

# TD Credit and Debit Card Spend Report

## The Zigzag of Spending in March-April

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TD credit and debit card transactions mirrored the capricious weather of early spring. Year-on-year (non-seasonally adjusted) growth in total spending accelerated to 6.6% in March, but softened to 4.6% in April (Chart 1)

On a monthly, seasonally adjusted basis, spending increased by 0.8% (unannualized) in March, then declined by 0.9% in April. Growth in March was fueled by gains in both goods (+1.1% m/m) and services (+0.4% m/m). This somewhat contradicts the advanced reading of [retail sales](#) that show a flat goods spending for the month. Still, we could see an upward revision to Statistics Canada's flash estimate in the next report on May 24th. Conversely, April saw a decline in TD Spend data, primarily due to weaker goods spending (-2.3% m/m), although services spending growth accelerated to 0.9% m/m.

A closer look at the monthly (seasonally adjusted) goods series reveals that stronger spending at grocery and general merchandise stores in March reversed in April, contributing to the overall spending decline (Chart 2). Consistent with [the CPI report](#), nominal spending at gas stations remained robust in March and even accelerated in April. Apart from price increases, this rise in spending at gas stations likely reflected heightened demand for cars, which unexpectedly [boosted auto sales](#).

Monthly services spending (seasonally adjusted) remained strong but lacked meaningful contributions from the post-pandemic darlings of travel and entertainment, where spending remained flat or was only marginally positive (Chart 3). March's growth was buoyed by the "financial" segment, which includes activities like tax preparation, money transfers, broker-dealer, and insurance services – typical of the tax filing season. An additional contribution came from the "organizations/associations" category, which includes charitable, political, and religious organizations, likely influenced by the season's reminder of the material benefits of charitable giving. Meanwhile, in April, the biggest contributor to growth was the "other services" category – a miscellaneous collection of fees and payments. Looking closer at the break-down between credit and debit card transactions reveals that debit card transactions were the major contributor to this category's outlays. This could be driven by payments to Revenue Canada and may have little bearing on the economic activity.

Regionally, year-on-year spending in March was the strongest in the Atlantic region, followed by Quebec, the North, and Ontario in March. However, April saw weaker growth in Ontario, significantly fanning the overall deceleration in spending, as the province accounts for approximately half of TD Spend volumes.

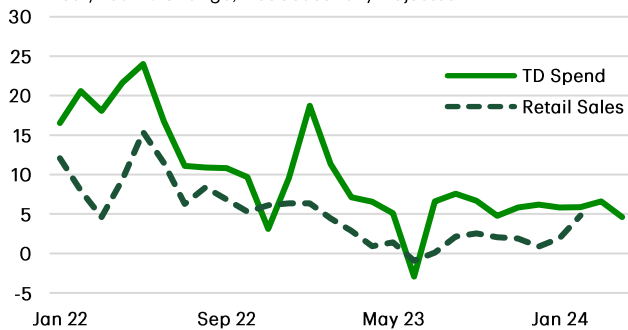
## Bottom Line

TD credit and debit spend data point to an expansion in both goods and services spending in March, keeping our real consumption tracking at around 3% (annualized) for the first quarter of 2024. In contrast, the first month of Q2 suggests a softer start, with spending likely below 1.5%. However, a recent rebound in employment could pose an upside risk to our spending forecast (see our [Quarterly Economic Briefing](#)) if these gains continue.

## Exhibits

**Chart 1: Card Spending Accelerated in March and Softened in April**

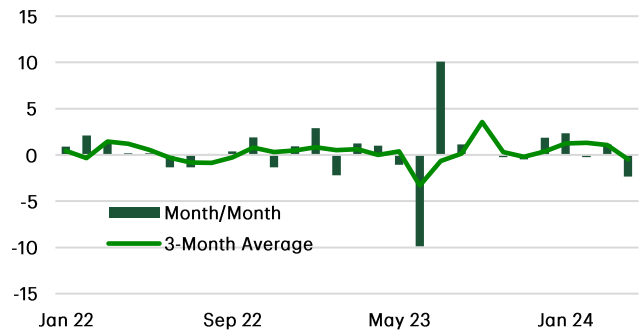
Year/Year % Change, Not Seasonally Adjusted



Source: Statistics Canada, TD Economics

**Chart 2: Positive Contribution from Goods Spending in March Reversed in April**

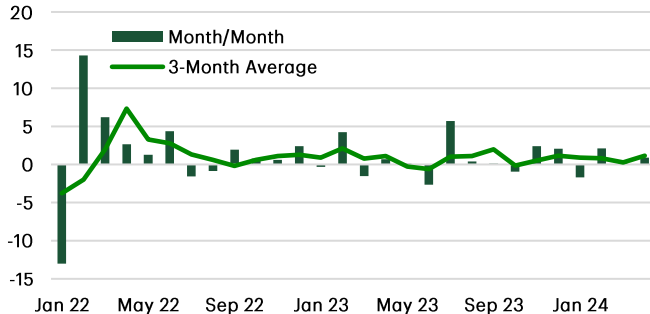
% Change, Seasonally Adjusted



Source: TD Economics.

**Chart 3: Services Spending Continue Growing at a Slower Pace**

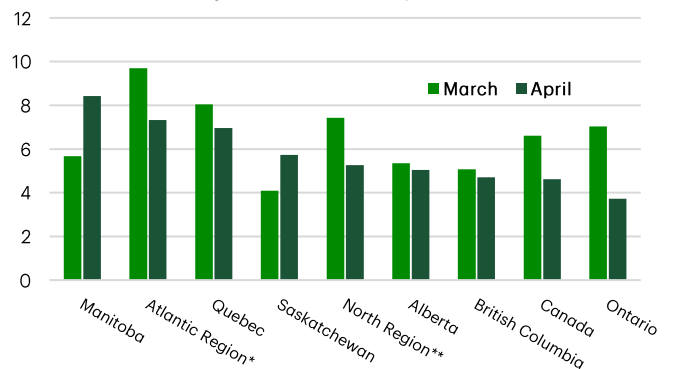
% Change, Seasonally Adjusted



Source: TD Economics.

**Chart 4: Ontario Weighs on Growth in April**

Year/Year % Change, Not Seasonally Adjusted



Source: TD Economics.

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