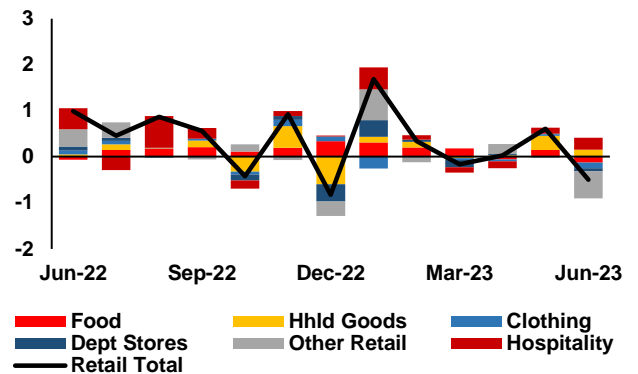


Chart 13: Contribution to Monthly Growth (%)



Monthly Spending – Detail for Non-Retail Subcategories

- Spending on vehicles & fuel fell 1.1% in May, with a further fall in fuel spending (-1.6%) and a small fall in vehicle spending (-0.2%). Spending in this category has steadily trended down since mid-2022.
- Spending on essential services rose 0.4% m/m, and there was a significant upward revision to spending in May which now shows an increase in the month. For June, there was a monthly rise in health and media & communications spending but declines in education and utilities. Spending on essential services continued to show robust growth in three-month average terms.
- Other spending increased 0.9% m/m and the May estimate was also revised higher. For June, there was a rise in spending on arts, recreation & travel (3.0%) as well as transport & postal and professional services. However, there was a large fall in construction (-6.1%) and in other services. Overall, the other spending category has fallen 0.9% in three-month-average terms but remains 10.1% higher y/y.

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

	Apr-23	May-23	Jun-23				Apr-23	May-23	Jun-23		
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Vehicles	-1.1	2.8	-0.2	0.9	5.7	Arts, Rec. & Travel	-4.3	4.6	3.0	0.0	18.6
Fuel	1.3	-4.1	-1.6	-4.6	-9.1	Construction	-5.0	5.8	-6.1	-1.3	-1.8
Vehicles & Fuel Total	0.5	-1.9	-1.1	-2.8	-4.7	Professional Services	2.2	0.6	1.1	2.1	13.1
Education	4.5	-1.3	-1.8	0.6	3.6	Transport & Postal	-7.5	1.2	1.3	-6.2	3.1
Utilities	-1.5	2.8	-1.4	2.0	6.3	Other Services	0.4	1.6	-0.9	0.1	5.6
Health & Care	3.1	0.6	2.1	3.7	14.5	Other Spending Total	-2.7	2.5	0.9	-0.9	10.1
Media & Comms	1.1	0.3	0.9	2.9	17.2						
Essential Svcs Total	1.7	0.7	0.4	2.6	11.4						

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

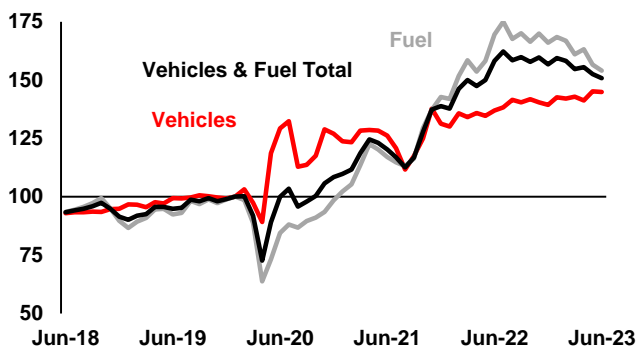


Chart 15: Other Spending Index (Jan 2020 = 100)

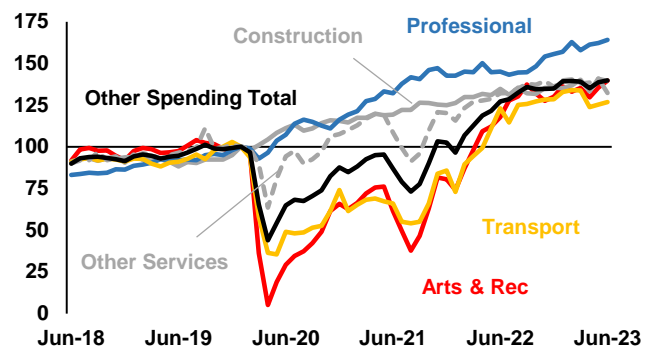
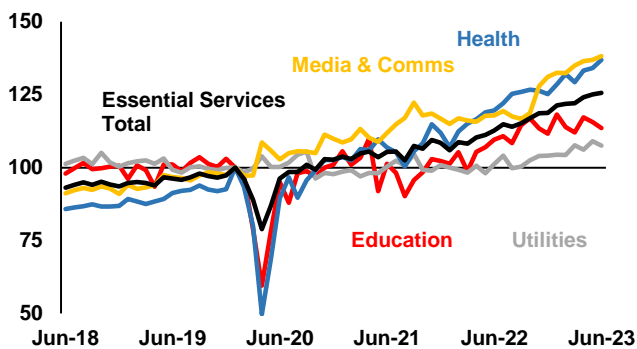


Chart 16: Essential Services Index (Jan 2020 = 100)



Monthly Business Credits

- Business credits fell 0.1% in June but there was a 0.2% increase when excluding mining and agriculture. Credits remain 3.3% higher than a year ago but were only up 0.1% on the previous three months. In recent months, administration, education, other services, and arts & recreation saw the strongest growth, while utilities and mining have seen large declines.

Table 5: Business Credits Growth by Industry (%)

	Apr-23	May-23	Jun-23				Apr-23	May-23	Jun-23		
	m/m	m/m	m/m	3m/3m	y/y		m/m	m/m	m/m	3m/3m	y/y
Accom & Food	-0.1	0.6	-0.3	0.1	14.3	Mining	-3.7	-3.8	-4.8	-10.5	-11.7
Admin & Support	2.5	1.6	1.1	8.8	20.3	Other Services	4.3	1.6	0.4	6.4	22.9
Agriculture	-2.6	0.3	1.4	-3.1	-4.4	Professional Services	1.4	-0.6	1.1	-0.2	-6.5
Arts & Rec.	1.8	1.8	-1.7	5.1	21.0	Rental & Real Estate	-1.8	-1.2	-0.2	-1.3	-6.1
Construction	1.1	1.8	0.2	3.4	17.1	Retail Trade	1.5	1.0	-0.9	2.1	14.4
Education	5.3	-0.1	0.7	7.2	18.1	Transport & Postal	-3.0	-2.9	-0.8	-2.5	-7.8
Utilities	-12.9	3.4	-8.5	-15.2	16.8	Wholesale Trade	0.0	0.2	1.9	1.3	-2.4
Health	0.9	1.6	0.8	3.5	12.2	Total	-0.2	0.0	-0.1	0.1	3.3
Info & Media	-0.5	2.9	3.7	1.2	18.9	Total ex Mining & Agri	0.3	0.3	0.2	1.3	5.3
Manufacturing	-1.0	-0.1	-0.2	-1.6	1.7						

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

Chart 17: Business Credits Growth (%)

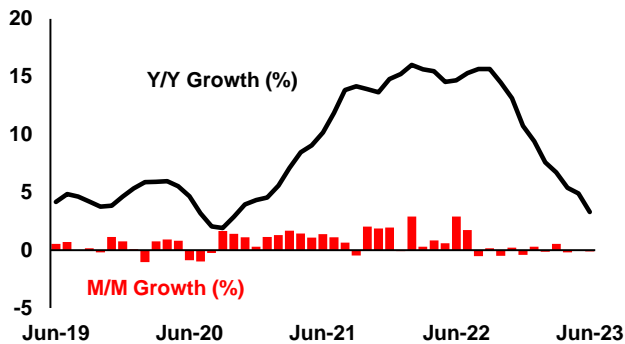


Chart 18: Business Credits Index (Jan 2020 = 100)

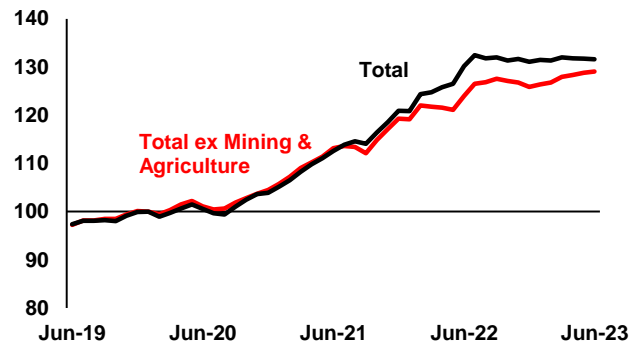


Chart 19: Credits Index by Industry (Jan 2020 = 100)

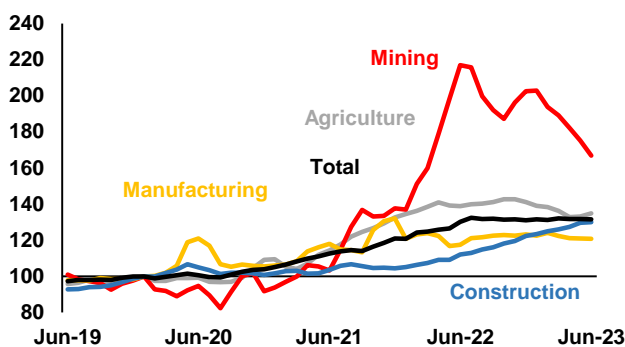


Chart 20: Credits Index by Industry (Jan 2020 = 100)

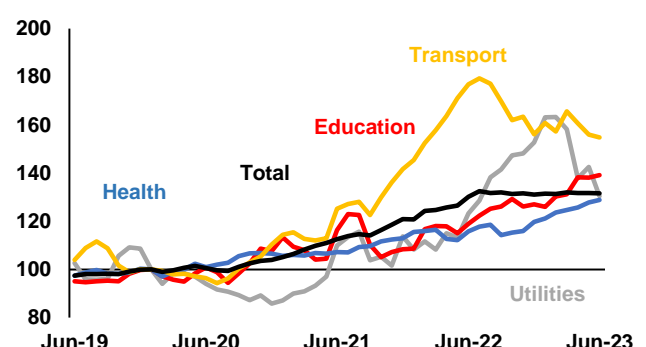


Chart 21: Credits Index by Industry (Jan 2020 = 100)

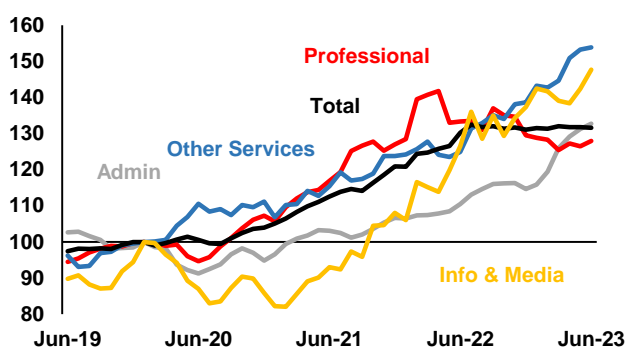
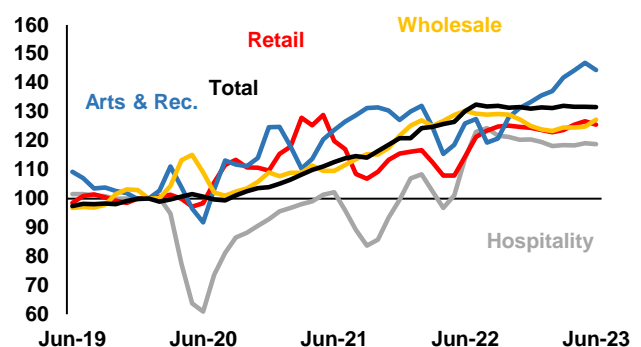


Chart 22: Credits Index by Industry (Jan 2020 = 100)



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.

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

Brody Viney

Senior Economist
Brody.Viney@nab.com.au
+(61 0) 452 673 400

Dean Pearson

Head of Behavioural & Industry Economics
Dean.Pearson@nab.com.au
+(61 0) 457 517 342

Robert De lure

Associate Director - Economics
Robert.De.lure@nab.com.au
+(61 0) 477 723 769

Phin Ziebell

Associate Director - Economics
Phin.Ziebell@nab.com.au
+(61 0) 475 940 662

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