



Household Spending Intentions Series.

July 2021

enhanced by  Trends



Commonwealth Bank
of Australia

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.

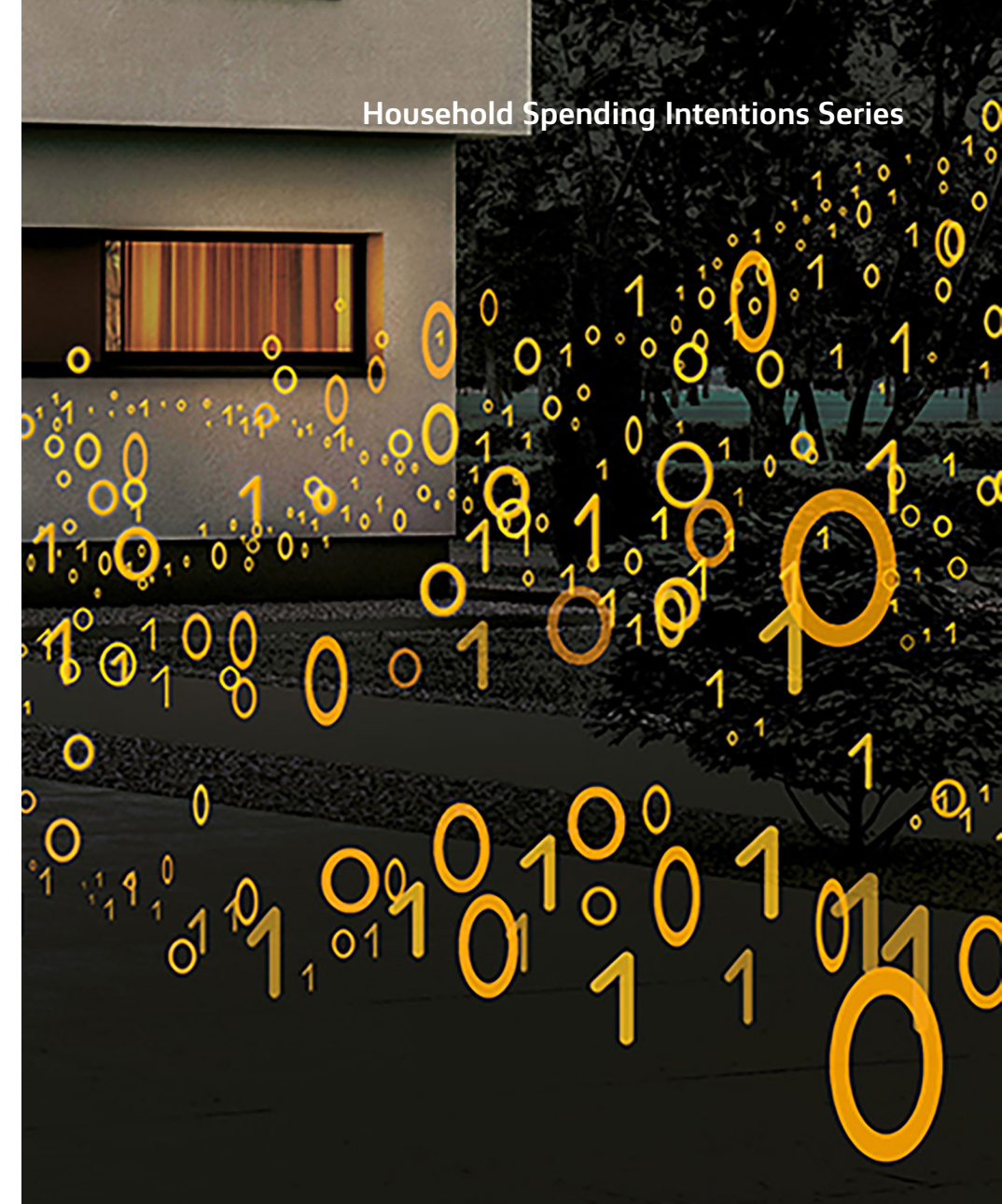
Tracked across seven spending sectors, our analysis can offer a future lens into specific industries.

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 Commonwealth Bank Household Spending Intentions (HSI) series for July 2021 clearly shows the impact of the extensive lockdowns in place across Australia, with declines for Home Buying, Retail, Travel, Entertainment, Education and Motor Vehicle spending intentions. Health & Fitness spending intentions continued to improve. Through H2 20 and H1 21, Australia's economic recovery was impressive, as reflected by the sectors of the economy represented by the Household Spending Intentions series. However, all this has changed in July and, unfortunately, the spread of the delta variant of the COVID-19 virus has seen a combination of rolling lockdowns used across much of Australia and the extended lockdown in Greater Sydney.

Household Spending Intentions Series



This month's snapshot



Home Buying



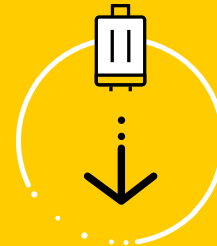
Retail



Motor Vehicle



Entertainment



Travel



Education



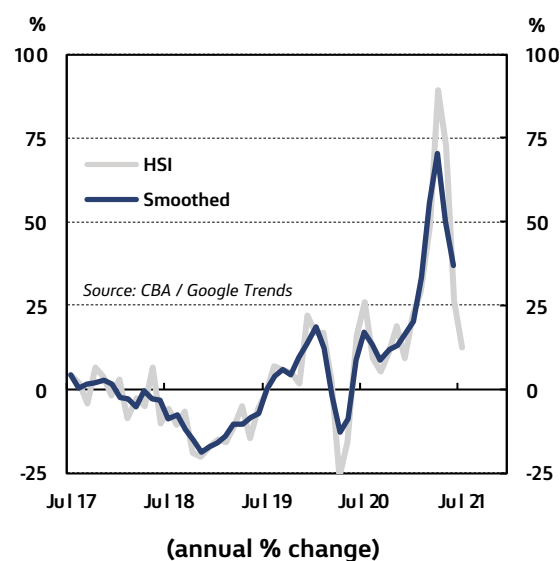
Health & Fitness



HSI Dashboard

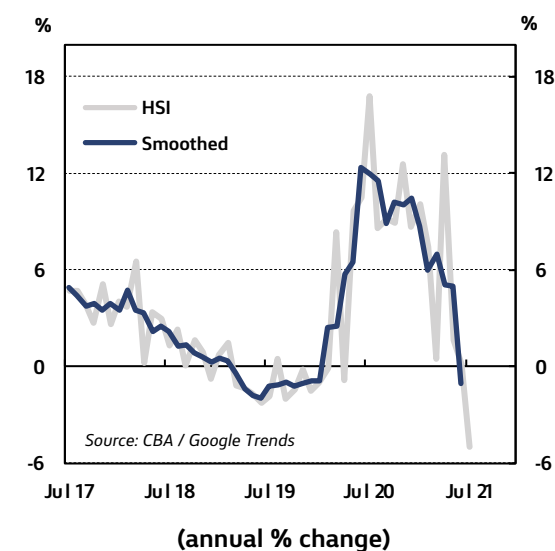
Home Buying Spending Intentions

- Home buying spending intentions were lower in July 2021 relative to July last year, but higher relative to July 2019.
- The medium-term improvement in home buying spending intentions looks to remain in place and is being driven largely by an increase in home loan applications.
- With interest rates low, and now expected to stay lower for even longer, home buying intentions are likely to remain elevated and this is expected to keep upward pressure on house prices. Indeed, we now expect dwelling prices to rise by 20% in 2021 and then a further 7% in 2022.



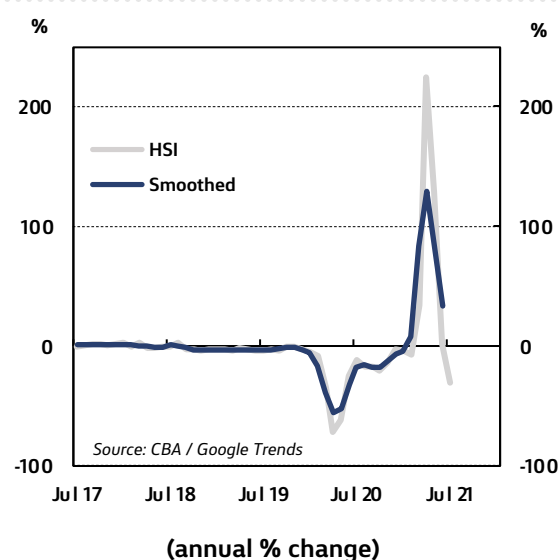
Retail Spending Intentions

- Retail spending intentions declined further in July 2021 relative to July last year. Retail spending was, however, stronger than in July 2019.
- Relative to last year, Retail spending was lower in July 2021 for clothing & footwear (across almost all categories), duty free stores, household furnishings & equipment (including furniture, floor coverings, glass, paint and household appliances), jewellery & watch stores, luggage & leather goods stores, barber & beauty stores, cosmetic stores, health & beauty spas, book stores and hobby, toy & games stores. Lockdowns in various states and closure of all but essential retail stores was a big impact.
- Increases in July 2021 relative to July 2020 were seen for; Food & non-alcoholic beverages, department stores, hardware equipment and supplies, digital apps, electronic stores and pet shops with these shops largely remaining open during lockdowns.



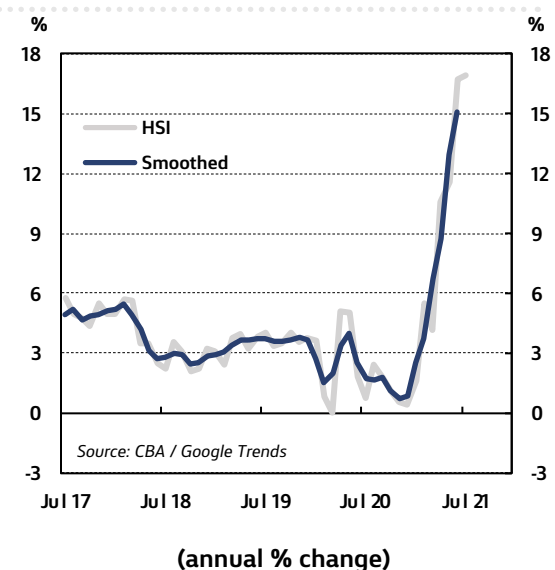
Travel Spending Intentions

- After recovering in recent months, not surprisingly Travel spending intentions declined in July 2021 relative to July last year and are substantially lower against July 2019.
- Relative to July 2020, Travel spending was higher in July 2021 for airlines (off a low base), amusement parks, motor home and RV rentals, sport and recreation camps, tourist attractions, travel agencies, car rentals and bus lines. Declines in July 2021 were seen in aquariums, camper & RV rentals and timeshares.
- Against July 2019, travel spending intentions for July 2021 are well down. This includes big falls for: airlines, amusement parks, hotels & motels, sport & recreational camps, cruise ships, timeshare, tourist attractions, travel agents, car rentals and bus lines.



Health and Fitness Spending Intentions

- Health & Fitness spending intentions remained strong in July 2021, compared with both July last year and July 2019.
- Relative to July 2020, Health & Fitness spending intentions were up for: doctors, hospitals, medical labs, nursing & personal care, orthopaedic and osteopaths. In the Fitness category spending increases were seen in commercial and professional sports and club memberships and public golf courses.
- Compared with July 2019, Health & Fitness spending intentions remain very strong. In the Health sector, the largest increases in spending have been for: osteopaths, chiropractors, doctors, dentists, podiatrists and orthopaedic goods. In the Fitness sector, the largest increases have been in bicycle shops and service, public golf courses and sporting goods stores. Commercial/professional sports spending still remains well below the levels of July 2019.

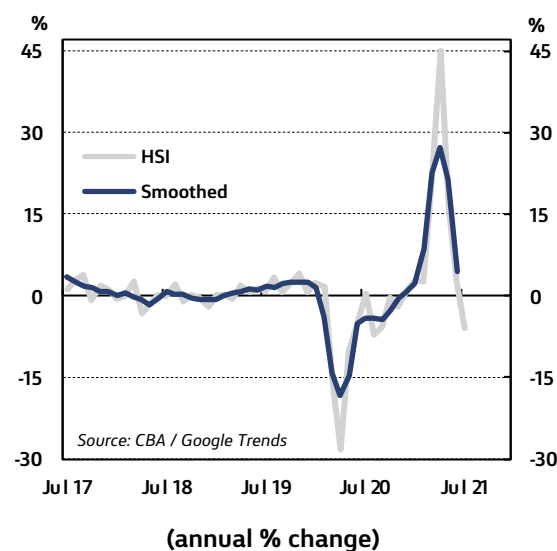




HSI Dashboard

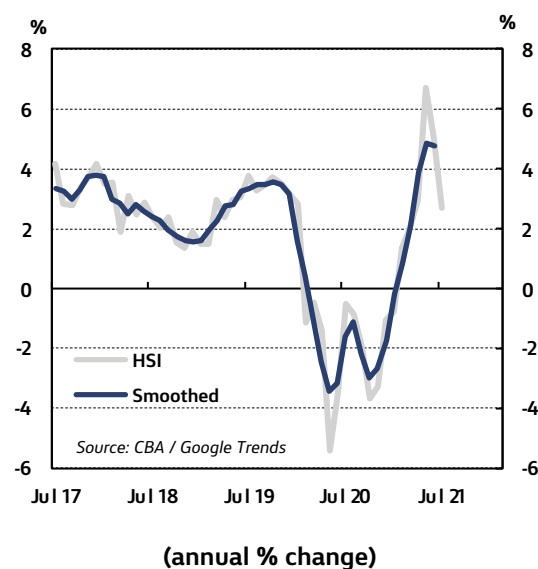
Entertainment Spending Intentions

- Entertainment spending intentions continued to shift downwards in July 2021 relative to July last year – as base effects from 2020 impacted on the data, as well as the renewed lockdowns.
- Relative to July 2020, there were increases in spending on: eating out & restaurants, fast food restaurants, cable & pay TV, digital books, movies, games & music, movie theatres and musical theatre.
- These increases were offset by declines in spending for on-premise alcohol, boat rentals, bowling alleys, music stores and video arcades.
- Relative to June 2019, Entertainment spending is up, with increases in off-premise alcohol, eating out & restaurants, fast food restaurants, cable and pay TV and digital books, movies, games & music. Declines are evident in spending on dance studios, movie theatres, musical and live theatre and video arcades.



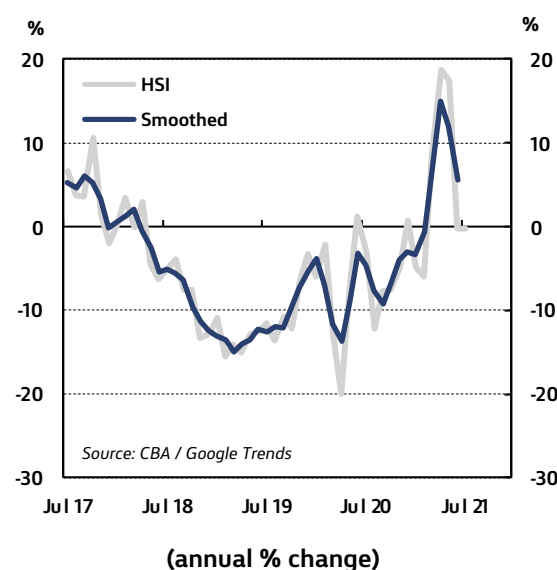
Education Spending Intentions

- Education spending intentions turned down in July 2021 relative to July last year, but remain at relatively elevated levels. Actual spending in education was higher on the year, but with Google searches a little lower.
- The number of education related transactions were higher in July 2021 relative to both July 2020 and July 2019. The largest decline in the number of education transactions relative to 2019 is in university, colleges & professional schools, with the biggest increase in elementary and secondary schools.
- The value of education transactions is down relative to both July 2020 and July 2019 – with significant falls since 2019 in business & secretarial schools, colleges & universities, trade & vocational schools, correspondence schools and elementary & secondary schools.



Motor Vehicle Spending Intentions

- Motor Vehicle spending intentions declined in July to be close to the same level as in July 2020. Relative to July 2019, spending on motor vehicles through the CBA network are down, while Google searches are also lower.
- Generally speaking, prior to the current phase of lockdowns spending intentions on motor vehicles had been strong through the first half of 2021. This has been supported by changed transport preferences 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

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or email globalmarketsresearch@cba.com.au

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