



8 April 2025

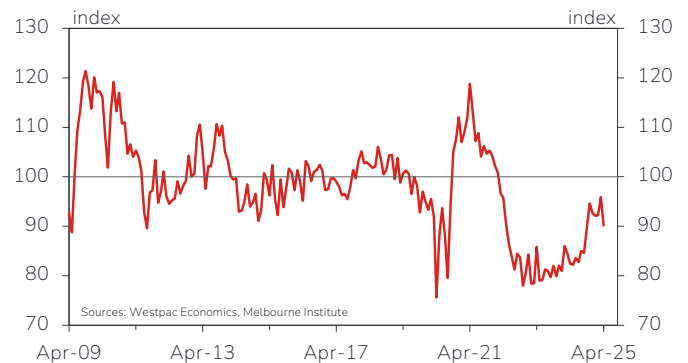
WESTPAC-MI CONSUMER SENTIMENT BULLETIN

Latest insights on the Australian consumer

Key points

- Westpac Consumer Sentiment Index drops 6% to 90.1 in April.
- Confidence falls to six-month low as tariff war and share market slide impact.
- Sentiment 10% lower amongst those surveyed post US tariff announcement.
- Consumers less confident on prospect of interest rate cuts.

Consumer Sentiment Index



The Westpac-Melbourne Institute Consumer Sentiment Index fell 6% in April, to 90.1 from 95.9 in March.

Consumer sentiment hit by tariff turmoil



Matthew Hassan
Head of Australian Macro-Forecasting

The Westpac-Melbourne Institute Consumer Sentiment Index fell 6% in April, to 90.1 from 95.9 in March.

Consumers are showing deepening unease about developments abroad. Sentiment weakened sharply over the course of the survey week, with steep falls following the 'reciprocal tariffs' announced by US President Trump on April 2. Those surveyed before the announcement reported an index read of 93.9 down only slightly from March's 95.9. Those surveyed after the announcement reported an index read of just 86.6, down nearly 10% compared to March. The scale and breadth of tariff increases, which included a 10% tariff on Australian goods, came as a major surprise, triggering a sell-off in global financial markets. With the situation still deteriorating, there is a clear risk of more significant sentiment declines in the months ahead.

All component indexes deteriorated in April. The **Westpac-Melbourne Institute Consumer Sentiment Index** is a composite measure based on five sub-indexes: two tracking assessments of family finances, two tracking expectations for the economy and one on whether now is 'a good time to buy a major household item'.

Around family finances, consumers are feeling a tighter pinch now and are less positive about the outlook.

The 'family finances vs a year ago' sub-index recorded a sharp 8.5% fall to 70.2, the weakest level since the 'stage 3' tax cuts came into effect in July last year. This almost certainly reflects the steep declines in global share markets - the S&P/ASX200 falling 10% between the February and April surveys and the S&P500 down closer to 16%. The sub-group detail shows bigger declines across older age-groups that would have more exposure to the market decline, particularly through superannuation holdings. Share markets have recorded more falls in the week since the survey although it should be noted that in most cases markets are still above 2023 levels.

The 'family finances, next 12 months' sub-index declined 6.2% to 101.6. Here the detail suggests tariff-related concerns have been compounded by a slightly more uncertain outlook for interest rates. Expectations showed a slightly bigger retracement amongst households with a mortgage.

Certainly, consumers as a whole are less confident about the prospect of further interest rate cuts. The **Westpac-Melbourne Institute Mortgage Rate Expectations Index**, which tracks consumer expectations for variable mortgage rates over the next 12 months, rose 11.3% to 98.1.

Consumers are nearly evenly split on whether interest rates will fall or rise. That compares to a month ago when nearly 60% expected rates to be the same or lower in a year's time. While there does tend to be a 'hawkish bias' to consumer interest rate expectations, the shift may be a sign that the RBA Board's decision to leave rates hold at its March 31-April 1 meeting and it's still relatively hawkish messaging is casting more doubt over whether we will see follow-up cuts to the 25bp move in February.

Notably, the Federal budget appears to have been a slight positive in the mix. Since 2010, our budget month surveys have asked consumers whether they expect the budget to improve or worsen their finances over the year ahead. Responses usually show a heavy negative bias - those expecting to be worse off outnumbering those expecting to benefit by nearly 20%. This year, the gap was just 10% with 15% of consumers expecting to be better off and 25% expecting to be worse off. That is still a deterioration on the 3% gap last year, when the 'stage 3' tax cuts were centre stage, but there was a notable improvement in the assessments of low-to-middle income earners compared to 2024.

“... a growing sense of unease.”

Sentiment towards the economy showed a clear tariff-related deterioration. The 'economic outlook, next 12 months' sub-index fell 5.7% to 90.5. The 'economic outlook, next 5 years' sub-index also declined 3% to 98.4, dipping back into 'net pessimistic' territory. While neither sub-index is overly weak, the falls speak to a growing sense of unease.

That unease is also weighing on buyer sentiment. The 'time to buy a major household item' sub-index dropped 7.3% in April. As noted in previous releases, this component captured the bulk of the shock from surging prices and the associated loss of purchasing power during the burst of inflation in 2022-23.

While April has seen a setback, the sub-index is still greatly improved on a year ago (up 14.4% to 90). That latest drop is likely more general in nature rather than a sign of renewed inflation problems.

Unease about the economic outlook has also taken some of the gloss off consumer confidence around jobs. The **Westpac-Melbourne Institute Unemployment Expectations Index** rose 5.1% to 123.9 in April (recall that higher index reads mean more

consumers expect unemployment to rise over the year ahead). That said, the Index is still comfortably below the long run average index read of 129. Consumers may be less confident, but they still look relatively secure about the job situation.

On housing, consumers have turned more pessimistic on assessments of 'time to buy' but are more positive on the price outlook, affordability tensions again to the fore.

The **'time to buy a dwelling' index** dropped 6.5% to 85.7, unwinding all of the rate cut related rally over the previous three months. Buyer sentiment is closer to neutral in Melbourne (99) and only slightly downbeat in Sydney (95.4) but is languishing at much weaker levels in Queensland (75.2) and Western Australia (69). The pattern mirrors price performances - relatively weak in the two big capital cities but still rising strongly in the two big mining states.

The **Westpac-Melbourne Institute Index of House Price Expectations** rose 4.7% to 153.4, a nine-month high. Some 64% of consumers expect prices to rise in the year ahead, compared to 59% in March but a peak of over 70% back in June.

CoreLogic price data released at the start of the survey week reported a lift in prices over the month of March. Consumer house price expectations recorded a particularly big 14% rise in Victoria, coming from a markedly weaker starting point.

The Reserve Bank Monetary Policy Board meets on May 19-20. Westpac expects the deteriorating external situation, which has had a clear bearing on this month's weaker sentiment read, and further evidence of a sustained slowing in inflation will see the Board deliver a further 25bp rate cut at its May meeting. Indeed, given the scale of the tariff shock unfolding abroad and signs that the knock-on effect on sentiment will weigh on consumer spending, the Board is likely to become much more focused on downside risks to growth than lingering questions about inflation.

Consumer Sentiment - April 2025

	avg*	Apr 2023	Apr 2024	Mar 2025	Apr 2025	%mth	%yr
Consumer Sentiment Index	100.4	85.8	82.4	95.9	90.1	-6.0	9.3
Family finances vs a year ago	88.1	70.1	65.5	76.7	70.2	-8.5	7.1
Family finances next 12mths	106.7	95.5	95.5	108.3	101.6	-6.2	6.4
Economic conditions next 12mths	90.6	85.4	82.7	96.0	90.5	-5.7	9.5
Economic conditions next 5yrs	92.1	96.0	89.8	101.5	98.4	-3.0	9.5
Time to buy a major household item	123.8	82.1	78.7	97.1	90.0	-7.3	14.4
Time to buy a dwelling	120.0	71.1	75.3	91.6	85.7	-6.5	13.8
Unemployment Expectations Index	129.2	118.9	124.6	117.9	123.9	5.1	-0.6
House Price Expectations Index	128.3	130.3	161.2	146.5	153.4	4.7	-4.8
Interest Rate Expectations Index	141.9	167.2	122.8	88.2	98.1	11.3	-20.1

Source: Westpac-Melbourne Institute.

*avg over full history of the survey, all indexes except 'time to buy a dwelling', 'unemployment expectations' and 'house price expectations' are seasonally adjusted

The survey is conducted by OZINFO & DYNATA. Respondents are selected at random. This latest survey is based on 1200 adults aged 18 years and over, across Australia. It was conducted in the week from 31 March to 4 April 2025. The data have been weighted to reflect Australia's population distribution. Copyright at all times remains with the Melbourne Institute of Applied Economic and Social Research.



Authors

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner
Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Jameson Coombs
Economist
E: jameson.coombs@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au



©2025 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, “Westpac”). References to the “Westpac Group” are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Things you should know

We respect your privacy: You can [view our privacy statement at Westpac.com.au](#). Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

This information, unless specifically indicated otherwise, is under copyright of the Westpac Group. None of the material, nor its contents, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior written permission of the Westpac Group.

Disclaimer

This information has been prepared by the Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision.

This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward-looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously

with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author’s knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

Author(s) disclaimer and declaration: The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author’s knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

Further important information regarding sustainability-related content: This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access [Westpac’s Financial Services Guide here](#) or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

Note: Luci Ellis, Westpac Chief Economist is a member of the Australian Statistics Advisory Council (ASAC) which is a key advisory body to the Minister and the Australian Bureau of Statistics on statistical services. Luci does not have access to sensitive data/reports in her capacity as a member of ASAC.

Disclaimer continues overleaf ►

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

U.S.: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ("WCM"), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WCM other than as provided for in certain legal agreements between Westpac and WCM and obligations of WCM do not represent liabilities of Westpac.

This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found [here](#). Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.