



1 November 2024

HOUSEHOLD SPENDING INDICATOR BULLETIN

More signs of spending weakness

- Nominal household spending came in weaker than expected, down -0.1%*mth* in September, and up just 0.2%*qtr* since the introduction of tax cuts.
- Spending continues to rise in services and non-discretionary segments. Meanwhile, spending on goods has declined in annual terms, the first time since COVID-19.
- WA, Qld and SA all posted gains throughout the September quarter, while spending in NSW and Vic declined.
- At the margin, today's results highlight some downside risk to our forecast for Q3 private consumption, however we are yet to fully assess how this indicator flows through to total spending as measured in the national accounts.

Household Spending Indicator – Sep 2024

	\$bn		mth%		ann%
	Sep-24	Aug-24	Sep-24	Aug-24	Sep-24
seasonally adj.	69.9	0.2	-0.1	2.7	1.3
trend	70.0	0.1	0.1	2.5	2.2

Household Spending Indicator – Q3 2024

	real\$bn		qtr%		ann%
	Q3	Q2	Q3	Q2	Q3
original	200.5	0.8	1.6	0.5	-0.4

Source: ABS, Westpac Economics

September: -0.1%*mth*, 1.3%*yr*

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Further evidence of a subdued consumer



Neha Sharma
Economist

The household spending indicator had been surprisingly soft through July-August, given the backdrop of tax cuts and other fiscal support. The September results showed further weakness, with the indicator declining -0.1%*month*, ending the quarter with a dismal 0.2%*quarter* gain to be up just 1.3%*year*.

The monthly household spending indicator is a relatively new ABS measure that tracks spending across nine major categories, derived from bank transaction data, supermarket transactions and vehicle sales, and is due to supersede the Retail Trade release from June 2025.

The September results indicate that households are still directing spending towards services (+0.4%*month*, +0.9%*quarter*), while spending on goods continues to fall (-0.4%*month*, -0.3%*quarter*). In addition, spending in non-discretionary segments (+0.2%*month*, +0.5%*quarter*) continues to outpace discretionary spending (-0.2%*month*, flat%*quarter*).

By category, the largest decline was recorded in clothing (-1.8%*month*), followed by transport (-0.6%*month*), recreation (-0.4%*month*) and alcohol & tobacco (-0.3%*month*). In contrast, spending on health (+0.6%*month*), food (+0.5%*month*), furnishings (+0.4%*month*) and hotels, cafes and restaurants (+0.3%*month*) all posted gains.

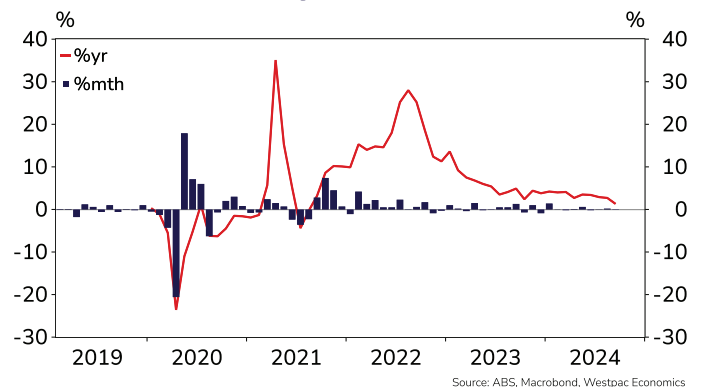
By state, WA, Qld and SA led the way, posting gains throughout the September quarter. The recent print showed a 2.9%*month*, 1.6%*month* and 1.3%*month* gain respectively. Household spending was notably weaker in NSW and Vic at -0.5%*month* and -2.2%*month* respectively.

The release also included volume estimates (only available in original terms), which indicated a 1.6%*quarter* rise in volumes in the September quarter but an annual fall of -0.4%*year*. This is the first negative result since COVID-19.

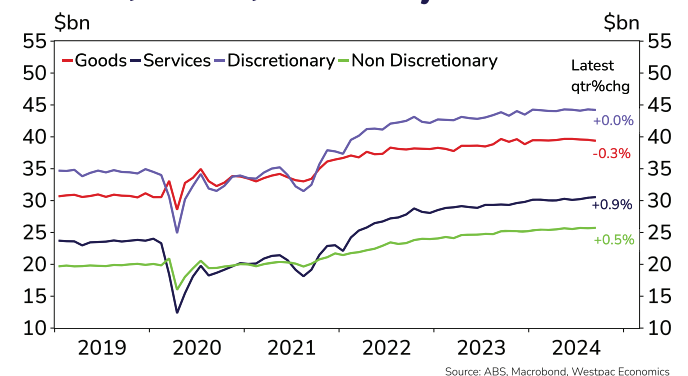
Our preliminary seasonally adjusted estimate suggests a significantly poorer result, with volumes down -0.8%*quarter*. This decline was primarily driven by a fall in alcohol & tobacco volumes, while most other categories had gains.

Overall, today's result offers further evidence of a cautious consumer that appears to be saving a large portion of their tax cuts. The data pose some slight downside risks to our forecast of a 0.6%*quarter* lift in total consumer spending in the September quarter. However, we have yet to fully assess how this indicator translates to broader results in the national accounts.

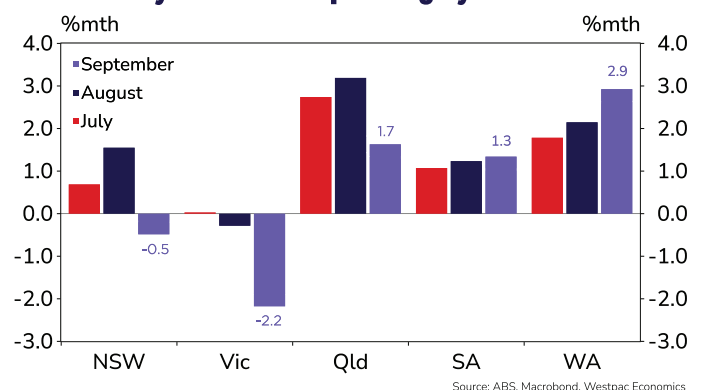
Household Spending Indicator



Goods, services, discretionary & non-discret.



Monthly household spending by state



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