



10 June 2025

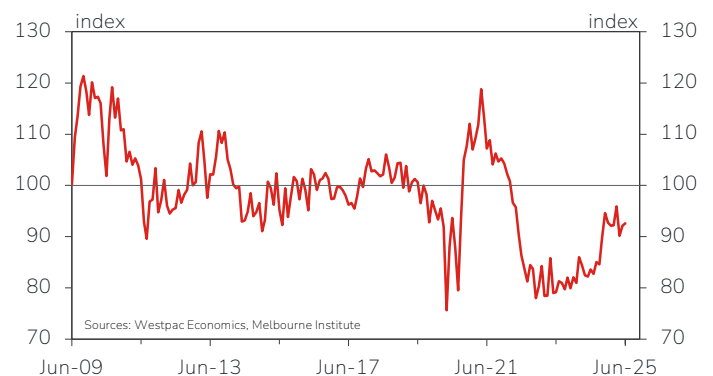
# WESTPAC-MI CONSUMER SENTIMENT BULLETIN

Latest insights on the Australian consumer

## Key points

- Westpac Consumer Sentiment Index nudges up 0.5% to 92.6 in June.
- Lower inflation and interest rate cuts are clear positives.
- But slow growth and trade disputes abroad weighing on the consumer mood.
- Promising lift in buying intentions as cost-of-living squeeze eases.
- Risk aversion intensifies despite positive expectations for house prices.

## Consumer Sentiment Index



**The Westpac–Melbourne Institute Consumer Sentiment Index rose 0.5% to 92.6 in June from 92.1 in May.**

# Consumer sentiment nudges ahead



Matthew Hassan  
Head of Australian Macro-Forecasting

**The Westpac–Melbourne Institute Consumer Sentiment Index rose 0.5% to 92.6 in June from 92.1 in May.**

The overall mood remains broadly unchanged with consumers stuck in a holding pattern of ‘cautious pessimism’. The detail shows two clear opposing forces at work. On the positive side, the RBA’s May interest rate cut and moderating inflation are providing significant boosts, particularly around buyer attitudes towards major purchases. But against this, more sluggish growth reads domestically and the unsettled situation around global trade are continuing to weigh heavily on expectations.

This month’s survey included additional questions on news recall, which are run once a quarter. Responses in June highlight the opposing forces influencing sentiment.

Topic-wise, ‘inflation’ remains the dominant news with the highest level of recall. Consumers view the news as gradually improving with 63% assessing it as unfavourable in June compared to 65% in March, 76% in December, 77% in September and 80% back in June last year. The news on other high-recall domestic topics – ‘economic conditions’, ‘employment’ and ‘interest rates’ – was also assessed less negatively than in March. Indeed, more consumers saw the interest rate news as favourable than unfavourable, the first outright positive read since 2021 and the strongest positive in nearly five years. The one darker spot domestically was around ‘budget and tax’ which has become the highest recall level of any topic and was assessed as moderately unfavourable.

News on ‘international conditions’ is becoming more prominent and is seen as a very clear negative. News recall on this topic has risen to a three-year high with 77% of consumers assessing the news as unfavourable – easily the most negative of the major news topics.

There were similar themes evident in the component detail. Recall that the 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. Whereas components linked to the inflation and interest rate situation showed some improvement, the forward-looking components, which are likely to be more sensitive to the threats from abroad, deteriorated.

The most promising improvement in the month was around consumer attitudes towards major purchases. As noted previously, this component has been the main one to capture the effects of the ‘cost of living’ pressures bearing down on

consumers with average index reads over the last three years a whopping 40pts below historical averages. That long period of deep pessimism is finally coming to an end with the sub-index surging 7.5% to 100.2 in June. This is the first outright positive result since March 2022 (recall that a reading above 100 means optimists outnumber pessimists).

Consumer assessments of family finances were more mixed. The ‘family finances vs a year ago’ sub-index recorded a lift, but the gain was small at just 0.5% and leaves the sub-index at a weak level overall, the 75.4 read still slightly below the level seen at the start of the year. Meanwhile, consumers are less confident about future gains, the ‘family finances, next 12 months’ sub-index slipping 1.9% to 98.8. This marks the first net pessimistic read on expectations for finances since October last year.

**“... consumers stuck in a holding pattern of ‘cautious pessimism’.”**

The softening in expectations for finances comes despite growing confidence about the prospect of interest rate cuts. The Westpac–Melbourne Institute Mortgage Rate Expectations Index, which tracks consumer expectations for variable mortgage rates over the next 12 months, fell 6.8% to 84.6, a thirteen-year low. The detailed responses show that, amongst those with a view, over two thirds expect mortgage rates to be the same or lower in a year’s time. That’s closer to 80% amongst consumers with a mortgage.

Consumer confidence around the economy slipped slightly again in June. The ‘economic outlook, next 12 months’ sub-index dipped 0.7% to 82.4 while the ‘economic outlook, next 5 years’ sub-index fell 2.4% to 96.2. Both sub-indexes are still marginally above historical averages but have struggled to sustain any gains since the start of the year.

Consumers are less confident about jobs. The Westpac–Melbourne Institute Unemployment Expectations Index rose 5% to 127.4 in June (recall that higher index reads mean more consumers expect unemployment to rise over the year ahead). The Index is still relatively positive but now only slightly better than the long-run average read of 129.

The RBA’s May interest rate cut and the more positive tone of the RBA’s language generated a positive shift in housing-related sentiment.

The 'time to buy a dwelling' index rose 3.6% to 93.3. While that marks the strongest read since September 2021, pessimists still outnumber optimists with homebuyer sentiment still a long way below the historical average of 120.

The Westpac–Melbourne Institute Index of House Price Expectations surged 7% to 166.5. This takes the index slightly above previous cycle peaks to the highest level since 2013. Over three quarters of consumers expect prices rise over the next 12 months. Consumers are particularly bullish in Queensland (176.6) and NSW (172.3) but less so in Victoria (155.5).

Despite this positive outlook for house prices, consumers remain relatively averse to real estate as an investment option and to risk in general. Indeed, responses to our quarterly question on the 'wisest place for savings' suggest that the tariff-related turmoil this year has seen what was already a high level of risk aversion intensify even further.

Consumers still heavily favour 'safe options' with 55% nominating either 'bank deposits' or 'pay down debt' as the wisest place of savings, up slightly from 52% in March. Interest rate cuts have done little to shift these views so far. Meanwhile, only 10.2% are nominating 'real estate' as the wisest option – a shadow of the long run historical average of 23%. Similarly, just 9.7% nominated 'shares'.

The Reserve Bank Monetary Policy Board next meets on July 7–8. The Board's increased confidence around inflation allowed for a further 25bp rate cut in May. As this month's Consumer Sentiment survey shows, the move has helped shore up sentiment in the face of rising concerns about the outlook.

With growth still tracking slowly domestically, there is a clear case for further easing. However, we expect the RBA to continue to proceed cautiously given its evolving view of the economy and the tightness of the labour market. As such we expect the Board to leave the cash rate unchanged at its July meeting, with the next 25bp cut coming in August, once the RBA has refreshed its economic forecasts. That said, the outlook for interest rates is clearly for further cuts this year and the risks are tilted to a larger or sharper decline than our current base case of two more 25bp moves.

## Consumer Sentiment – Jun 2025

	avg*	Jun 2023	Jun 2024	May 2025	Jun 2025	%mth	%yr
<b>Consumer Sentiment Index</b>	<b>100.4</b>	<b>79.2</b>	<b>83.6</b>	<b>92.1</b>	<b>92.6</b>	<b>0.5</b>	<b>10.8</b>
Family finances vs a year ago	88.0	65.4	69.3	75.1	75.4	0.5	8.9
Family finances next 12mths	106.6	84.0	96.5	100.7	98.8	-1.9	2.4
Economic conditions next 12mths	90.6	77.2	78.5	93.0	92.4	-0.7	17.7
Economic conditions next 5yrs	92.1	92.7	94.1	98.6	96.2	-2.4	2.2
Time to buy a major household item	123.7	76.4	79.7	93.2	100.2	7.5	25.7
<b>Time to buy a dwelling</b>	<b>119.9</b>	<b>72.0</b>	<b>72.8</b>	<b>90.0</b>	<b>93.3</b>	<b>3.6</b>	<b>28.1</b>
<b>Unemployment Expectations Index</b>	<b>128.9</b>	<b>131.3</b>	<b>133.1</b>	<b>121.3</b>	<b>127.4</b>	<b>5.0</b>	<b>-4.3</b>
<b>House Price Expectations Index</b>	<b>128.5</b>	<b>146.7</b>	<b>163.8</b>	<b>155.5</b>	<b>166.5</b>	<b>7.0</b>	<b>1.6</b>
<b>Interest Rate Expectations Index</b>	<b>141.3</b>	<b>178.9</b>	<b>141.2</b>	<b>90.8</b>	<b>84.6</b>	<b>-6.8</b>	<b>-40.1</b>

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 3 June to 5 June 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](mailto:economics@westpac.com.au)

**Luci Ellis**  
**Chief Economist Westpac Group**  
E: [luci.ellis@westpac.com.au](mailto:luci.ellis@westpac.com.au)

**Matthew Hassan**  
Head of Australian Macro-Forecasting  
E: [mhassan@westpac.com.au](mailto:mhassan@westpac.com.au)

**Elliot Clarke**  
Head of International Economics  
E: [eclarke@westpac.com.au](mailto:eclarke@westpac.com.au)

**Sian Fenner**  
Head of Business and Industry Economics  
E: [sian.fenner@westpac.com.au](mailto:sian.fenner@westpac.com.au)

**Justin Smirk**  
Senior Economist  
E: [jsmirk@westpac.com.au](mailto:jsmirk@westpac.com.au)

**Pat Bustamante**  
Senior Economist  
E: [pat.bustamante@westpac.com.au](mailto:pat.bustamante@westpac.com.au)

**Mantas Vanagas**  
Senior Economist  
E: [mantas.vanagas@westpac.com.au](mailto:mantas.vanagas@westpac.com.au)

**Ryan Wells**  
Economist  
E: [ryan.wells@westpac.com.au](mailto:ryan.wells@westpac.com.au)

**Illiana Jain**  
Economist  
E: [illiana.jain@westpac.com.au](mailto:illiana.jain@westpac.com.au)

**Jameson Coombs**  
Economist  
E: [jameson.coombs@westpac.com.au](mailto:jameson.coombs@westpac.com.au)

**Neha Sharma**  
Economist  
E: [neha.sharma1@westpac.com.au](mailto: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](mailto:economics@westpac.co.nz)

**Kelly Eckhold**  
Chief Economist NZ  
E: [kelly.eckhold@westpac.co.nz](mailto:kelly.eckhold@westpac.co.nz)

**Michael Gordon**  
Senior Economist  
E: [michael.gordon@westpac.co.nz](mailto:michael.gordon@westpac.co.nz)

**Darren Gibbs**  
Senior Economist  
E: [darren.gibbs@westpac.co.nz](mailto:darren.gibbs@westpac.co.nz)

**Satish Ranchhod**  
Senior Economist  
E: [satish.ranchhod@westpac.co.nz](mailto:satish.ranchhod@westpac.co.nz)

**Paul Clark**  
Industry Economist  
E: [paul.clarke@westpac.co.nz](mailto:paul.clarke@westpac.co.nz)

## Westpac Economics / Fiji

**Suva**  
1 Thomson Street  
Suva, Fiji

**Shamal Chand**  
Senior Economist  
E: [shamal.chand@westpac.com.au](mailto:shamal.chand@westpac.com.au)



 [westpaciq.com.au](http://westpaciq.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 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.

**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.

**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](http://www.westpac.co.nz).

Disclaimer continues overleaf ►

**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.