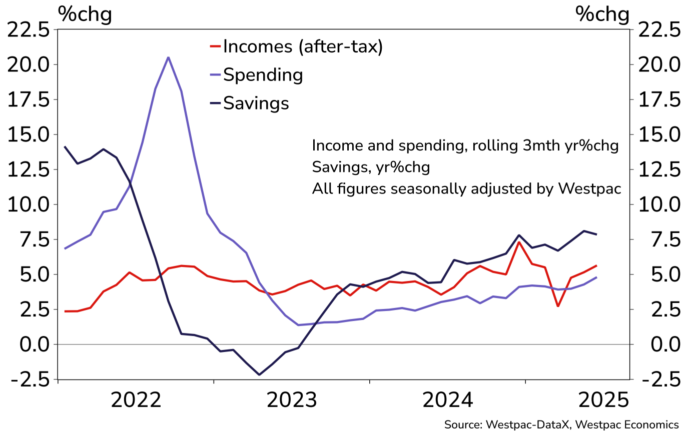
7 August 2025

CONSUMER PANEL UPDATE Q2 2025

Powered by DataX

- The **Westpac–DataX Consumer Panel** showed that spending strengthened in Q2, adding to the recent positive run of data suggesting that the consumer recovery is regaining lost momentum.
- Importantly, this lift in spending has not come at the expense of savings, with balances rising more strongly than in Q1, particularly among younger cohorts. Overall, average savings balances are above their previous highs, but fall short after accounting for inflation.
- Higher income underpinned the lifts, though a recent pick-up in personal credit hints that some consumers may be using debt to finance discretionary spending.
- Mortgage buffers continued to build, with two notable shifts: the draw-down phase for high-income mortgage holders has ended; and the 65+ cohort have lifted their buffers beyond their pandemic-era peak.

Growth in income, spending and savings



Source: Westpac-DataX, Westpac Economics

Westpac–DataX Consumer Panel

The Westpac–DataX Consumer Panel is a large dataset that gives a timely and detailed picture of Australian consumer finances and behaviour. Developed by DataX, Westpac's data analytics team, the dataset links transaction activity with balance sheet information to give a complete view of income, spending, saving and borrowing flows.

All data is de-identified and aggregated to ensure privacy. The resulting sample of over 1 million customers gives an accurate representation of trends across the wider Australian consumer and is perfectly suited to quickly tracing responses to events like interest rate moves and the stage 3 tax cuts.

Consumers spend, save and stabilise

Neha Sharma
Economist

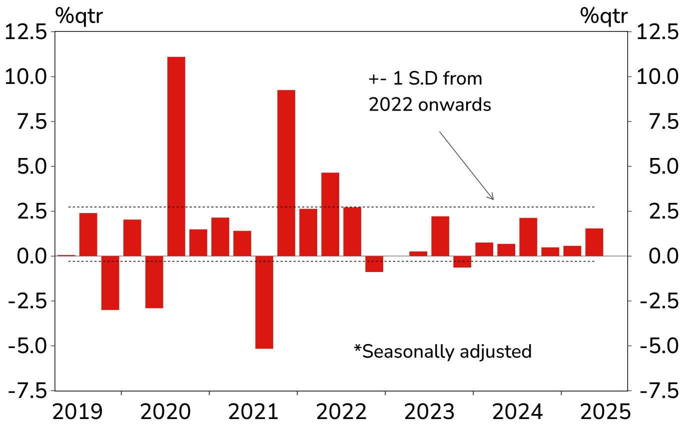
The consumer recovery regained some momentum in Q2 after faltering in Q1. While official national accounts data is still a month away, the Westpac–DataX Consumer Panel shows household spending lifted meaningfully over the quarter, reinforcing signals from the ABS retail and household spending indicators that the recovery has gathered some much-needed traction. Importantly, our Panel shows that this spending rebound has not come at the cost of lower savings.

Spending accelerates as income rebounds

Average customer spending rose 1.5%qtr in Q2, up from 0.6%qtr in Q1, pointing to a firm rebound in real spending. This pace is nearly twice the average seen over the past two years. On a monthly basis, after a mild dip in April (–0.2%mth), spending picked up solidly in May and June (both +1.2%mth). This marks the strongest back-to-back gains since May 2022, when the RBA's rate hiking cycle began and post-COVID rebound in international travel following the border reopening was winding down.

Annual spending growth accelerated to 4.8%yr, the fastest since early-2023. With inflation running at 2.1%yr, real spending growth has returned to positive territory.

Average quarterly spend per person



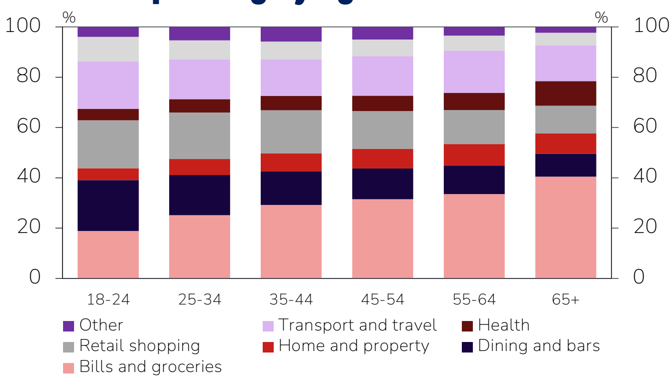
Source: Westpac DataX, Westpac Economics

The improvement was driven by a marked turnaround in discretionary categories, where average spending jumped to 1.6%qtr in Q2 from a near-flat result in Q1. Retail shopping, dining and bars, and entertainment all rebounded after posting negative or flat last quarter. The only drag was transport and travel possibly due to lower fuel prices. In contrast, non-discretionary categories softened slightly (-0.2ppts to 1.5%qtr), largely due to a slower rise in utilities, up 2.9%qtr in Q2 vs the 13.6%qtr spike in Q1 that was due to a wind-back in state government rebates.

Spending growth strengthened across all age groups except those aged 65 and over. For the under 65s, the rebound mirrored the broader aggregate trend, with notable gains in entertainment and dining & bars. Among the 35–64 cohort, there was also a notable rise in home and property-related spending.

While overall growth was softer for the 65+ group, the weakness resulted from essentials. Bills spending slowed to its weakest pace since late 2021, utilities growth dropped from 10.9%qtr to 2.1%qtr, and health-related spending also eased. Discretionary areas saw an uplift, but the response was slightly weaker than seen in other age groups. While this group tends to spend less in discretionary segments, it may also reflect two key pressures: 1) many in this cohort are retirees who likely saw their super balances hit by tariff-related financial market volatility; and 2) this group holds a significant share of deposits meaning the two rate cuts so far this year would have had reduced their interest income.

Share of spending by age

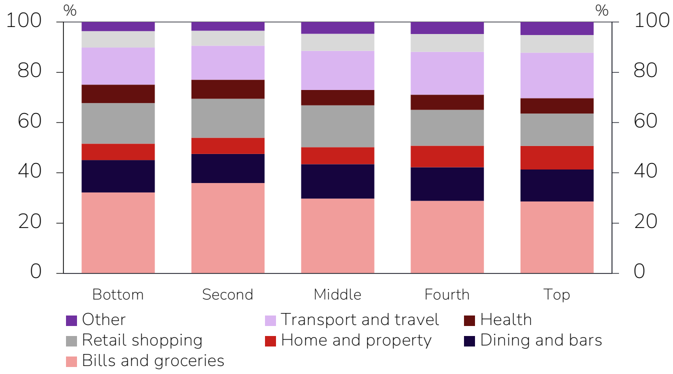


*average over past 12 months

Source: Westpac-DataX, Westpac Economics

All income cohorts bar one recorded firmer spending growth over the quarter, ranging from 0.9–1.4%qtr. For those in the highest bracket, home and property spending was a standout, with growth surging 8.2ppts to 13.4%qtr, the fastest pace since early-2022. The lowest income cohort also saw a notable firming. The recent decline in fuel prices may be prompting a stronger spending response among this group as transport and travel typically represents a decent size of total expenditure.

Share of spending by income



*average over past 12 months Source: Westpac-DataX, Westpac Economics

The spending story is positive and likely resulted from the solid increase in net incomes. Average net income rose 2.9%qtr, partly reversing the 3.6% quarter fall in Q1. While the data is seasonally adjusted (for regular swings in leave patterns, holiday pay frequency etc.) the short six year back-history and COVID-related distortions mean these adjustments are more prone to revision as estimates are refined over time.

Abstracting from some of this volatility, when we look at spending relative to net incomes on an annual basis, both in aggregate and across the different cohorts we track, the share of spending has either been unchanged or has been easing slightly.

Another possible driver behind the recent pick-up in spending may be an increase in the use of credit. Personal credit growth in June rose at its fastest monthly pace since 2007, taking the annual rate to a 17-year high. It could be that some consumers brought forward purchases to take advantage of end of financial year sales events.

Young savers eyeing the property ladder?

The rebound in incomes allowed customers to increase the pace of savings at the same time as spending firmed. Total savings balances rose 1.9%qtr in Q2 to an average of $38.9k per customer. This compares to a 0.6%qtr lift in Q1. Meanwhile, net savings flows as a share of income showed signs of recovery following the softness recorded earlier in the year but remained below the levels seen in late-2024.

Saving balances increased across all age groups in Q2, with the strongest growth recorded among the 25–34 cohort. This cohort saved an additional $684 on average – up 3.0%qtr – second only in dollar terms to the 65+ group, who added $942 (+1.9%qtr). Over the past year, the 25–34 age group saw the largest gain in savings, perhaps reflecting a growing focus on building deposits for a home.

Supporting this, our latest Redbook for July 2025 observed that 18–34 year olds are now outright positive on dwelling purchase intentions. The youngest cohort also saw their stock of savings lift 2.3%qtr, with the 35–64 cohorts seeing gains between 1.2–1.9%qtr.

Table 1: Spending growth distribution*

		%chg qtr		%chg yr	
		Q1	Q2	Q1	Q2
total		0.6	1.5	3.9	4.8
age group:	18–24	1.0	2.1	4.5	4.7
	25–34	0.6	2.0	3.8	4.4
	35–44	0.6	2.0	4.0	4.5
	45–54	0.5	1.7	4.0	4.4
	55–64	0.5	2.0	3.8	4.1
	65+	1.6	0.7	3.8	4.0
gender:	male	0.8	1.4	4.1	4.1
	female	0.6	1.8	3.8	4.0
state:	NSW	0.4	1.4	3.6	4.7
	Vic	0.7	1.0	3.5	4.0
	Qld	0.2	2.5	3.6	5.7
	SA	0.4	1.1	4.5	4.4
	WA	0.9	1.6	4.7	5.7
	Tas	0.7	1.3	4.5	4.8
	ACT	0.6	0.5	3.7	3.8
	NT	2.8	–0.3	7.0	5.7
income band:	lowest	0.5	1.3	–1.5	0.5
	second	1.1	0.9	2.8	2.9
	third	0.9	1.2	2.5	3.4
	fourth	0.3	0.9	2.3	2.9
	top	0.6	1.4	2.5	3.4
savings band:	lowest	1.3	1.8	6.6	5.1
	second	0.9	1.4	4.1	4.5
	third	0.2	1.8	3.4	4.8
	fourth	0.7	1.7	2.9	4.6
	fifth	0.9	0.5	1.9	2.3
	top	1.4	–1.0	3.1	1.8
mortgage:	yes	0.6	2.0	4.0	5.6
	no	0.7	1.6	4.2	5.0

*rolling 3mth %chg
Source: Westpac–DataX, Westpac Economics

By income, lower-income customers saw the fastest quarterly growth in savings (+2.9%qtr), followed by middle-income customers (+2.1%qtr). Customers in the top two income brackets are the only groups – across age and income – where savings balances remain below their previous highs (–3.5% and –8.8%, respectively). That said, the draw-down phase for these groups appears to have ended, with balances now beginning to rise.

More broadly, while average savings balances across the Panel are 11.7% above their prior peak, prices have risen 14.4% over this period. This suggests that the near-term preference is likely to continue leaning towards saving.

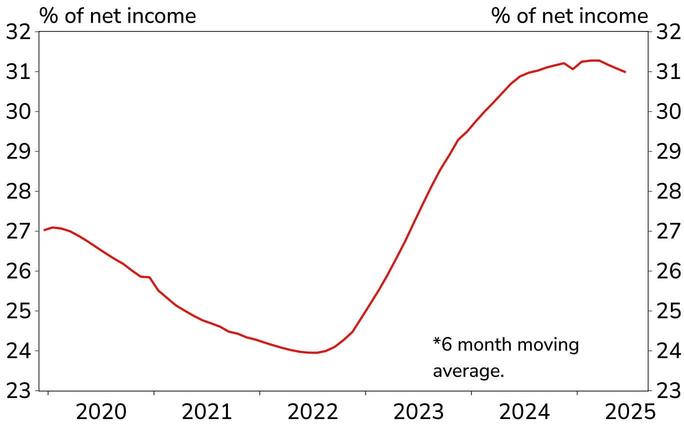
65+ the first to surpass pandemic buffer levels

Savings among mortgage holders rose 2.3%qtr, bringing average balances to $67.4k – approximately 17.5% above their mid-2022 peak. But for this group, a more meaningful measure is how savings compare to essential expenses (mortgage repayments, bills incl. utilities, and groceries). Unless specified, the analysis in this section refers to mortgage holders only.

Buffers have continued to build over the quarter. On average, mortgage holders now hold savings equivalent to 16.6 months of essentials – a 6.3% increase over the past year – placing buffers just 13% (or 2.5 months) below their pandemic-era high. Two factors underpin this improvement: 1) as noted, this segment has actively grown their savings, often outpacing non-mortgage holders; and 2) the growth in average minimum mortgage repayments has slowed, with the current annual increase of 2.3%yr marking the softest pace since May 2022.

Annual minimum mortgage repayments stand at 31% of net annual income and have eased for three consecutive months. It is worth noting that there are composition effects also at play: the Panel observed around a 1% decline in the number of customers with a mortgage since February, and as these older loans are paid off and exit the sample, the average minimum repayment skews higher, limiting the extent of easing.

Average minimum mortgage repayment



Source: Westpac DataX, Westpac Economics

By age groups, the youngest cohort stands out. Their savings buffer ratios have grown over 25% over the past year, yet they were the only group to see a quarterly decline (–0.3%qtr). Buffer ratios are currently at 6.8 months of essential expenses. The driver appears to be rising mortgage repayments. Given the smaller number of mortgage holders in this group, each new borrower (typically purchasing at a higher price) has a greater impact on the average than in other cohorts. In contrast, all other cohorts saw minimum repayments reduce. Note that new-to-bank customers will not be included in the Panel immediately.

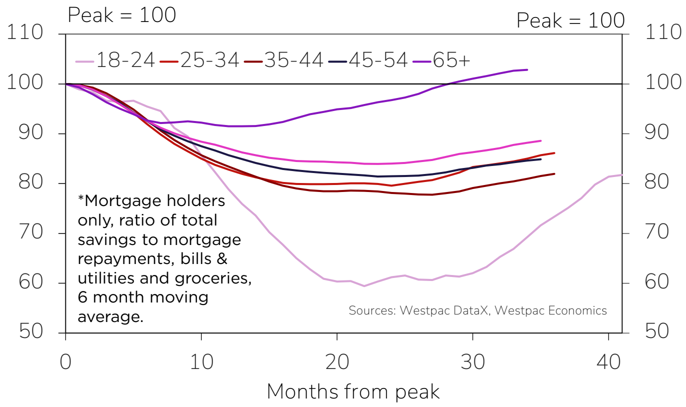
At the other end of the spectrum, the oldest cohort (65+, comprising about 11% of mortgage holders) have surpassed their pandemic-era buffer ratio peak. Buffers in this group now sit at 19.1 months, above the previous peak of 18.7 months. This group also had a shorter and less severe draw-down phase.

We have previously flagged the risk that households may continue to build buffers well beyond their pandemic highs. Recent data revisions show that the 65+ group had already passed their previous high in late-2024 but continued to accumulate savings thereafter. If younger cohorts – who are larger spenders – follow suit, the implications for economy-wide consumption could be significant. For now, it is a wait-and-see situation, with the under-65s still holding buffers 11–22% below their previous highs.

By income cohort, the story is broadly similar: mortgage buffer ratios have increased over the past year, up 3.6–9.3%yr. However, quarterly trends show buffers declined for the two lowest income groups, driven primarily by a fall in savings. The lowest income cohort partially offset this by cutting essential spending. In contrast, the second lowest-cohort saw essential expenses rise, making it the only group where quarterly spending on essentials accelerated. Notably, buffers for this group sit just 0.8 months below their prior peak. The remaining income groups are further behind with buffer ratios 1.3–6.0 months lower.

Identifying renters remains a challenge, but for all customers without a mortgage, savings are around 6.6 months of *income,* which is 3.6% below the prior peak.

Evolution of buffer ratios since peak by age



Evolution of buffer ratios since peak by income

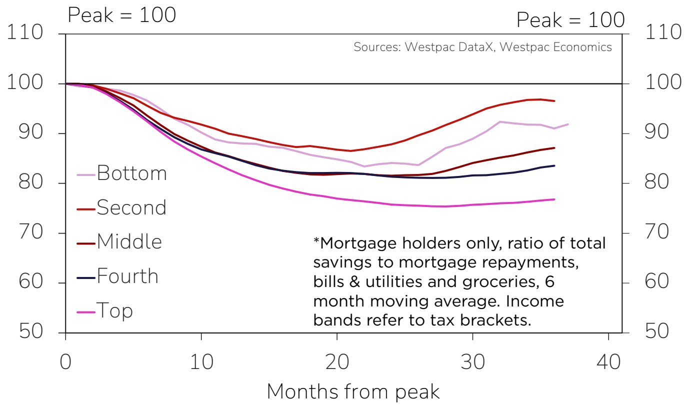


Table 2: Savings growth distribution

		%qtr		%yr	
		Q1	Q2	Q1	Q2
total		0.6	1.9	6.7	7.9
age group:	18-24	0.2	2.3	7.9	7.6
	25-34	0.5	3.0	9.4	9.8
	35-44	0.6	1.9	7.8	7.9
	45-54	0.1	1.4	6.3	6.3
	55-64	0.0	1.2	7.1	6.2
	65+	0.8	1.9	9.0	8.3
gender:	male	0.4	1.9	5.9	7.6
	female	0.8	1.8	7.5	8.1
state:	NSW	0.1	1.8	6.2	7.1
	Vic	0.5	1.6	5.2	6.5
	Qld	0.7	1.9	7.9	8.7
	SA	0.9	1.8	9.1	9.2
	WA	1.6	2.5	10.3	11.2
	Tas	–0.6	1.7	5.1	8.9
	ACT	2.6	3.2	7.3	11.7
	NT	0.5	4.3	10.0	16.6
income band:	lowest	1.2	2.9	10.1	11.3
	second	0.7	1.3	9.1	8.2
	third	0.6	2.1	4.6	6.8
	fourth	–0.9	0.1	0.3	1.0
	top	–0.3	0.6	–0.2	0.7
savings band:	lowest	–8.4	0.1	–12.2	–4.8
	second	1.3	–0.4	2.7	1.0
	third	0.5	0.1	0.3	0.4
	fourth	0.1	0.1	0.2	0.3
	fifth	0.2	0.2	0.7	0.8
	top	0.1	0.3	1.0	1.2
mortgage:	yes	1.2	2.3	9.2	11.0
	no	0.4	1.9	6.5	7.4

Source: Westpac–DataX, Westpac Economics

Table 3: Income growth distribution*

		%chg qtr		%chg yr	
		Q1	Q2	Q1	Q2
total		–3.3	2.9	2.7	5.6
age group:	18-24	–1.4	2.5	2.7	4.6
	25-34	–3.3	3.1	3.1	5.2
	35-44	–3.3	3.2	3.1	5.1
	45-54	–3.4	3.1	3.2	5.3
	55-64	–3.7	3.4	3.3	5.8
	65+	–0.3	1.8	3.3	5.5
gender:	male	–3.2	2.9	2.7	4.7
	female	–3.2	3.2	2.8	5.0
state:	NSW	–4.1	3.6	1.9	5.5
	Vic	–1.5	2.5	2.7	4.9
	Qld	–1.0	2.6	3.9	6.1
	SA	–1.9	2.7	3.8	5.7
	WA	–0.8	1.7	4.4	6.4
	Tas	–1.2	0.9	3.5	6.1
	ACT	–0.1	0.9	3.4	5.6
	NT	–0.1	0.8	3.6	5.4
income band:	lowest	–0.8	0.9	–1.5	0.7
	second	–0.3	0.8	0.0	2.0
	third	–4.2	2.8	–0.6	2.0
	fourth	–2.9	1.7	–0.9	1.1
	top	–2.5	1.7	0.5	2.0
savings band:	lowest	0.5	0.6	7.4	3.5
	second	–3.7	3.0	1.5	4.9
	third	–3.5	3.0	2.3	6.0
	fourth	–2.7	2.6	2.8	6.1
	fifth	–2.5	2.0	1.5	4.3
	top	–3.3	1.9	–1.9	0.3
mortgage:	yes	–3.7	3.5	3.9	6.8
	no	–1.4	2.4	3.4	5.8

*rolling 3mth %chg
Source: Westpac–DataX, Westpac Economics

About the Westpac–DataX Consumer Panel

Developed by DataX, Westpac's data analytics service for institutional and business banking customers, the dataset links transaction activity with balance sheet information to give a complete view of income, spending, saving and borrowing flows.

The data is de-identified and aggregated to ensure the privacy of our customers.

To gain the most accurate picture of consumer activity, the panel is restricted to only include connection observations where we have the most visibility of income, spending, saving and borrowing activity.

The resulting sample of over 1 million customers provides an accurate representation of trends across the wider Australian consumer.

Monthly observations are available back to July 2019 with timely updates provided a few weeks after the end of each month.

As such, it is perfectly suited to quickly tracing the impact and responses to events like interest rate moves and the stage 3 tax cuts.

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