3 November 2025

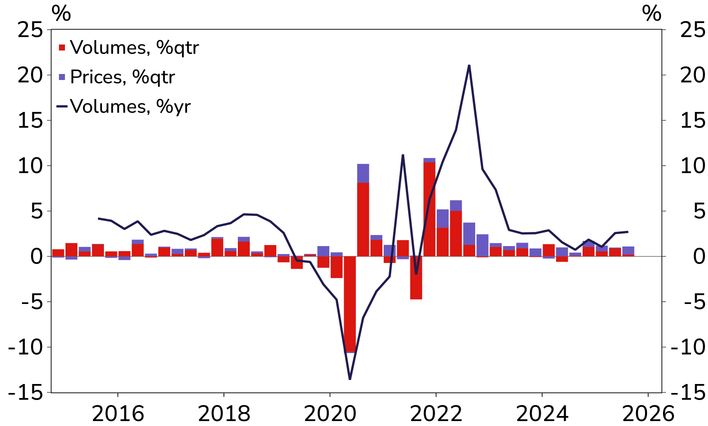
HOUSEHOLD SPENDING INDICATOR BULLETIN

Another soft read

Key points

- Household spending growth remained slow in September, rising just 0.2%mth, with August revised to flat. The monthly profile has shown considerable easing since May.
- Gains in the month centred on goods with services flat. Similarly, non-discretionary categories drove growth with discretionary spending flat. This flipped the pattern seen in the previous two months.
- Real spending growth in Q3 was weak at 0.2%qtr, down from an upwardly-revised 0.9%qtr in Q2. That said, annual growth in real spend continues to track positively in per-capita terms.
- Overall, today's data poses downside risks to total spending estimates in the Q3 national accounts, due out on December 3. That said, indicator estimates undershot in Q2 and were revised higher. That may be the case again for Q3.

Quarterly spending volumes and prices



Source: ABS, Macrobond, Westpac Economics

Q3 real household spending 0.2%qtr, 2.7%yr

Volumes growth eases to four quarter low

Neha Sharma
Economist

The household spending indicator rose 0.2%mth in September (nominal), surprising both Westpac and the market to the downside. Our card data had suggested a much firmer 1.1%mth rise in the month. That follows a flat August (revised down slightly from +0.1%). The monthly prints have slowed considerably since May but base effects are still supporing the through-the-year growth rate which lifted slightly to 5.1%yr. For Q2 overall, nominal spending was up 1.1%qtr, but given the stronger price growth in the quarter, volumes growth slowed to a four quarter low of 0.2%qtr.

Monthly profile slows

By broad categories, there was a flip in the drivers of growth compared to the past two months. Goods spending rose 0.4%mth in September, beating a flat result for services spending. Looking across the non-discretionary and discretionary split, the former posted a 0.6%mth rise versus a flat result for discretionary spending. On a three-month annualised basis, non-discretionary spending accounted for over 80% of growth, its largest share since April.

The detail showed mixed results.

Four categories saw positive results. Recreation & culture saw the strongest lift of 1.1%mth, but this follows two months of declines (–1.1%mth and –0.4%mth). This was followed by health spending (+0.7%mth) which has seen the second strongest lift in the quarter following misc. goods & services. Food was up 0.6%mth and furnishings & household equipment rose 0.4%mth.

The falls were in misc. goods & services (–0.1%mth), hotels, cafes & restaurants (–0.3%mth), transport (–0.4%mth) and clothing & footwear (–0.6%mth). The decline in clothing and footwear may reflect consumers holding off in anticipation of end-of-year sales. We could see some rebound next month and/or revisions as estimates catch up with shifting seasonal patterns around this time of year. Note that alcohol & tobacco weakened –0.8%mth partly due to switching to illegal black market tobacco – excluding this category would have resulted in a 0.3%mth gain and a 6.2%yr rise.

State trends showed firmer results in NSW (+0.8%mth) after back-to-back falls, with SA (+0.6%mth) and WA (+0.5%mth) also up. Qld was flat in the month with spending in Vic falling (–0.3%mth).

A softer quarter for volume growth

Nominal spending rose 1.1%qtr in Q3, but given stronger price growth in the quarter real spending (volumes) slowed to a four quarter low of 0.2%qtr. Q2 volumes were revised up by 0.2ppts to 0.9%qtr.

Household spending indicator – September 2025

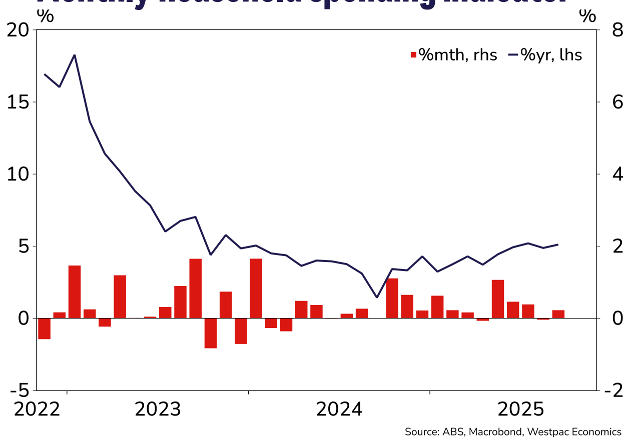
	$bn	% chg mth		% chg yr	
	Sep-25	Aug-25	Sep-25	Aug-25	Sep-25
sa	77.44	0.0	0.2	4.9	5.1
trend	77.50	0.3	0.2	4.9	4.7

Chained volumes – Q3 2025

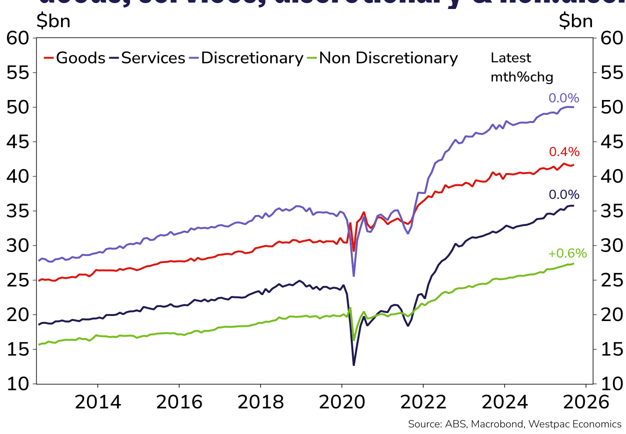
	real $bn	% chg qtr		% chg yr	
	Q3	Q2	Q3	Q2	Q3
sa	224.33	0.9	0.2	2.6	2.7

Source: ABS, Macrobond, Westpac Economics.

Monthly household spending indicator



Goods, services, discretionary & non.discret



The ABS included estimates of volume changes excluding cigarettes & tobacco spending which showed quarterly volumes would have otherwise risen 0.4%qtr in Q3 and 1.2%qtr in Q2. The annual rate lifted to 2.7%qtr, and on a promising note it suggests that per capita spending volumes continues to improve.

Health spending saw the strongest lift (1.8%qtr), followed by misc. goods & services (1.2%qtr), food (1.1%qtr), clothing & footwear (0.8%qtr) and furnishings & household equipment (0.4%qtr). Transport spending was flat, and falls seen across hotels, cafes and restaurants (-0.3%qtr), recreation & culture (-0.5%qtr) and alcohol and tobacco (-6.8%qtr).

All states saw real spending growth except NSW which was down –0.2%qtr. SA was the leader (+0.8%qtr), followed by Vic (+0.5%qtr), WA (+0.4%qtr) and Qld (+0.1%qtr).

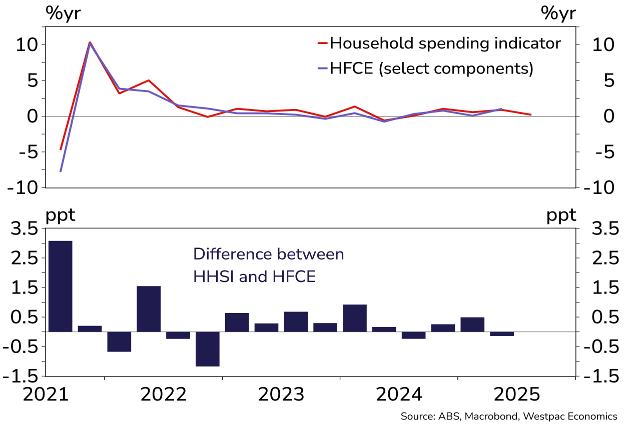
Conclusion

The household spending indicator captures just over 60% of total consumer expenditure in the national accounts. It excludes several major categories, including rent and other dwelling services; electricity, gas and other fuels; communication services; education; and insurance and related services.

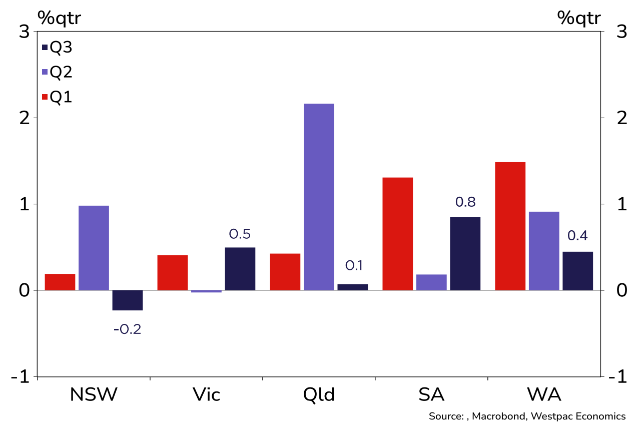
Today's data point to a clear downside risk to Q3 estimates of total real consumer spending due for release on December 3. We have pencilled in a 0.7%qtr increase, some of which reflects strength in categories out of scope for the indicator (most notably electricity, where the wind down of rebates results in higher out-of-pocket spending by consumers). Beyond this, we are a little wary of the guidance coming from the ABS Household Spending Indicator – our **Westpac Card Tracker Index** has been showing a significantly firmer trajectory for nominal spending that also looks to have carried into Q4. It is also notable that the spending indicator undershot the national accounts estimate in Q2 (and has now been revised higher). This may be the case again for Q3. More generally, we are still learning how these indicators of spending perform.

Looking ahead, as Chief Economist Luci Ellis noted last week, current momentum may fade heading into 2026 as tax and rate cut boosts to disposable incomes dissipate and employment growth slows. That said, our internal data shows that household savings balances remain healthy. A consumer move to dip into savings could sustain discretionary spending growth for longer. Either way, next week's consumer sentiment update may be an important pointer to behaviour heading into year-end.

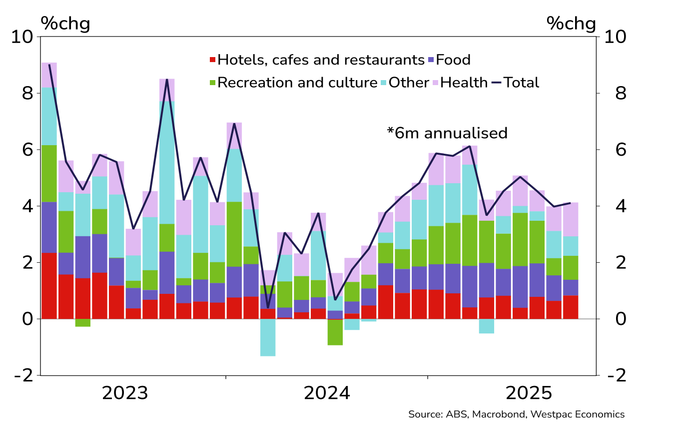
Household spending indication vs nat accs



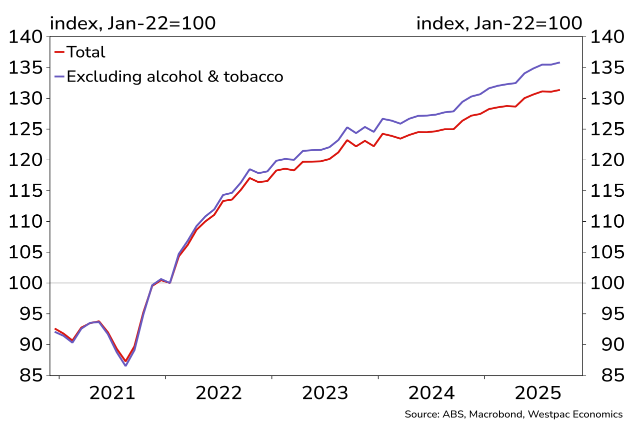
Household spending indicator by state: real



Household spending indicator: nominal growth



Nominal spending excluding alch & tobacco



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