

TD Credit and Debit Card Spend Report

Summertime, and the Shoppin' Ain't Easy

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July 25, 2024

TD credit and debit card transactions remained relatively weak in May and June, reflecting a somewhat subdued start to the summer season. Growth on a year-on-year basis did accelerate sharply from 5.6% in May to 12% in June, but this was largely due to base effects from the previous year's June weakness (Chart 1).

Zooming in on the month-on-month pattern, total spending was more mixed picture. Month-on-month (m/m, seasonally adjusted, unannualized) readings were volatile, oscillating in an out of positive territory. However, the three-month trend was decidedly negative, aligning with the recent [retail sales](#) report that dipped into the red. Growth in May was supported by gains in both goods (+1.0% m/m) and services (+0.5% m/m). Conversely, June saw a decline in the TD Spend data, primarily due to weaker goods spending (-2.2% m/m), although services spending growth accelerated to 1.1% m/m (Charts 2 and 3).

A closer look at the monthly series reveals that stronger spending at general merchandise stores, home furnishings, and home electronics merchants in May was partially offset by weak outlays at gas stations. This was followed by even weaker spending at gas stations in June, compounded by declines at clothing stores, pushing aggregate goods spending into a contraction.

Focusing on the uptick in services spending, the post-pandemic darlings of the services category - travel and entertainment - showed signs of life in May and fully awakened in June. However, this uptick in services was insufficient to bring total card spending into positive territory. Unlike the National Accounts, where services account for almost 60% of spending, TD Spend services account for a slightly lower weighting than goods. This is because this category captures solely merchant-initiated transactions, excluding some significant contributors, such as shelter outlays.

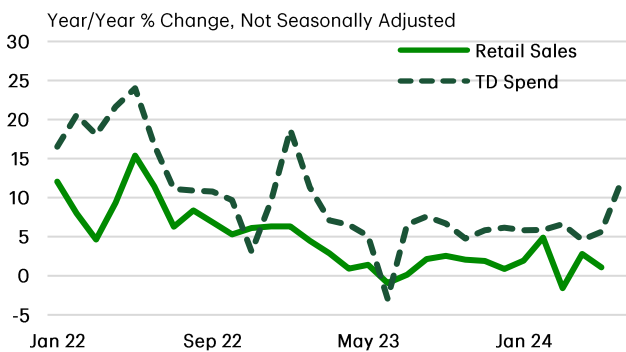
Regionally, the Atlantic region and Quebec were the star performers on a year-on-year (non-seasonally adjusted) basis in both May and June (Chart 4). The stellar performance of the Atlantic region was boosted by a still-strong population growth, although that's [poised to slow in the coming months](#). Manitoba yielded May's third place to Alberta in June, falling behind Ontario, which managed to come very close to the national average. Like the aggregate reading, regional y/y growth was boosted by base effects in June.

Bottom Line

TD credit and debit spend data point to rather tepid spending growth in May and June. Combined with a soft start in April, total spending performed sluggishly, directing our [forecast](#) to a below-trend growth of 0.7% (quarter-on-quarter, annualized) for Q2 2024.

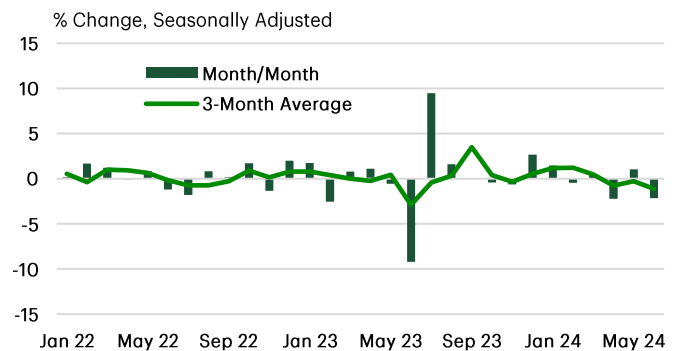
Exhibits

Chart 1: Year-on-Year TD Card Spending Accelerates in June on Base Effects



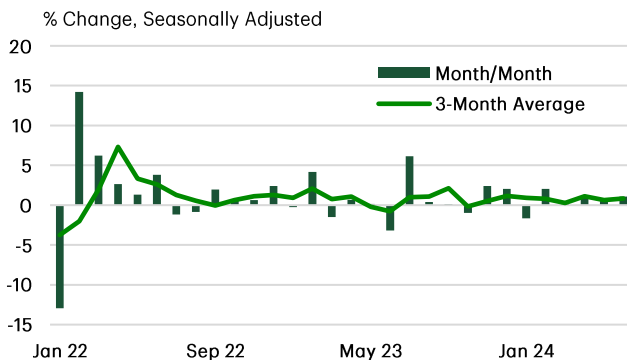
Source: Statistics Canada, TD Economics

Chart 2: May's Goods Spending Growth Reversed in June



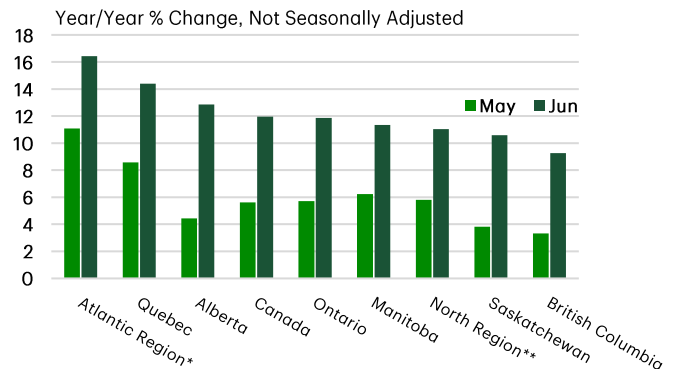
Source: TD Economics.

Chart 3: Services Spending Softens in May, Firms Up in June



Source: TD Economics.

Chart 4: Atlantic Region Regains Its Leading Role



*New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island
 ** Northwest Territories, Nunavut, Yukon. Source: TD Economics

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