

6 May 2025

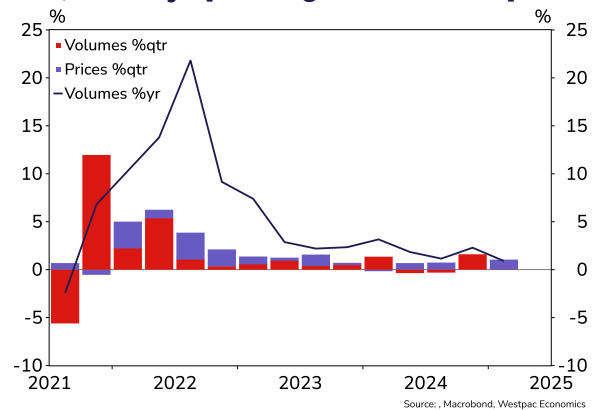
# AUSTRALIAN HOUSEHOLD SPENDING BULLETIN

Another soft consumer read

## Key points

- The household spending indicator was flat in real, inflation-adjusted terms, in Q1, with annual growth dipping to a new post-COVID low. Nominal spending fell -0.3%*mt* in March to finish the year up 3.5%*yr*.
- Food drove the gain in nominal spending for the month, but it was recreation & culture spending that led the rise in volumes.
- The impact of ex-Tropical Cyclone Alfred was also evident in the data. Qld saw a sharp fall in spending in the month (-1.3%*mt*), though food spending was up strongly. Removing Qld from the national result would have seen a flat print for the month.
- The household spending indicator, alongside retail trade and Westpac's internal data all point to a soft result for household consumption in the Q1 national accounts.

Quarterly spending volumes and prices



**Q1 real household  
spending:  
flat%*qtr*,  
0.9%*yr***

# Household spending indicator: volumes stall flat



Neha Sharma  
Economist

Nominal household spending, as measured by the monthly household spending indicator, fell -0.3%*mt* in March. This is the first fall since last September and resulted in the annual pace easing to 3.5%*yr*. The result was well below even the lowest estimate by economists (0.0%*mt*).

## Weather-related weakness in March month

By broad categories, it was services spend that led the monthly decline, down -0.7%*mt*. This is the sharpest monthly fall since late-2023. Goods spending was up but only slightly, by just 0.1%*mt*. By discretionary and non-discretionary categories spending growth was -0.4%*mt* and 0.0%*mt* respectively.

The detailed category split revealed gains in only three of the nine categories. Food saw the largest gain (0.9%*mt*), likely reflecting stockpiling ahead of ex-Tropical Cyclone Alfred in Qld and parts of NSW. This was also evident in the March retail trade release. This was followed by misc. goods & services (0.3%*mt*) and furnishings & household equipment (0.1%*mt*).

The strongest fall was once again seen in alcohol & tobacco (-2.6%*mt*). This was followed by hotels, cafes & restaurants (-1.1%*mt*), health (-0.5%*mt*), transport (-0.5%*mt*), recreation & culture (-0.2%*mt*) and clothing & footwear (-0.1%*mt*).

State trends highlighted strength in household spending in Vic and WA, up 0.4%*mt* and 0.2%*mt* respectively. Spending fell -0.3%*mt* in both SA and NSW, while Qld recorded a notable -1.3%*mt* fall. Reflecting weather disruptions, spending fell across all categories in Qld except for food (2.9%*mt*) and recreation & culture (0.1%*mt*). Excluding Qld from the mix would have seen a flat national result for the month.

## Weak volumes result presents downside risk

Nominal spending rose 1.0%*qtr* in Q1, though volumes printed flat. This follows a 1.6%*qtr* gain in Q4 2024. Annual growth slowed substantially, moderating to 0.9%*yr* in Q1 from 2.3%*yr* previously. This was the weakest result in more than three years, which was in the midst of the COVID-19 pandemic.

Detailed category data shows the biggest fall in alcohol & tobacco (-5.9%*qtr*), though this category comprises less than 5% of volumes. A decline was also recorded in hotels, cafes & restaurants (-1.2%*qtr*).

## Household spending indicator – March 2025

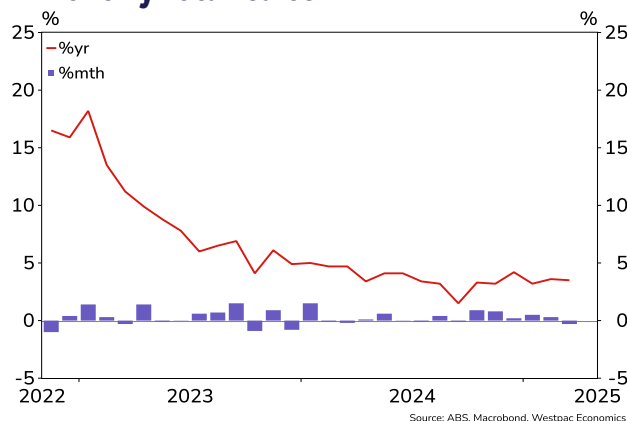
	\$bn	% chg <i>mt</i>		% chg <i>yr</i>	
	Mar-25	Feb-25	Mar-25	Feb-25	Mar-25
sa	75.47	0.2	-0.3	3.6	3.5
trend	75.72	0.3	0.2	3.6	3.7

## Chained volumes – Q1 2025

	real \$bn	% chg <i>qtr</i>		% chg <i>yr</i>	
	Q1	Q4	Q1	Q4	Q1
sa	215.89	1.6	0.0	2.3	0.9

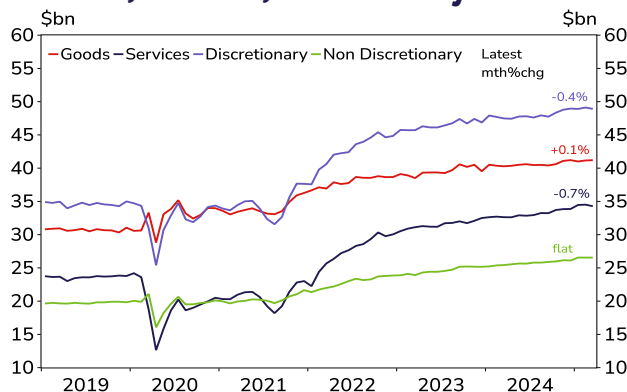
Source: ABS, Macrobond, Westpac Economics.

## Monthly retail sales



Source: ABS, Macrobond, Westpac Economics

## Goods, services, discretionary & non-discret



Source: ABS, Macrobond, Westpac Economics

Gains were seen in misc. goods and services (1.5%qtr), recreation & culture (0.9%qtr), food (0.4%qtr), clothing & footwear (0.3%qtr), furnishings & household equipment (0.1%qtr), transport (0.1%qtr) and a flat result for health.

By state, volumes were down in Vic (-0.3%qtr) and Qld (-0.2%qtr). NSW saw a flat print for the quarter while SA and WA came in stronger at 0.4%qtr and 0.6%qtr respectively. WA has seen volume growth in every quarter since mid-2021.

## Conclusion

Overall, today's result and last week's retail [release](#) both come in on the softer side, presenting some downside risk to our Q1 consumption forecast of a 0.3%qtr gain.

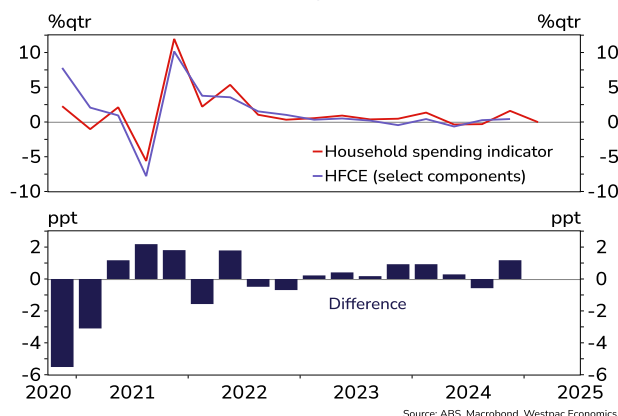
The household spending indicator is still labelled 'experimental' and thus should be treated with some caution as an indicator. It covers a little over 60% of total consumer spending in the national accounts, with the main differences being: rent and other dwellings services; electricity, gas and other fuels; communication services; education services; and insurance and other services.

The indicator seems to perform well as a guide to the direction of growth but there have often been large deviations in the magnitude of quarterly changes when comparing the indicator against the subset of consumer spending it covers from the national accounts (see top left chart below). This may be due to other source, definition and coverage differences. Alternatively, it may be the national accounts estimates that are off, noting that these are often revised following the release of new annual benchmarks.

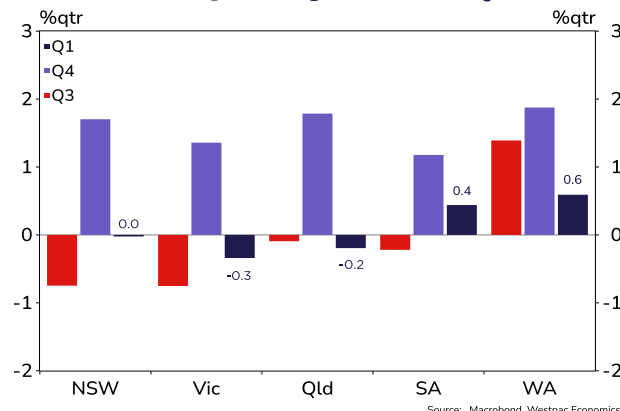
Westpac data – as presented in the **Westpac-DataX Consumer Panel** and **Westpac-DataX Card Tracker** – has also been on the soft side. The Panel showed had an average nominal spending rise of 0.9%qtr in Q1 while the card tracker was up 0.7%qtr – both similar to the nominal household spending indicator gain and broadly consistent with flat volumes.

All of these indicators miss cash-based transactions which were likely more prominent during the weather-related disruptions in March. However, retail cash purchases would have been captured by the retail survey, which also showed flat volumes in Q1.

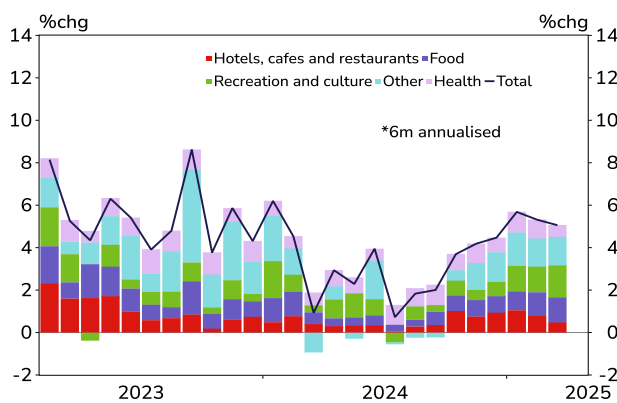
### Household spending indication vs nat accs



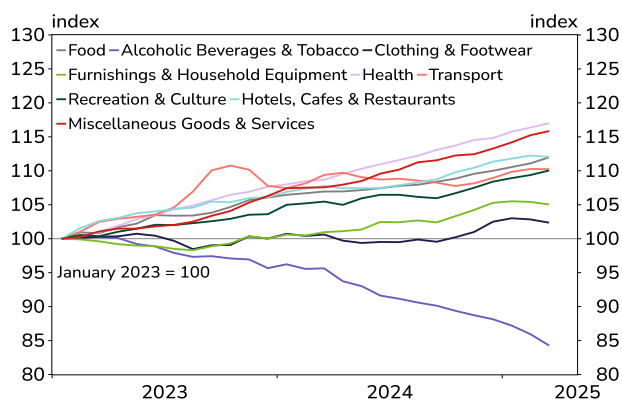
### Household spending indicator by state: real



### Household spending indicator: nominal growth



### Nominal spending by detailed category





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