

4 September 2025

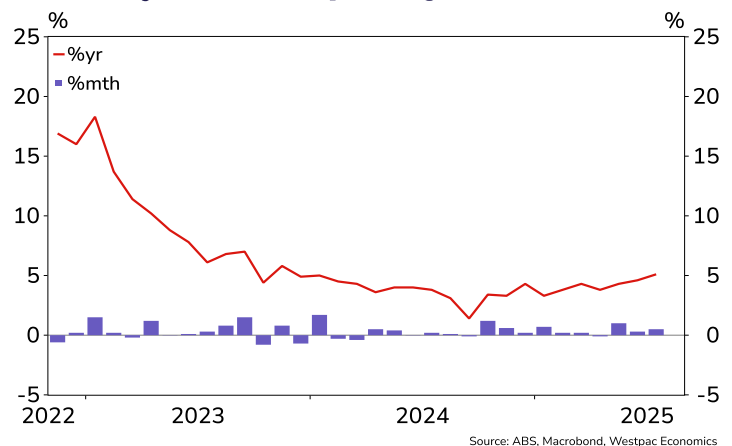
# HOUSEHOLD SPENDING INDICATOR BULLETIN

Services help buffer post-EOFY sales drop-off

## Key points

- Spending momentum remained solid in July, with the ABS monthly household spending indicator rising 0.5%*mth*, lifting the annual growth rate to 5.1%*yr* – its strongest pace since November 2023. Excluding alcohol & tobacco spending was up 6.2%*yr*.
- Services drove the gains and helped buffer the post-EOFY sales drop-off, rising 1.6%*mth*. Services spending has accounted for nearly three-quarters of the headline annual growth.
- All states saw firm growth, led by a rebound in WA. The one exception was NSW, where spending fell -0.3%*mth*.
- Households appear to be showing greater resilience as rate cuts and the ongoing lift in real incomes brighten the consumer mood. These should continue to support the recovery in household spending over the coming year.

Monthly Household Spending Indicator



**July household spending indicator: 0.5%*mth*, 5.1%*yr***

# Spending growth carrying into Q3



**Neha Sharma**  
Economist

Following the robust household consumption result in yesterday's national accounts data, it looks like decent spending momentum has carried through into July. The ABS monthly household spending indicator rose 0.5%*mt* in July, in line with our expectations. This pushed annual growth to 5.1%*yr*, the strongest pace since late 2023. June growth was revised slightly lower. Nevertheless, spending growth has now recorded positive reads in 10 out of the last 11 months.

This recent strength is showing through in the three-month annualised rate. At 7.8%, its near levels seen during last year's end of year sales. It is worth cautioning that this momentum rarely holds for more than a few months, underscoring how lumpy spending has been in the recent high-cost-of-living environment. The six-month annualised rate is much softer.

Goods spending fell -0.3%*mt*, in-line with the post-sale drop-off we usually see. However, this was more than offset by a 1.6%*mt* rise in services, which has accounted for almost three-quarters of total growth over the past year. Non-discretionary spending lifted 0.8%*mt*, while discretionary picked up slightly in July to 0.4%*mt*.

The detailed breakdown showed growth in the services-heavy categories. Health saw the strongest lift (1.8%*mt*), followed by misc. goods & services (1.5%*mt*), transport (1.5%*mt*), hotels, cafes & restaurants (1.4%*mt*) and recreation & culture (0.2%*mt*) which is yet to see a fall this year.

The falls were in food (-0.1%*mt*), clothing & footwear (-1.2%*mt*), furnishing & household equipment (-1.4%*mt*) and alcohol & tobacco (-1.9%*mt*). This latter group usually detracts around 0.1ppts from the monthly headline growth rate. Excluding this we would have seen spending rise 6.2%*yr*.

The state detail showed a strong 1.6%*mt* rebound in WA – the strongest lift in a year, following on from a -0.4%*mt* fall last month. SA and Qld were next in line up 0.9%*mt*, followed by Vic, up 0.6%*mt*. NSW was the only mainland state to see a fall, down -0.3%*mt*.

The ABS has recently started to publish experimental retail turnover based on the household spending card data (usual caveats apply, [see here](#)). Total retail turnover was down -0.2%*mt* (4.6%*yr*). Food retailing was flat (3.4%*yr*), while non-food retailing fell -0.4%*mt* (6.0%*yr*).

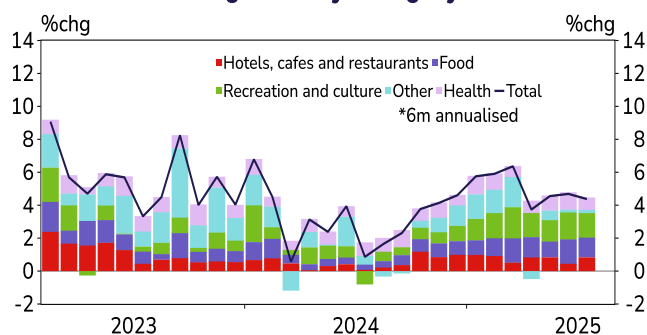
Households look to be on firmer footing and have been showing greater resilience in recent months. Rate cuts are having a positive impact, alongside a recovery in real incomes which is brightening the consumer mood. All of this should continue to support the household recovery in the coming year.

## Household spending indicator – July 2025

	\$bn	% chg <i>mt</i>		% chg <i>yr</i>	
	Jul-25	Jun-25	Jul-25	Jun-25	Jul-25
sa	77.28	0.3	0.5	4.6	5.1
trend	77.02	0.4	0.3	4.7	4.8

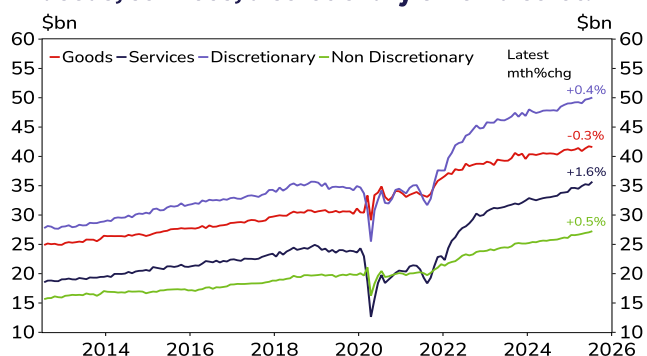
Source: ABS, Macrobond, Westpac Economics.

## Contribution to growth by category



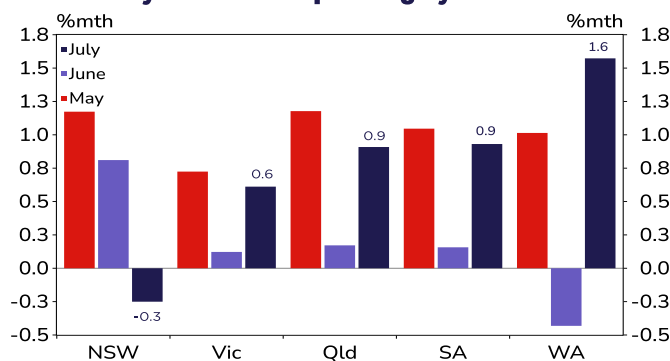
Source: ABS, Macrobond, Westpac Economics

## Goods, services, discretionary & non-discret.



Source: ABS, Macrobond, Westpac Economics

## Monthly household spending by state



Source: ABS, Macrobond, Westpac Economics



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