



7 March 2025

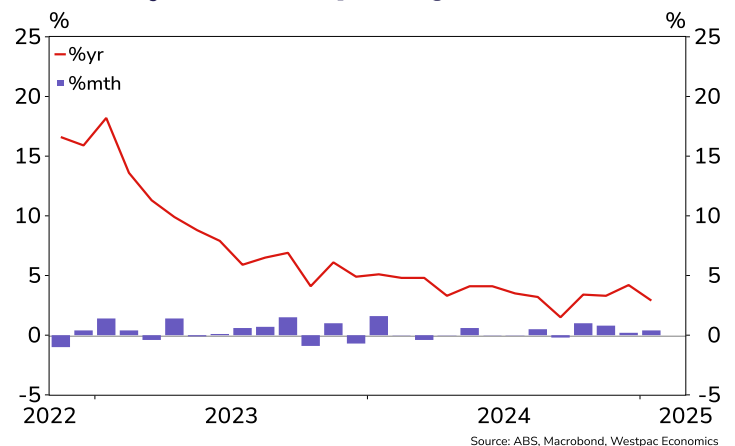
HOUSEHOLD SPENDING INDICATOR BULLETIN

Fourth consecutive lift in household spending

Key points

- The household spending indicator of nominal spending rose 0.4%*mth* in January. Base effects moved the annual rate lower to 2.9%*yr*, but the trend rate continued to move higher.
- Overall growth was led by spending on health (2.5%*mth*). Transport also posted a solid rise, despite a fall in new vehicle sales.
- Spending on services edged out goods for the first time since October 2024.
- Spending rose across all major states, led by Vic, Qld and WA (all up 0.5%*mth*). NSW had a weaker result (0.1%*mth*).
- Westpac's Card Tracker did indicate some spending momentum carrying into January, but this faded a little in early February.

Monthly Household Spending Indicator



January household spending indicator: 0.4%*mth*, 2.9%*yr*

Services drives rise in spending



Neha Sharma
Economist

Nominal household spending improved in January, rising 0.4%*mt*, from a downwardly revised 0.2%*mt* in December. The result was bang in the middle of our 0.3%*mt* estimate and the consensus for a 0.5%*mt* lift. This was the fourth consecutive monthly lift but base effects resulted in the annual pace easing to 2.9%*yr* from 4.2%*yr*. The trend annual rate moved higher.

The six-month annualised pace was firmer, tracking 5.3%*yr* in January. Spending on health, hotels, cafes and restaurants, and recreation and culture have accounted for around 60% of this growth in spending. The rate has been strengthening since July 2024, when tax cuts came into effect, but it remains below longer run trend levels.

The monthly lift was driven by a rise in health spending (+2.5%*mt*), followed by miscellaneous goods and services (+1.2%*mt*). Despite a strong fall in new vehicle purchases, transport lifted 1.1%*mt* on the back of air and sea travel. Food, and recreation and culture were up 0.3%*mt*.

After benefiting from Black Friday discounting in late-2024, spending on both clothing and footwear, and furnishing and household equipment fell -1.5%*mt*. Hotels, cafes and restaurants was down -0.3%*mt* while alcohol and tobacco fell -1.8%*mt*. On an annual basis, alcohol and tobacco (-12.2%*yr*) was the only category where spending declined. We suspect this continued as a result of weak volumes (see [here](#) for more detail) but the scale of the decline still looks surprisingly large.

The post-Black Friday drop-off also hit goods spending which fell for the first time since September 2024, down -0.6%*mt*. The annual pace fell more dramatically, from 4.2%*yr* to 0.9%*yr*. Services regained the top spot, rising 1.5%*mt*. Discretionary spend was down -0.2%*mt*, while non-discretionary increased a firm 1.4%*mt*, the strongest lift in 15 months.

All states continued to show decent spending momentum. Vic, Qld and WA saw spending rise 0.5%*mt*. SA was up 0.4%*mt*, while the lift in NSW was a tad muted at 0.1%*mt*. Spending has now risen for five consecutive months in WA and for four consecutive months for the other states (excl. Qld).

Conclusion

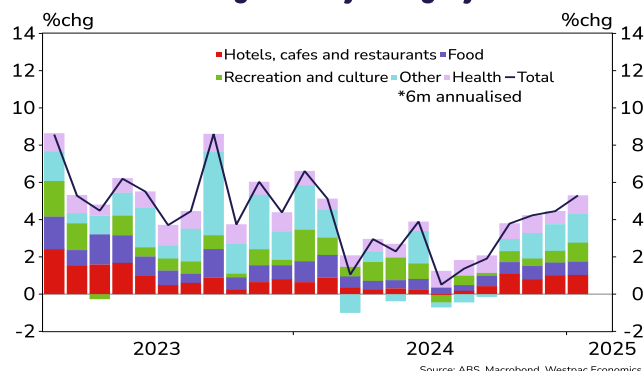
Household spending, while not strong, is maintaining decent momentum. Even after accounting for inflation, 'real' spending appears to be growing. Westpac's Card Tracker Index also suggested some additional strength in January. However, spending activity may have faded a little in early February (see [here](#) for more detail).

Household spending indicator – Jan 2025

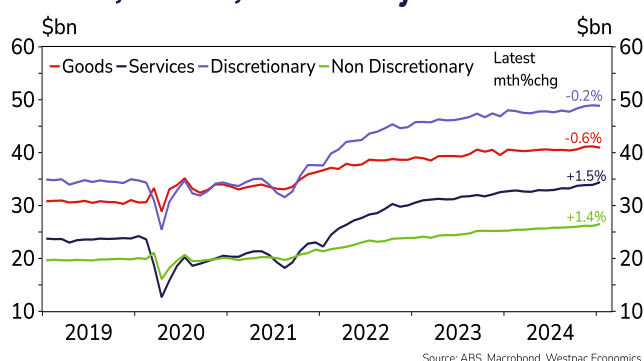
	\$bn	% chg mth		% chg yr	
	Jan-25	Dec-24	Jan-25	Dec-24	Jan-25
sa	75.36	0.2	0.4	4.2	2.9
trend*	75.30	0.4	0.4	3.2	3.4

Source: ABS, Macrobond, Westpac Economics.

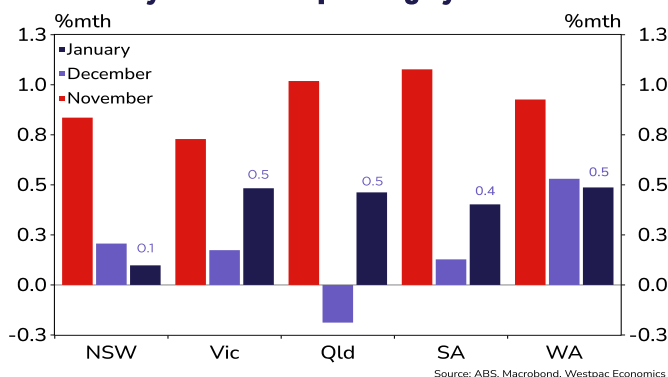
Contribution to growth by category



Goods, services, discretionary & non-discret.



Monthly household spending by state





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