

5 December 2024

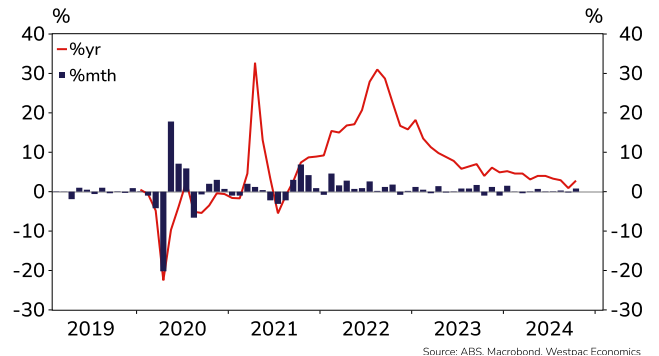
# HOUSEHOLD SPENDING INDICATOR BULLETIN

Solid rebound from September's weakness

## Key points

- Household spending indicator of nominal spending exceeded expectations, up 0.8%*mth* in October, reinforcing signs of a robust start to Q4.
- Spending increased across all categories, led by recreation and culture, and clothing and footwear. Services spending continued to drive overall spending.
- New seasonally adjusted estimates for states and territories show firm growth across the key states, led by SA and NSW.

Monthly Household Spending Indicator



**October household spending indicator: 0.8%*mth*, 2.8%*yr***

# Spending rebound: solid start or short-lived surge?



**Neha Sharma**  
Economist

The household spending indicator (HSI) bounced back in October, rising 0.8%*mt*, from a downwardly revised -0.2%*mt* in September, providing further evidence of a spending turnaround. The result exceeded Westpac's forecast of -0.1%*mt* and the market consensus of 0.3%*mt*. The October result lifted annual growth to 2.8%*yr*, from 0.9%*yr* in September (revised down from previously published 1.3%*yr*).

There were broad-based gains across categories, with recreation and culture (1.5%*mt*) leading the rise. The ABS attributed this to concert and sporting ticket purchases. Health, hotels, cafes & restaurants, and miscellaneous items each rose 0.9%*mt*, while transport gained 0.6%*mt*. More modest growth was observed in food (0.1%*mt*), alcohol and tobacco (0.1%*mt*), and furnishing and household equipment (0.3%*mt*).

Clothing and footwear saw a notable +1.1%*mt* lift. This result is at odds with the -0.6%*mt* decline reported in the October retail sales figures. Some of this will reflect different sources and coverage – the HSI mainly draws on bank card transactions while retail trade estimates are from a sample survey. However, the difference on clothing likely relates to the how classifications are applied – the HSI uses product categories but the retail survey uses storetypes. Hence clothing sales by department stores for example would be classified to 'clothing and footwear' in the HSI but to departments stores in the retail survey.

Spending continued to favour services, which rose 1.5%*mt*, the strongest monthly lift since July 2023. Goods spending also showed signs of firming, up 0.2%*mt* after three consecutive months of decline. Discretionary spending surged 1.1%*mt*, its strongest rise since November 2023, while non-discretionary was up 0.2%*mt*, edging edged lower on annual basis.

By state, NSW and SA recorded a 1.0%*mt* lift in October, this was followed by WA (0.8%*mt*), Vic (0.7%*mt*) and Qld (0.4%*mt*).

## Conclusion

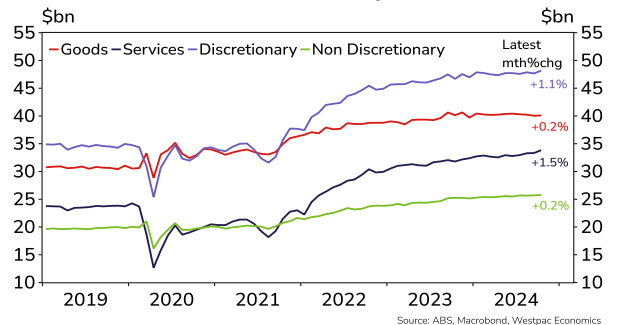
The HSI covers 68% of final consumption in the national accounts and should be a relatively good gauge. That said, the benchmarking of historical estimates (these latest results are re-benchmarked to the 2022-23 annual national accounts) 'forces' the history to be consistent, making predictive accuracy difficult to assess. Today's results provide further evidence of a turnaround in household spending. However as we have caveated previously, the full results from the quarter are needed. Early discounting and price-sensitive consumers could mean these gains are short-lived, as seen last year.

## Household spending indicator – October 2024

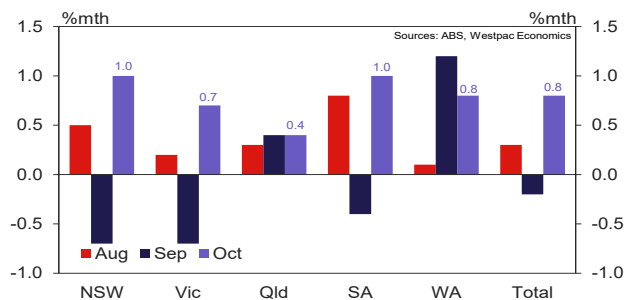
	\$bn		% chg mth		% chg yr
	Oct-24	Sep-24	Oct-24	Sep-24	Oct-24
sa	73.93	-0.2	0.8	0.9	2.8
trend*	73.68	0.2	0.1	2.3	1.9

Source: ABS, Macrobond, Westpac Economics.

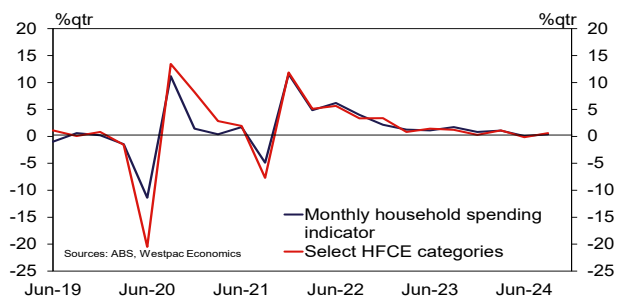
## Goods, services, discretionary & non-discret.



## Monthly household spending by state



## Spending indicator vs consumption



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