



4 February 2025

# HOUSEHOLD SPENDING INDICATOR BULLETIN

## More signs of a solid upturn

- December’s household spending indicator added to the Q4 streak of gains, up 0.4%*mth*, taking the annual rate to 4.3%*yr*.
- The indicator draws on card activity, supermarket transactions and new vehicle sales to generate an early estimate of total spending. The ABS currently labels these as ‘experimental’.
- Spending in December remained centred on goods and discretionary items which have now increased for three consecutive months. This is broadly consistent with the picture from Westpac data.
- Volumes (seasonally adjusted by Westpac) were up around 0.9-1.3%*qtr* and 1.5-1.6%*yr* in Q4. Alcohol and tobacco was the only category to see a fall in volumes.
- Today’s data hints at some upside risks to the Q4 national accounts estimates of spending although its experimental nature, short history and technical issues make the indicator’s guidance difficult to assess.

### Household Spending Indicator – Dec 2024

	\$bn	mth%		ann%	
	Dec-24	Nov-24	Dec-24	Nov-24	Dec-24
seasonally adj.	75.2	0.8	0.4	3.2	4.3
trend	75.0	0.4	0.4	3.0	3.2

### Household Spending Indicator – Q4 2024

	real\$bn	qtr%		ann%	
	Q4	Q3	Q4	Q3	Q4
original	226.9	2.1	7.6	0.2	1.4

Source: ABS, Westpac Economics

# December: 0.4%*mth*, 4.3%*yr*

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# Solid end to 2024, slight upside risk to Q4 consumption



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Economist

The nominal household spending indicator (HSI) slowed to 0.4%*mth* in December from upwardly-revised prints of 0.8%*mth* and 1.0%*mth* in November and October, respectively. Nominal spending eased into mid-year but began to gather momentum post-tax cuts, with spending in H2 2024 1.5% higher. The annual pace also accelerated to 4.3%*yr* in December, from 3.2%*yr* the month prior.

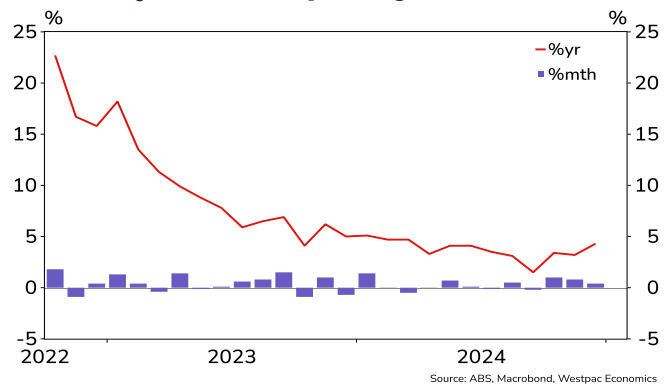
Five of the nine spending categories saw gains in December. Leading the way was spending on other items (1.6%*mth*), followed by transport (1.1%*mth*) and clothing and footwear (1.0%*mth*). This was followed by hotels, cafes and restaurants (0.9%*mth*) and furnishings and household equipment (0.8%*mth*), both of which have posted gains for five consecutive months now. Spend on food was flat in the month. Of the falls, alcohol and tobacco, and health were down -0.8%*mth*, followed by recreation and culture -0.5%*mth*.

More broadly, the strength remains centred on discretionary items and goods. For the final three months of the year, the monthly increase in goods has been 0.6%*mth*, 1.2%*mth* and 0.4%*mth*, while discretionary spending has seen rises of 1.3%*mth*, 0.9%*mth* and 0.6%*mth*. These results largely suggest that spending has been due to a stronger than usual spend at end-of-year sales (noting that all figures are adjusted to remove regular seasonal variations).

The release also included volume estimates (only available in non-seasonally adjusted terms). This showed a 7.6%*qtr* rise in Q4, lifting annual growth to 1.4%*yr*. Westpac's estimates suggest seasonally adjusted volumes were up around 0.9-1.3%*qtr* and 1.5-1.6%*yr*. Volumes look to be up across all categories both for Q4 and annually, the main exception being alcohol and tobacco which was down -2.6%*qtr* and -13%*yr*. This weakness may reflect several factors, including trend declines in tobacco consumption, switching from 'off license' to 'on-license' consumption of alcohol (i.e. at pubs, bars, hotels and restaurants), and possible measurement issues that underestimate cash purchases. Bear in mind that the series history only dates back to Q3 2019, making shifts difficult to assess and seasonal adjustment less reliable.

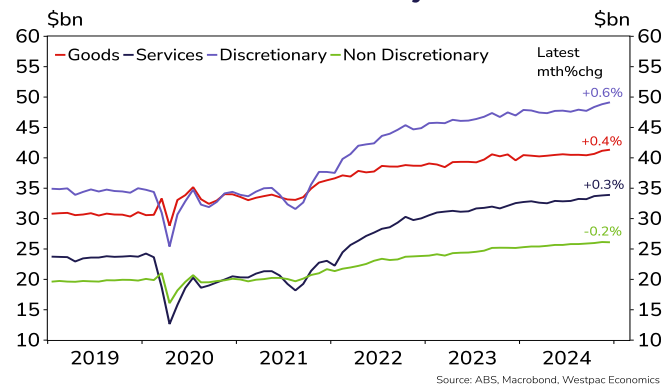
Overall, the HSI figures point to some upside risk to our Q4 estimate that real consumption rose 0.7%*qtr*. That balances some of the slight downside surprise from yesterday's retail figures. Given the experimental nature of the HSI, its short history and some technical questions we have around the annual benchmarking process, the latest data cannot be viewed as a decisive signal. As such, we are comfortable to retain our forecast and note that there are risks to either side.

**Monthly Household Spending Indicator**



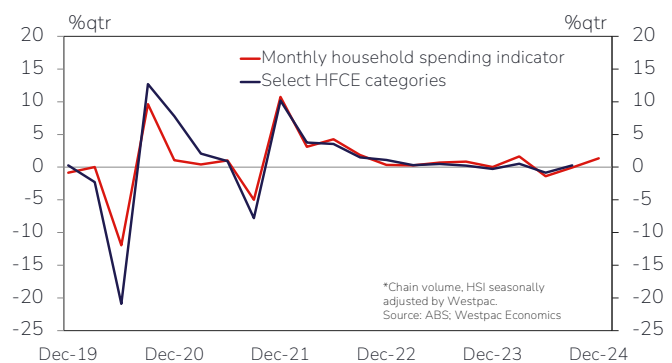
Source: ABS, Macrobond, Westpac Economics

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



Source: ABS, Macrobond, Westpac Economics

**Spending indicator vs consumption**



\*Chain volume, HSI seasonally adjusted by Westpac.  
Source: ABS, Westpac Economics

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