



Household Spending Intentions Series.

June 2021

A new view on Australia's spending.

However you do business or invest, knowing what's around the corner can keep you one step ahead.

Whether you are at the helm of a family business, a policy maker, an investor or one of Australia's corporate enterprises - robust insights on shifting consumer spending intentions are critical for your plans for the future and determining whether it's time to ramp up or down.

CommBank's Household Spending Intentions series combines our spending data, one of Australia's largest financial data sources, with Google Trends publically available search activity. By connecting with advance readings on actual spending data to intentional data, our analysis should provide an early indication of prospective spending trends.

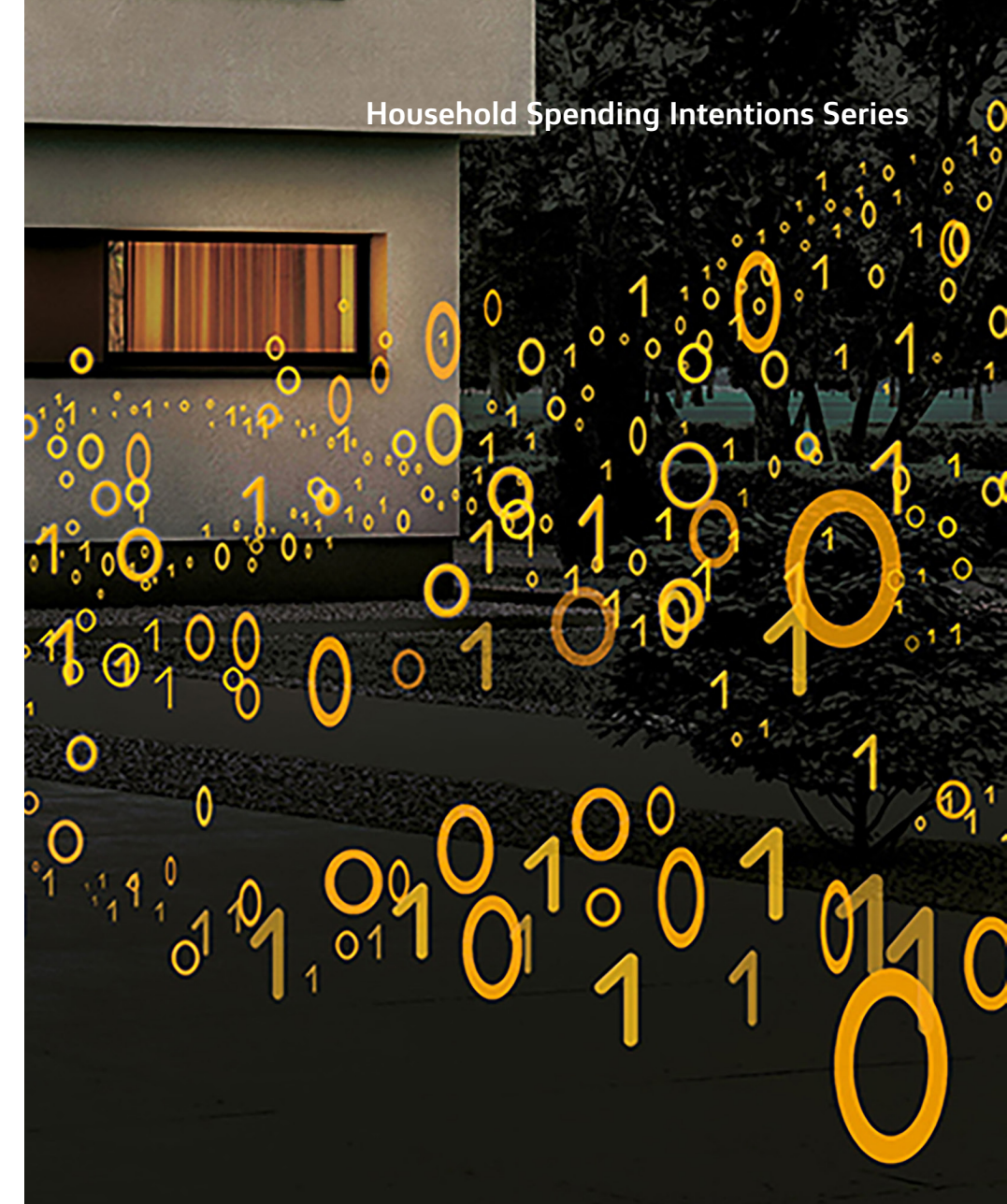
Tracked across seven spending sectors, our analysis can offer a future lens into specific industries.

When these sectors are looked at together, the Household Spending Intentions series provides a holistic view on the changing spending behaviours of Australians and the potential implications for the economy.

Summary

The Household Spending Intentions (HSI) series for June 2021 continued to be heavily impacted by base effects from the volatility in the data experienced in mid 2020 – courtesy of COVID-19 impacts. Taking these base-effects into account, June 2021 saw declines in spending intentions for Home Buying, Retail, Travel, Entertainment and Motor Vehicles. Spending intentions did rise for Health & Fitness and Education. Comparing June this year, to the pre-Covid period of June 2019, shows some more positive results, with spending intentions up for Home Buying, Retail, Health & Fitness, Entertainment and Motor Vehicles. Not surprisingly, however, compared to 2019 spending intentions are lower for Travel and Education.

Household Spending Intentions Series



This month's snapshot



Home Buying



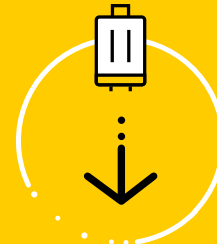
Retail



Motor Vehicle



Entertainment



Travel



Education



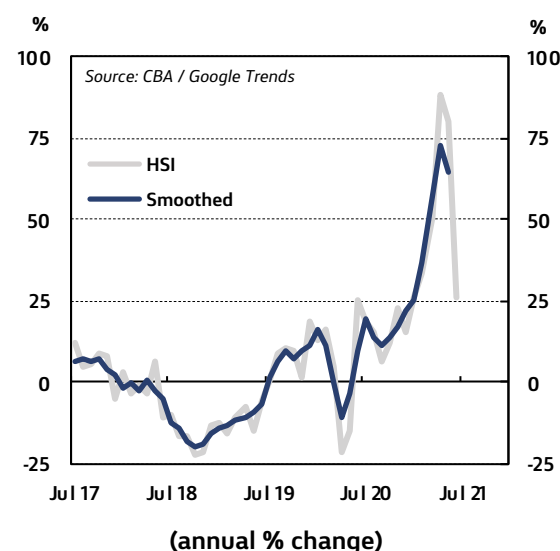
Health & Fitness



HSI Dashboard

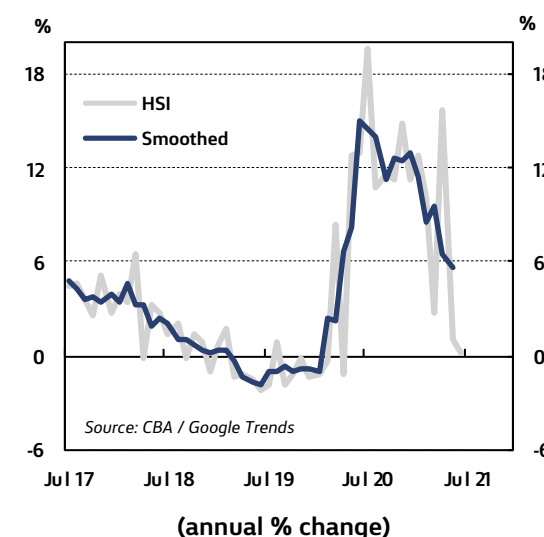
Home Buying Spending Intentions

- Home Buying spending intentions were lower in June 2021 – relative to June 2020, but were higher relative to June 2019.
- The medium-term improvement in Home Buying spending intentions is being driven largely by an increase in home loan applications, but also by Google searches.
- With interest rates low, although rising modestly for fixed rate mortgages and the labour market strong, Home Buying intentions are likely to remain elevated and this is expected to keep upward pressure on house prices.



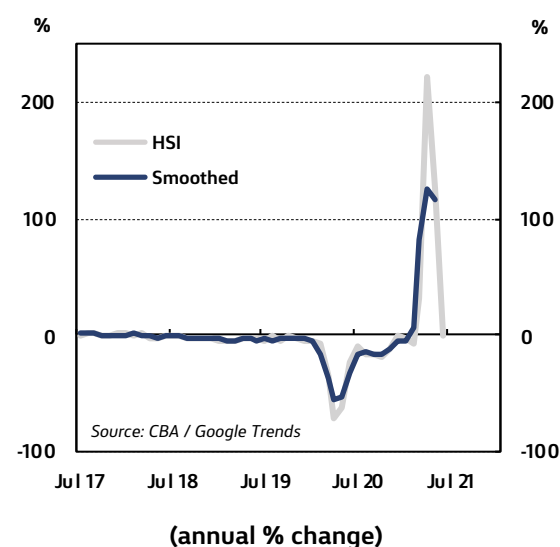
Retail Spending Intentions

- Retail spending intentions softened in June 2021 against the same month last year – continuing the high level of volatility seen in recent months.
- Relative to last year, spending intentions in June 2021 were higher for; clothing & footwear, food & beverages, general retail and recreation. Declines were seen for spending on household furniture & equipment.
- Comparing June 2021 to June 2019 showed a much stronger picture, with a solid increase across most retail spending categories. This included spending on; clothing & footwear, bakeries, grocery stores & supermarkets, department stores, household furniture & equipment, pharmacies, personal care and recreation.
- Areas of weakness in June 2021 relative to June 2019 included; dry cleaners, tailors, souvenir stores and duty free shops.



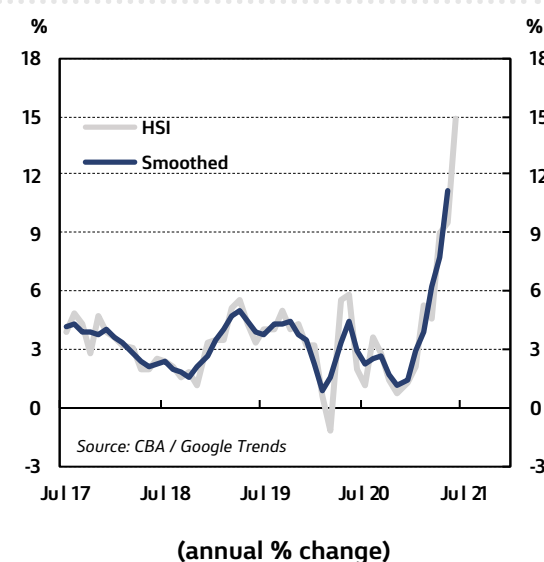
Travel Spending Intentions

- Travel spending intentions corrected lower in June 2021 compared with June last year – with the base effects from the lockdowns of 2020 continuing to have a significant impact on this sector. Both actual spending and Google searches were higher in June 2021 compared with June 2020, especially for airlines, amusement parks, motor home and RV rentals, tourist attractions, travel agents and bus lines.
- Compared with June 2019, however, Travel spending intentions were lower in June 2021. The weakest parts of spending were for; airlines, hotels, motels & resorts, cruise lines, travel agents and bus lines.
- Areas of spending improvement compared with 2019 included; aquariums, camper and RV dealerships, motor home & RV rentals, tourist attractions and trailer park & camp grounds.



Health and Fitness Spending Intentions

- Health & Fitness spending intentions continued to strengthen in June 2021 compared with both June last year and June 2019.
- Relative to June 2020, Health & Fitness spending intentions were up strongly in June 2021. The biggest spending increases were in: doctors, hospitals, medical labs, nursing & personal care, orthopaedic, osteopaths and podiatrists. In the Fitness category, spending increases were seen in commercial and professional sports and club memberships.
- The obsession with cycling seems to be fading, however, with spending on bike shops – sales and service, down on the year, as was spending on sporting goods stores.
- Health & Fitness spending is also well up on June 2019, especially for health and medical services across a wide range of sectors and all fitness sectors, with the exception of commercial and professional sporting clubs.

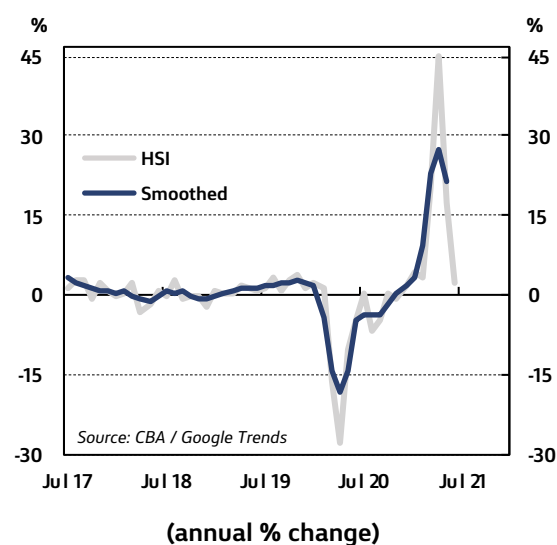




HSI Dashboard

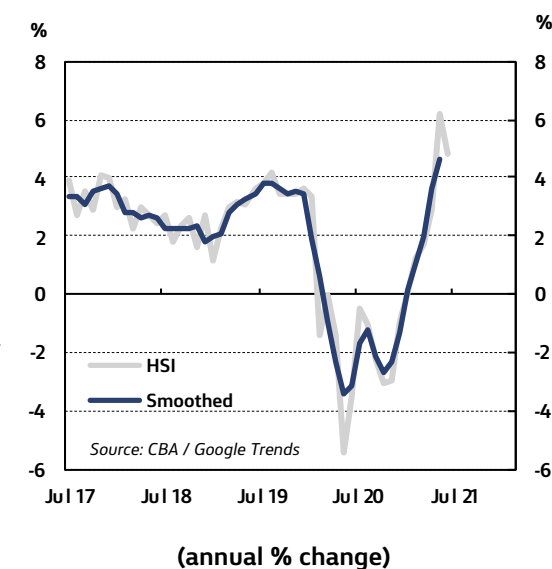
Entertainment Spending Intentions

- Entertainment spending intentions shifted downwards in June 2021 relative to June last year – as base effects from 2020 continued to impact significantly on the data.
- Relative to June 2020, there was a very large increase in spending on movie theatres, bowling alleys and live theatres – as well as increases in on-premise drinking places, eating out & restaurants and fast food restaurants.
- Weakness was evident in June 2021 compared to June 2020 in spending on off-premise alcohol, video game suppliers and arcades.
- Compared with June 2019, Entertainment spending intentions in June 2021 were up strongly, with the largest increases in spending on: alcohol, eating out & restaurants, boat rentals, bowling alleys, cable TV and digital books, games, movies & music.



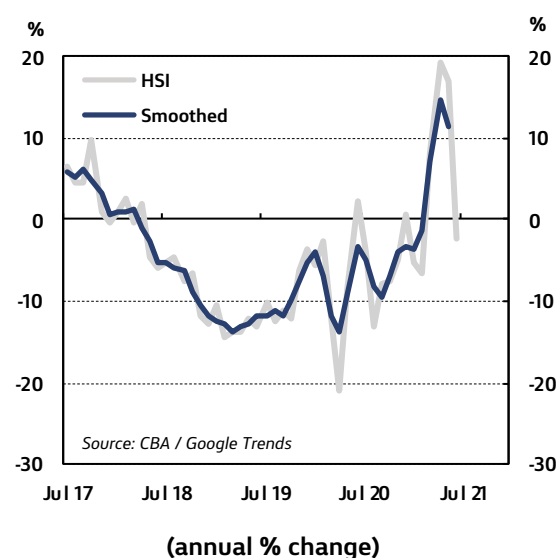
Education Spending Intentions

- Education spending intentions remained high in June 2021 relative to June last year – partly reflecting the impact of the lockdowns evident through 2020. The actual number of spending transactions on education was well up in June 2021 compared with June 2020, although Google searches on related topics were lower.
- Relative to June 2020, the number of Education related transactions were up strongly, with a focus on universities & colleges and schools. The largest increase in the value of these transactions was seen in elementary and secondary schools.
- Compared with June 2019, the value of education transactions were down in June 2021, with weakness in business & secretarial schools, universities & colleges and trade & vocational. This was partly offset by increased spending on correspondence school and elementary & secondary schools.



Motor Vehicle Spending Intentions

- Substantial base effects were also evident in Motor Vehicle spending intentions in June 2021, which were down compared with June last year. The fall reflected both a decline in spending and lower Google searches.
- Relative to June 2019, however, spending on motor vehicles was higher in June 2021 – although Google searches remained lower.
- Generally, spending intentions on motor vehicles has been strong through the first half of 2021. This has been supported by changed transport preferences as a result of Covid-19 and the wealth effect from rising house prices.



The first issue of our Household Spending Intentions report from 23 July 2019 can be found [here](#). The report provides more detail on the thinking behind our HSI measures.



The approach

The need to get ahead of emerging trends has never been greater. Policy makers need to keep ahead of changes in demand for public goods and services if they want to keep the voters happy. Companies need to keep ahead of changes in demand for private goods and services if they want to keep their shareholders happy. Individuals need to keep ahead to maximise their personal utility.

We all need early warning signs of emerging risks and issues.

When peering into the future it is essential to know where you are standing. And here the Commonwealth Bank has an advantage. The Bank's business generates a significant amount of close to "real time" information on how the economy is travelling. This information relates particularly to the household sector. Households are the dominant part of the economy and drive much of its activity and volatility. From that perspective, CBA is the largest financial services organisation in the country with over sixteen million customers. The interaction with these customers generate a vast array of data on the activities of Australian households. An ongoing sample of more than 2½ million households who are CBA customers, for example, gives us information on income, wealth and spending trends shortly after the end of each month.

CBA data measures are really coincident indicators of economic activity. But they are leading indicators in a publication sense.

Even with the best data, however, economists have never been very good in measuring and incorporating intentions into their forecasts.

At the most basic level, the act of spending is preceded by an intention to spend. Spending money on a holiday is a good example. By the time you've decided where to go on tripzard.com, booked a flight on webjet.com, chosen a hotel on tripadvisor.com, topped up your Travel Money Card at commbank.com.au and decided what to do when you get there on LonelyPlanet.com you have scattered a fair amount of clues about your intention to spend! Search activity is one way to track these intentions. And Google Trends provides the needed tools.

By combining the up-to-the minute data from CBA's household surveys with relevant searches from Google Trends, we have developed indicators of household purchase intentions. (click [here](#) to see how spending intentions form).





Talk to us

Visit commbank.com.au/spendingintentions
or email globalmarketsresearch@cba.com.au

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