

5 August 2025

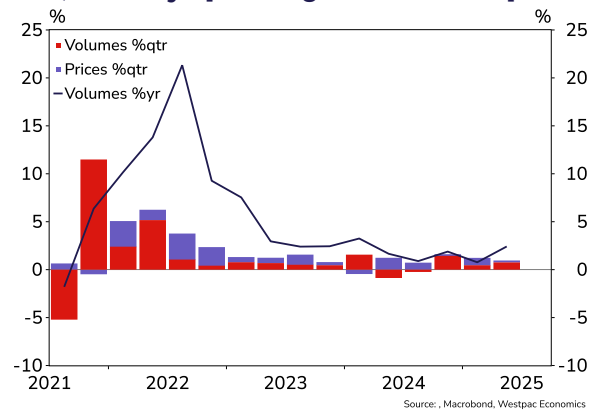
# AUSTRALIAN HOUSEHOLD SPENDING BULLETIN

## Discretionary categories drive Q2 volumes

### Key points

- The household spending indicator rose 0.7%qtr in real, inflation-adjusted terms, in Q2. The annual pace lifted to 2.4%yr, suggesting a positive result on a per capita basis.
- Nominal spending rose in-line with its long-term average pace, up 0.5%mt in June to finish 4.8%yr higher. Growth was led by household goods and clothing & footwear spending. Alcohol & tobacco spending fell for the 13th consecutive month, excluding this, household spending would have grown 5.9%yr.
- Overall, today's result, alongside last week's retail release, offers a more encouraging signal for the consumer recovery, which lost some traction in Q1. That said, we have seen this pattern before: short bursts of spending tied to sales events or one-off factors that give the illusion of a broader more sustained upswing. The full picture will come with the Q2 National Accounts.

Quarterly spending volumes and prices



**Q2 real household spending:  
0.7%qtr, 2.4%yr**

# Q2 volumes higher; Q1 revised up



Neha Sharma  
Economist

The household spending indicator rose 0.5%*mt* in June, with May revised higher to 1.0%*mt*. These solid back-to-back increases lifted annual growth to 4.8%*yr* – the fastest pace since early-2024. The June result came in below market expectations of a 0.8%*mt* rise (Westpac estimate 0.7%*mt*). For Q2 overall, nominal spending grew 1.0%*qtr*, with volumes rising for the third consecutive time, up 0.7%*qtr*.

## Monthly growth in line with long-term average

By broad categories, goods spending led the gains, rising 1.3%*mt* – its strongest monthly increase in over a year. In contrast, services spending fell –0.5%*mt*, after a solid run over the past two months. Despite this dip, services spending remains much stronger in annual terms – at 6.6%*yr*, it is growing at nearly twice the pace of goods. Both discretionary and non-discretionary categories rose 0.5%*mt*, with the latter maintaining its positive momentum throughout 2025.

Across the detailed categories, spending rose in six of the nine categories. Both furnishings & household equipment and clothing & footwear had another solid month, lifting 2.0%*mt* and 1.6%*mt* respectively. Food spending, which had so far struggled in Q2, rebounded 1.5%*mt*. Recreation & culture was up 1.0%*mt*, followed by misc. goods & services (0.6%*mt*) and transport (0.1%*mt*).

Of the falls, the strongest was once again seen in alcohol & tobacco (–2.4%*mt*), which has fallen for 13 consecutive months. Excluding it would have seen household spending rise by 5.9%*yr*. This was followed by hotels, cafes & restaurants (–0.8%*mt*) and health (–0.3%*mt*), transport (–0.5%*mt*).

State level trends were generally positive. NSW recorded another 1.1%*mt* rise, this was followed by Qld where spending rose 0.5%*mt*, with Vic and SA up 0.1%*mt*. Household spending in WA fell –0.3%*mt*, this was the first fall in the state since last-August. Even so, at 7.2%*yr* the annual pace remains much firmer than other states

## Per-capita volumes on the mend

Nominal spending rose 1.0%*qtr* in Q2, with real spending (volumes) up a solid 0.7%*qtr*. Q1 volumes were revised substantially higher from 0.0%*qtr* to 0.5%*qtr*. As a result, annual growth in volumes lifted to 2.4%*yr*, up from 0.8%*yr* in Q1, indicating a likely improvement in per-capita spending volumes as well.

## Household spending indicator – June 2025

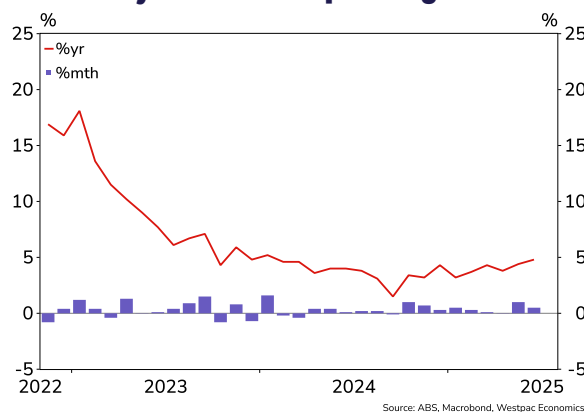
	\$bn	% chg <i>mt</i>		% chg <i>yr</i>	
	Jun-25	May-25	Jun-25	May-25	Jun-25
sa	77.01	1.0	0.5	4.4	4.8
trend	76.73	0.3	0.3	4.4	4.5

## Chained volumes – Q2 2025

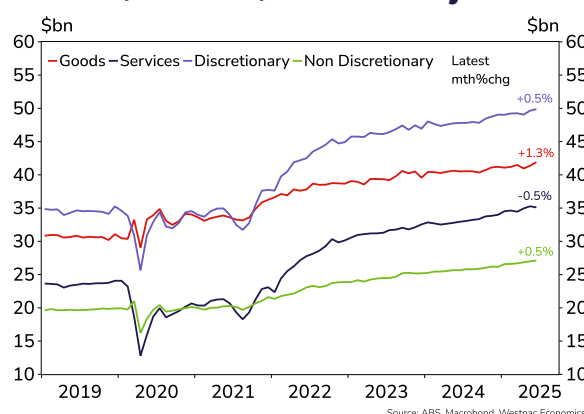
	real \$bn	% chg <i>qtr</i>		% chg <i>yr</i>	
	Q2	Q1	Q2	Q1	Q2
sa	217.83	0.5	0.7	0.8	2.4

Source: ABS, Macrobond, Westpac Economics.

## Monthly household spending indicator



## Goods, services, discretionary & non-discret



Detailed category show gains were led by discretionary areas. Recreation & culture saw the strongest lift (1.8%qtr), followed by hotels, cafes & restaurants (1.6%qtr), transport (1.5%qtr), furnishings & household equipment (1.5%qtr), food (1.0%qtr), health (1.0%qtr) and misc. goods & services (0.5%qtr). Falls were seen in alcohol & tobacco (-7.3%qtr) and clothing & footwear (-2.0%qtr).

By state, volumes were down in Vic (-0.2%qtr), while SA was flat. The risers were led by Qld (2.0%qtr), followed by WA (1.0%qtr) – both states have now recorded four consecutive quarters of growth. Spending volumes in NSW rose 0.8%qtr.

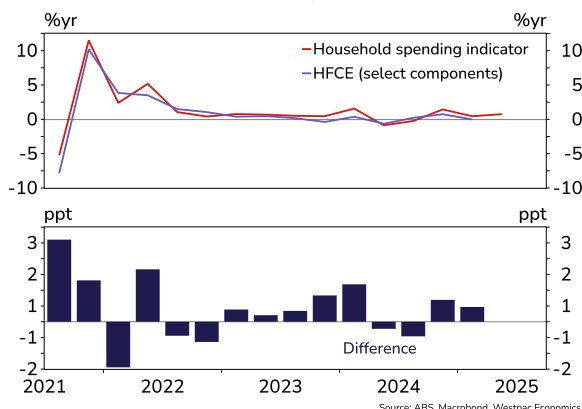
## Conclusion

Overall, today's result, alongside last week's [retail](#) release, offers a more encouraging signal for the consumer recovery, which lost some traction in Q1. That said, we have seen this pattern before: short bursts of spending tied to sales events or one-off factors that give the illusion of a broader more sustained upswing. It gets especially muddled as major sales periods now stretch over longer windows, often starting earlier and ending later.

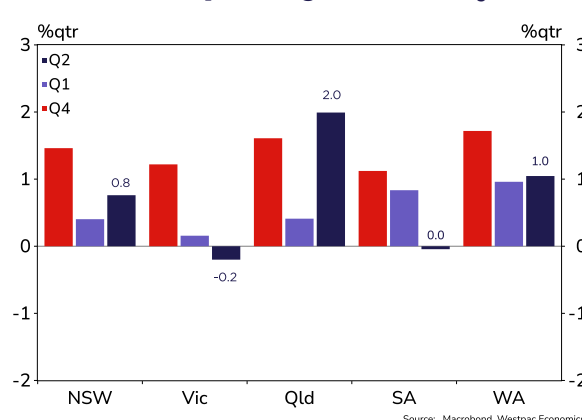
The household spending indicator covers just over 60% of total consumer spending in the national accounts. It excludes some key categories, including: rent and other dwellings services; electricity, gas and other fuels; communication services; education services; and insurance and other services. While the indicator generally tracks the direction of consumer spending well, there can often be sizeable differences in the magnitude of quarterly changes when compared to the corresponding components in the national accounts, more often than not with positive biases (see top left chart below). This also downplays the signal from upward revisions to the Q1 volumes data today's data. The full picture will come with the Q2 National Accounts on September 3.

Finally, with the cessation of retail trade, the ABS has recently started including 'experimental' estimates of retail turnover using card transaction data. There are the [usual](#) caveats between this estimate and that of the retail trade survey. This experimental indicator gained 0.7%<sub>mt</sub> in June (seasonally adjusted).

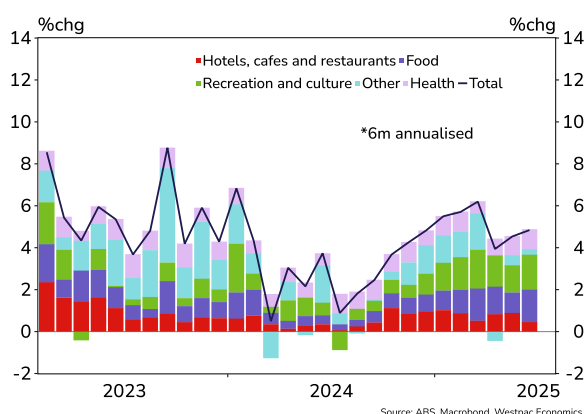
### Household spending indicator vs nat accs



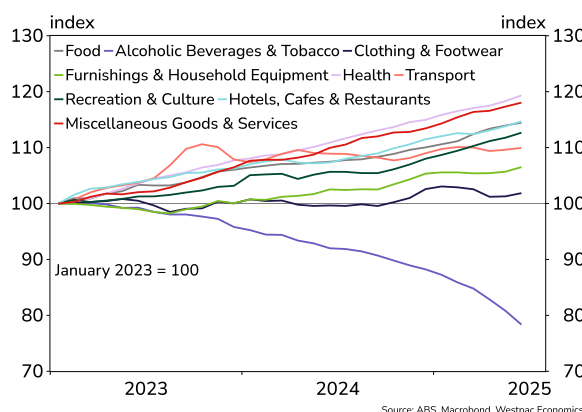
### Household spending indicator by state: real



### Household spending indicator: nominal growth



### Nominal spending by detailed category





# 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)

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)



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