



9 September 2025

WESTPAC-MI CONSUMER SENTIMENT BULLETIN

Latest insights on the Australian consumer

Key points

- Westpac Consumer Sentiment Index declines 3.1% to 95.4 in September.
- Finances continue to improve but renewed concern about economic outlook.
- Consumers a little less confident about further rate cuts.
- Unemployment expectations back around long run averages.
- Risk aversion eases a little but still elevated.
- House price expectations hit 15-year high.

Consumer Sentiment Index



The Westpac-Melbourne Institute Consumer Sentiment Index declined 3.1% to 95.4 in September from 98.5 in August.

Consumer sentiment slips back to ‘cautiously pessimistic’



Matthew Hassan
Head of Australian Macro-Forecasting

The Westpac–Melbourne Institute Consumer Sentiment Index declined 3.1% to 95.4 in September from 98.5 in August.

The sentiment recovery that first gained momentum about a year ago continues to move along in fits and starts. Last month’s positive response to a third 25bp interest rate cut from the RBA has been followed by another partial pull-back. At 95.4, the latest Index read is still 2.5% above its July level and 5.9% above the low seen following the tariff-related turmoil in April but firmly back in ‘cautiously pessimistic’ territory overall.

Outright optimism remains elusive for Australian consumers. The cost-of-living crisis may be largely over and policy easing generating some uplift but there is still clearly some unease about the path ahead.

Responses to additional questions on news recall, run once a quarter, suggest consumers view the news-flow in recent months as mixed rather than negative. Topic-wise, ‘inflation’ news has become less dominant – recall levels dropping to a four-year low. However, inflation news was assessed as less favourable in September than in June, likely reflecting the latest upside surprise on the monthly CPI indicator. News on ‘budget and taxation’ now has the highest recall of any topic and was also seen as slightly more negative than back in June, which was just after the Federal election. In contrast, news on other high-recall topics – ‘economic conditions’ and ‘interest rates’ – was assessed less negatively than in June, no doubt helped along by last week’s solid GDP result and the RBA’s August rate cut.

The component detail also showed mixed moves in the month. 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 consumers see now as a good time to buy a major household item. While the picture on family finances is continuing to improve, expectations for the economy were pared back.

The September responses around family finances were, on a combined basis, the best since January 2022, when price inflation, and the associated cost-of-living problems were just taking off. The **‘family finances vs a year ago’** sub-index rose a further 2.6% to 86.3, now just a touch below the long run average albeit still in firmly pessimistic territory. Meanwhile consumers are becoming quite positive about the forward view, the **‘family finances, next 12 months’** sub-index edging up 0.9% to 107.7, a touch above the long-run average of 106.6.

Against this, consumers look to have renewed concern about prospects for the economy. The **‘economic outlook, next 12 months’** sub-index dropped 8.9% to 92.2 while the **‘economic outlook, next 5 years’** sub-index fell 5.9% to 92.7. The moves take expectations from about neutral to more firmly pessimistic.

That shift looks to have checked buyer sentiment. The **‘time to buy a major item’** sub-index declined 3.4% in September to 98.2, slipping back into slightly pessimistic territory after a brief nudge into positive last month. As noted previously, this measure has been particularly sensitive to the decline in purchasing power since 2022, falling into a deep hole through 2023 and most of 2024. Despite a 23% rise since June last year, the sub-index is well below its long-run average read of 124.

Overall, the sentiment mix and responses to questions on news recall suggest the upside result on inflation rather than news on the economy per se may be the underlying source of renewed concerns about the economic outlook.

This may also explain why consumers are a little less confident about the prospect of further interest rate declines. The **Westpac–Melbourne Institute Mortgage Rate Expectations Index**, which tracks consumer expectations for variable mortgage rates over the next 12 months, rose 5.2% to 88. That is coming off what was a thirteen-year low back in July. Most consumers, 69% of those with a view, expect mortgage rates to be the same or lower in a year’s time. However, that is off a touch from 72% amongst those surveyed following last month’s rate cut.

“Outright optimism remains elusive ...”

Renewed concerns about the economy also look to have eaten away at confidence around jobs. The **Westpac–Melbourne Institute Unemployment Expectations Index** rose 4.6% to 131.4 in September (recall that higher index reads mean more consumers expect unemployment to rise over the year ahead). That brings the index in line with its long run average, consistent with a stable rather than improving labour market.

Housing-related sentiment was relatively unchanged in September.

Homebuyer sentiment dipped slightly, the 'time to buy a dwelling' index down 1.7% to 96.1. The state breakdowns show homebuyer sentiment rising to outright positive levels in Victoria, the state index now at 110 but a steadier, more neutral assessment in New South Wales where the state index is at 99. We continue to see much more volatile reads in Queensland, Western Australia and South Australia with current reads on homebuyer sentiment more pessimistic overall (82, 74 and 91 respectively as at September).

In contrast, consumer house price expectations continue to ride high. The **Westpac–Melbourne Institute Index of House Price Expectations** rose another 2.6% in September, the 168.4 read marking a fifteen year high. Over three quarters of consumers now expect prices to rise over the next 12 months. Expectations are stronger still in South Australia (180) and Queensland (174) but are less exuberant in Victoria (164).

Australians are becoming a little less risk averse about their finances, but the moves are small and coming from an extremely cautious starting point. Responses to our quarterly question on the 'wisest place for savings' show 'safe options' are still heavily favoured, 26% nominating 'bank deposits' and a further 23% nominating 'pay down debt' (down from 29% and 25% back in June). Some of that shift is towards another relatively conservative option though, with 6.6% nominating 'superannuation' up from 5.1% in June. Amongst the 'riskier' options, consumers were less inclined towards 'real estate' (9.6%) than 'shares' (10.9%).

The Reserve Bank Monetary Policy Board next meets on September 29–30. Westpac expects the Board to leave the cash rate unchanged at 3.6%.

Recent updates have cast some doubt over the pace of inflation and the strength of consumer demand, both appearing somewhat firmer than expected. With the Board pursuing a cautious approach to policy easing, it will almost certainly opt to wait for more information, leaving policy on hold at its September meeting. Temporary one-off factors are almost certainly boosting both the price and spending data. As these drop out, underlying trends are likely to confirm that inflation is still benign and consumer spending sluggish. Certainly, this month's Sentiment survey suggests the consumer recovery that began in mid-2024 is proceeding slowly and that further easing will likely be needed to sustain gains. On balance, we expect this to come through gradually with the RBA Monetary Policy Board lowering the cash rate a further 25bps in November and making two further 25bp cuts in 2026.

Consumer Sentiment – September 2025

	avg*	Sep 2023	Sep 2024	Aug 2025	Sep 2025	%mth	%yr
Consumer Sentiment Index	100.4	79.7	84.6	98.5	95.4	–3.1	12.8
Family finances vs a year ago	88.0	61.5	71.8	84.2	86.3	2.6	20.2
Family finances next 12mths	106.6	91.6	97.0	106.8	107.7	0.9	11.0
Economic conditions next 12mths	90.7	78.5	81.2	101.2	92.2	–8.9	13.6
Economic conditions next 5yrs	92.1	90.5	90.6	98.4	92.7	–5.9	2.3
Time to buy a major household item	123.6	76.6	82.6	101.7	98.2	–3.4	18.9
Time to buy a dwelling	119.8	72.5	76.1	97.8	96.1	–1.7	26.3
Unemployment Expectations Index	128.9	130.8	138.4	125.6	131.4	4.6	–5.1
House Price Expectations Index	128.9	154.6	150.5	164.2	168.4	2.6	11.9
Interest Rate Expectations Index	140.4	146.7	123.8	83.6	88.0	5.2	–28.9

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 1 September to 5 September 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.



Corporate Directory

Westpac Economics / Australia

Sydney

Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis

Chief Economist Westpac Group

E: luci.ellis@westpac.com.au

Matthew Hassan

Head of Australian Macro-Forecasting

E: mhassan@westpac.com.au

Elliot Clarke

Head of International Economics

E: eclarke@westpac.com.au

Sian Fenner

Head of Business and Industry Economics

E: sian.fenner@westpac.com.au

Justin Smirk

Senior Economist

E: jsmirk@westpac.com.au

Pat Bustamante

Senior Economist

E: pat.bustamante@westpac.com.au

Mantas Vanagas

Senior Economist

E: mantas.vanagas@westpac.com.au

Ryan Wells

Economist

E: ryan.wells@westpac.com.au

Illiana Jain

Economist

E: illiana.jain@westpac.com.au

Neha Sharma

Economist

E: 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

Kelly Eckhold

Chief Economist NZ

E: kelly.eckhold@westpac.co.nz

Michael Gordon

Senior Economist

E: michael.gordon@westpac.co.nz

Darren Gibbs

Senior Economist

E: darren.gibbs@westpac.co.nz

Satish Ranchhod

Senior Economist

E: satish.ranchhod@westpac.co.nz

Paul Clark

Industry Economist

E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva

1 Thomson Street
Suva, Fiji

Shamal Chand

Senior Economist

E: shamal.chand@westpac.com.au



 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.

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

Disclaimer continues overleaf ►

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.

Fiji: Unless otherwise specified, the products and services for Westpac Fiji are available from www.westpac.com.fj © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia and registered as a branch in Fiji. The liability of its members is limited.

Papua New Guinea: Unless otherwise specified, the products and services for Westpac PNG are available from www.westpac.com.pg © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia. Westpac is represented in Papua New Guinea by Westpac Bank - PNG - Limited. The liability of its members is limited.

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.