2 October 2025

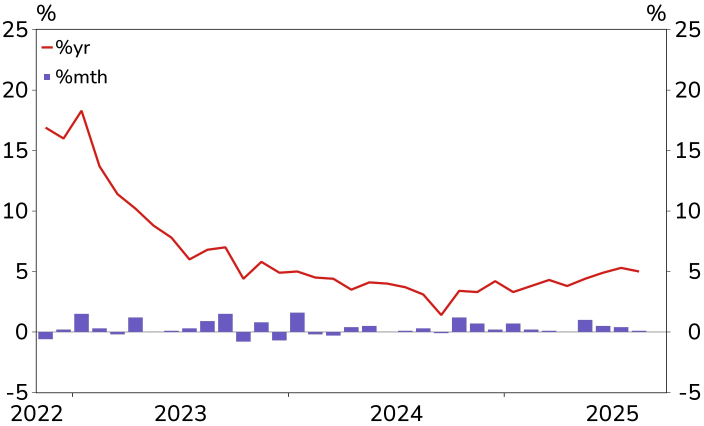
HOUSEHOLD SPENDING INDICATOR BULLETIN

Spending scrapes through

Key points

- Household spending rose 0.1% in August. Annual growth slowed to 5.0%, and the six-month annualised pace eased to 4.4%.
- Goods spending declined for a second consecutive month, while services spend rose 0.5%, supported by travel and accommodation.
- Five out of nine categories saw gains, led by transport and miscellaneous goods & services (both 0.8%). The largest declines were in recreation & culture and alcohol & tobacco (both -0.9%).
- By state, SA was ahead, while NSW and Qld recorded declines.
- Q3 spending so far appears softer than Q2 where some temporary factors were at play. More importantly, with just one dip recorded this year, the consumer recovery remains in motion.

Monthly Household Spending Indicator



Source: ABS, Macrobond, Westpac Economics

August household spending indicator: 0.1%mth, 5.0%yr

Services spending continues to support

Neha Sharma
Economist

Consumers managed to stay just above the line in August, with the monthly household spending indicator up 0.1% – the second softest read of the year. This was slightly above our expectations for a flat read but below the market consensus of 0.3%. The July result was also revised lower to 0.4%. Through the year growth slowed to 5.0%. The six-month annualised pace also eased to 4.4%. Note that population growth is running at around 1.5%yr and inflation at around 2.5%yr. With the near-term nominal spending momentum moving towards 4%yr, this equates to around flat growth in real, per capita terms.

By broad category, goods spending declined for a second consecutive month, down –0.2% in August. In contrast, services rose 0.5%, led by travel and accommodation services. Discretionary categories continued to support spending, up 0.2% but momentum has slowed notably in the last three months. Non-discretionary spending fell –0.1% – its first drop in five months.

The detailed breakdown shows gains in five of the nine categories. The strongest lifts were seen in transport (0.8%) and miscellaneous goods & services (0.8%). These were followed by clothing & footwear (0.5%), hotels, cafes & restaurants (0.3%) and food (0.1%). Of the falls, spending on recreation & culture and alcohol & tobacco fell by most (both –0.9%). Furnishing & household equipment fell –0.1%, meanwhile health recorded a flat outcome after seeing a strong result in July.

Across the states, SA led with a 0.5% rise, supported by a strong 2.3% lift in clothing & footwear. Vic (0.4%) and WA (0.3%) also posted gains. Qld saw the largest fall (–0.3%), dragged down by a –1.0% decline in transport spending. NSW recorded its second consecutive fall (–0.2%), reflecting a –1.1% drop in recreation & culture spending.

The experimental retail turnover estimates based on the household spending card data, showed a flat result in August (3.7%yr), following a –0.2% decline in July. Food was up 0.4% in the month (3.3%yr) but was completely offset by a –0.4% fall in non-food retailing (4.1%yr).

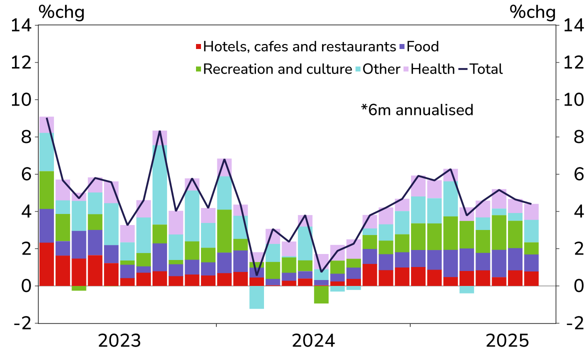
The first two months of Q2 delivered reads of 0.0% and 1.0%, compared with 0.4%and 0.1% in Q3. This suggests spending is running a little softer than last quarter, some of that earlier strength likely due to one-off factors such as the proximity of ANZAC Day and Easter holidays, heavier EOFY discounting and insurance-funded replacement spending (see here for more detail). Even so, with just one dip seen in the spending indicator this year, the broader narrative remains intact: the consumer recovery is well and truly in motion.

Household spending indicator – August 2025

	$bn	% chg mth		% chg yr	
	Aug-25	Jul-25	Aug-25	Jul-25	Aug-25
sa	77.43	0.4	0.1	5.3	5.0
trend	77.42	0.4	0.3	5.0	5.0

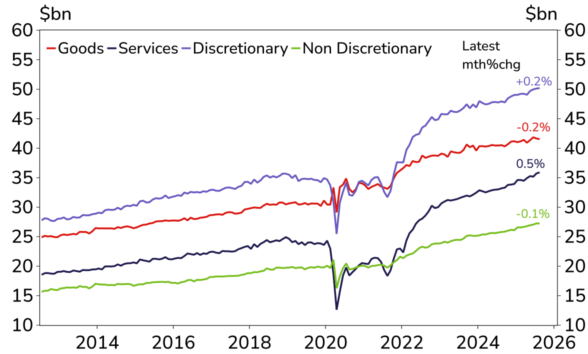
Source: ABS, Macrobond, Westpac Economics.

Contribution to growth by category



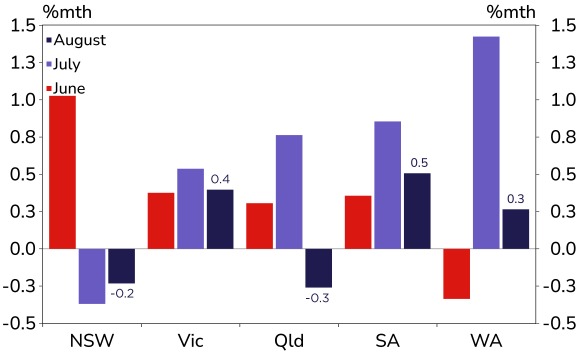
Source: ABS, Macrobond, Westpac Economics

Goods, services, discretionary & non-discret.



Source: ABS, Macrobond, Westpac Economics

Monthly household spending by state



Source: ABS, Macrobond, Westpac Economics

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