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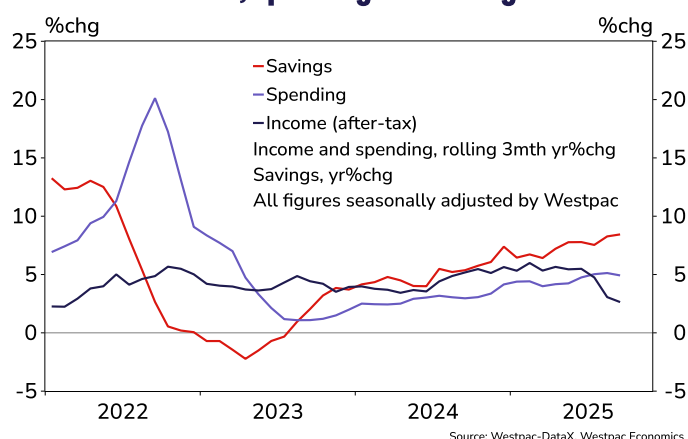
CONSUMER PANEL UPDATE Q3 2025

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- The **Westpac-DataX Consumer Panel** showed that nominal customer spending growth moderated but remained solid in Q3, rising 1.3%qtr versus 1.6%qtr in Q2. This marks the strongest back-to-back gains since mid-2022. Though, spending was likely flat in the quarter after adjusting for inflation.
- In Q3, consumers allocated a larger share of income to spending (57.7%), the highest since May 2023 and was likely supported by improving sentiment around future finances and purchasing intentions. An increase in savings flows suggests credit funded purchases may have also become more prominent in the quarter.
- Mortgage-holder spending strengthened and has consistently outpaced non-mortgage holders since April.
- Savings rose 2.4%qtr in Q3 (up \$960) and 8.4%yr, lifting average balances to \$41,500 per customer. While nominal balances were 13.6% above their mid-2022 peak, adjusting for inflation, savings remained around 2% below previous highs.

Growth in income, spending and savings



Westpac-DataX Consumer Panel

The Westpac-DataX Consumer Panel is a large dataset that gives a timely and detailed picture of Australian consumer finances and behaviour. Developed by DataX, Westpac's data analytics team, the dataset links transaction activity with balance sheet information to give a complete view of income, spending, saving and borrowing flows.

All data is de-identified and aggregated to ensure privacy. The resulting sample of over 1 million customers gives an accurate representation of trends across the wider Australian consumer and is perfectly suited to quickly tracing responses to events like interest rate moves and the stage 3 tax cuts.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Real savings closing in on previous highs



Neha Sharma
Economist

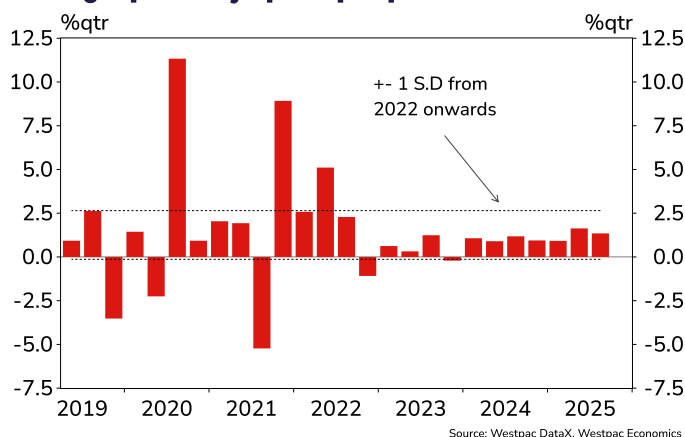
Consumer spending surprised to the upside in Q2, and our **Westpac–DataX Consumer Panel** indicates that momentum held reasonably well into Q3. However, the composition of growth shows that mortgage holders were the key driver, highlighting a risk that the current upswing may not be sustained given the RBA is now expected to keep rates on hold for longer. A sustained recovery is imperative to spur business investment.

Aggregate spend softens; divergences stark

Average customer spending rose 1.3%qtr in Q3, easing slightly from 1.6%qtr in Q2. Despite the moderation, the pace remains stronger than the average nominal 0.9% quarterly growth rate recorded last year and represents the strongest back-to-back gains since mid-2022. Annual spending growth edged up to 4.9% from 4.8% in Q2, the fastest rate since early-2023. Adjusting for inflation, quarterly spend was broadly flat compared to a 0.9% increase last quarter.

Income growth fell –0.2% in the quarter, following a solid 1.1% rise in Q2. However, consumers opted to spend a slightly larger share of their income, around 57.7% compared with 56.8% previously. This marks the highest proportion of income spent since May 2023 and hints that consumers' cautious attitudes towards spending may have eased. The Westpac–MI consumer sentiment survey also showed that consumers' intentions around purchasing are now outright optimistic (see [here](#)). Nonetheless, households are still saving, with flows, rising from 5.5% to 6.8% of income. This may indicate greater reliance on credit to support spending.

Average quarterly spend per person



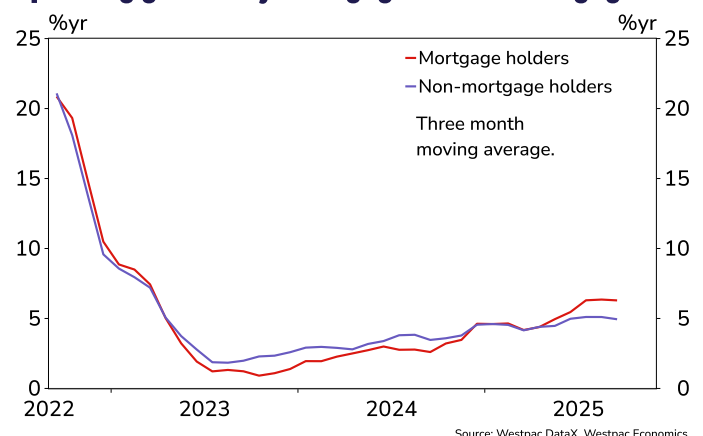
Discretionary spending moderated to 1.4%qtr in Q3. Growth in entertainment & recreation, retail shopping, and dining & bars softened, while transport & travel rebounded 1.5%qtr after a negative result in Q2. Non-discretionary categories also eased, led by declines in food & grocery spending and home & property-related outlays. Utilities spending jumped 10.5%qtr, partly reflecting annual price reviews and the timing of energy rebates. Overall, non-discretionary spending rose 1.3% in the quarter.

There were significant variations in spending across age and income cohorts (see Table 1 for the full breakdown). By age, quarterly spending growth ranged from 0.5–1.9%qtr, with spending across most cohorts softer than in Q2. The sharpest slowdown occurred among 18–24-year-olds, where growth fell to 0.5%qtr from 2.2%qtr in Q2. In contrast, the 65+ cohort recorded the strongest increase, with growth picking up to 1.9%qtr from 0.7%qtr previously. This was driven largely by a 2.2%qtr rise in discretionary spending – the highest of any age group. Meanwhile, across income bands, growth ranged from 0.2–1.5%qtr, with the lowest income group posting the strongest gain.

The most pronounced divergence was between mortgage and non-mortgage households. In Q3, spending among mortgage holders rose 2.0%qtr, compared with a 1.2% quarterly rise for non-mortgage households. Meanwhile, on an annual basis, mortgage-holder spending was up 6.3%yr versus 4.9%yr for non-mortgage households.

Since April, mortgage-holder spending growth has consistently outpaced non-mortgage households – a sharp contrast to the two years to March 2025, when mortgage-holder growth exceeded non-mortgage growth only twice.

Spending growth by mortgage vs non-mortgage



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Looking at the marginal propensity to consume (MPC) out of disposable income (after-tax incomes and for mortgage holders excludes minimum repayments), it has increased for mortgage holders to 33 cents per extra dollar from 29 cents following the first rate cut in February. In other words, for every additional dollar of disposable income, mortgage holders on average spent 29 cents before February of this year and 33 cents after (saving the remainder).

For non-mortgage households, the MPC remained essentially unchanged at 48 cents, suggesting rate cuts did not noticeably shift their spending behaviour. Non-mortgage holders may be less sensitive to interest rate cuts, but the aggregate could reflect some offsetting between reduced interest income and wealth gains from higher property prices (for outright owners).

With a large contribution coming from mortgage-holders there is a possibility that the recent strength is more of a 'relief rally' (see [here](#)) which may not be sustained without further rate cuts. The RBA, in its recent Statement on Monetary Policy, also highlighted that businesses in its liaison program have noted that they are yet to see a material lift in spending outside of sales periods, suggesting that some price sensitivity remains.

Rising real disposable incomes combined with strong asset price growth and a brighter consumer sentiment, should underpin the near-term outlook. This will have positive spillovers to businesses, which have more recently seen a solid improvement in cash flow conditions (see [here](#)). But a sustained uplift in spending will be essential to provide the confidence needed to accelerate business investment.

Savings balances near-peak in real terms

In light of rate cuts being pushed further out, strong savings balances could provide additional support for consumption growth in the near term. By how much will depend on whether they opt to actively draw down these reserves or just slow the pace of savings accumulation.

The stock of savings rose by 2.4%qtr in Q3 (around \$960) and 8.4%yr, reaching an average of \$41,500 per customer. This compares with a 2.0%qtr increase in Q2 and 0.7%qtr in Q1. Nominal savings balances remain 13.6% below their mid-2022 peak. Adjusting for inflation over this period, real savings balances are still around 2% below their previous peak.

Savings increased across all age groups in Q3, with the strongest growth recorded among the 65+ cohort. This group saved an additional \$1,505 on average and is the only cohort with savings above pandemic peaks in real terms. Savings growth for other age groups ranged from 0.8%qtr to 2.7%qtr. Notably, those under 44 saw the pace of savings slow from the second quarter, while those aged 45 and over recorded a step-up.

Over the past year, the 25–34 age group saw the largest gain, up 10.1%, possibly reflecting a growing focus on

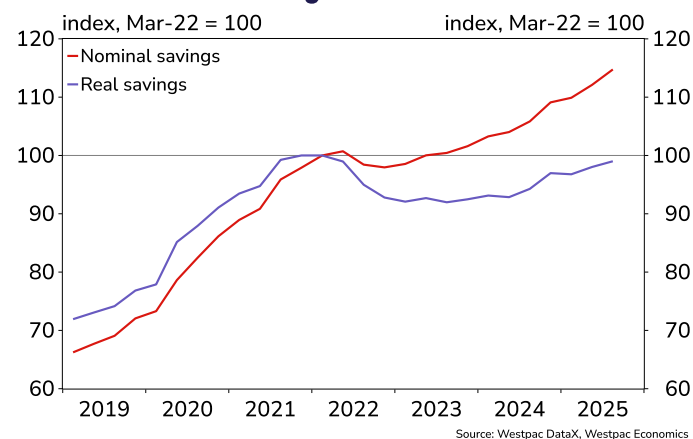
Table 1: Spending growth distribution*

		%chg qtr		%chg yr	
		Q1	Q2	Q1	Q2
total		1.6	1.3	4.8	4.9
age group:	18–24	2.2	0.5	5.6	4.7
	25–34	1.9	1.2	5.4	5.2
	35–44	1.9	1.2	5.5	5.5
	45–54	1.7	1.7	5.0	5.1
	55–64	1.9	1.8	5.3	6.0
	65+	0.7	1.9	4.1	4.4
gender:	male	1.5	1.5	4.6	5.0
	female	1.8	1.4	5.0	4.6
state:	NSW	1.4	1.1	4.7	5.0
	Vic	1.2	1.4	4.0	4.6
	Qld	2.7	0.7	5.6	5.2
	SA	1.0	1.4	4.2	5.0
	WA	1.8	1.3	5.6	6.0
	Tas	0.9	1.6	4.9	6.0
	ACT	0.5	1.4	4.0	3.9
	NT	–0.4	1.1	4.8	3.9
income band:	lowest	1.0	1.5	–0.9	1.2
	second	0.8	1.1	3.0	2.9
	third	0.7	0.4	3.4	1.3
	fourth	0.4	0.2	3.2	–0.3
	top	0.9	1.1	3.6	2.2
savings band:	lowest	1.2	1.1	4.7	4.7
	second	1.1	1.2	3.7	4.1
	third	1.1	1.2	3.8	4.3
	fourth	1.1	1.12	3.0	3.7
	fifth	0.6	0.9	1.3	2.0
	top	0.5	1.1	1.1	2.2
mortgage:	yes	2.0	2.0	5.5	6.3
	no	1.6	1.2	5.0	4.9

*rolling 3mth

Source: Westpac–DataX, Westpac Economics

Nominal and real savings balances



building deposits ahead of the expanded first home buyer scheme. Non-mortgage holders in this age group have an average of \$20,900 in savings, making it unlikely they could access the scheme to purchase a property on their own (this balance would only support a property of up to \$450,000).

By income, all groups saw savings growth accelerate compared with the second quarter. Lower-income customers once again recorded the fastest quarterly growth (+4.7%qtr), followed by those in the second tax bracket (+2.5 %qtr). Customers in the top income bracket remain the only group – across age and income – where savings balances are below previous highs (–2.9%qtr).

Table 2: Savings growth distribution

		%qtr		%yr	
		Q1	Q2	Q1	Q2
total		2.0	2.4	7.8	8.4
age group:	18-24	1.9	0.8	7.3	6.7
	25-34	2.7	1.8	9.6	10.1
	35-44	1.9	1.8	7.7	8.2
	45-54	1.1	2.4	6.0	7.1
	55-64	1.6	2.7	6.7	7.4
	65+	2.4	2.8	9.0	9.0
gender:	male	2.0	2.3	7.6	8.1
	female	1.9	2.5	8.0	8.8
state:	NSW	2.0	1.9	7.2	8.1
	Vic	1.5	2.5	6.4	7.3
	Qld	2.1	2.8	8.5	9.4
	SA	2.5	2.8	9.1	9.7
	WA	2.2	2.4	10.9	10.2
	Tas	2.4	3.5	11.0	10.9
	ACT	2.4	1.9	9.2	8.4
	NT	2.1	3.1	7.4	6.9
income band:	lowest	2.6	4.7	9.9	12.4
	second	1.9	2.5	8.3	8.4
	third	1.7	1.7	10.2	6.4
	fourth	0.6	1.9	8.7	3.3
	top	0.5	2.3	5.0	3.7
savings band:	lowest	–0.1	2.0	–4.4	0.4
	second	–0.2	–0.4	1.0	0.2
	third	0.1	0.1	0.3	0.4
	fourth	0.1	–0.1	0.3	0.1
	fifth	0.2	0.3	0.8	0.9
mortgage:	top	0.5	0.4	1.3	1.3
	yes	2.3	3.7	10.8	11.6
no		1.9	2.2	7.4	8.0

Source: Westpac–DataX, Westpac Economics

Mortgagors have sufficient buffers

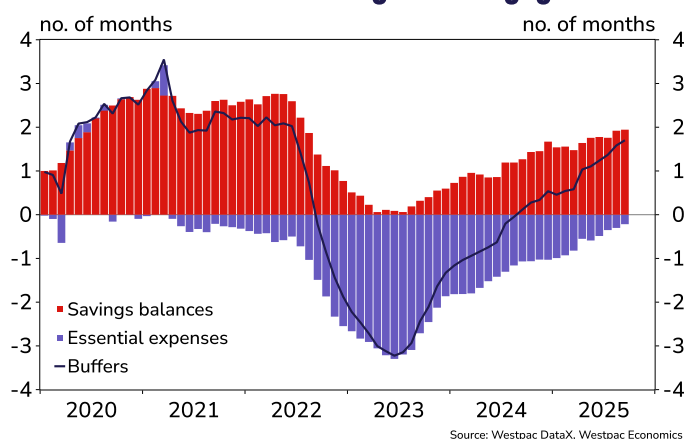
Savings among mortgage holders rose 3.7%qtr in Q3, lifting average balances to \$73,500 – around 21.2% above their mid-2022 peak in nominal terms and 7.3% higher after adjusting for inflation. By comparison, those without a mortgage (including renters, outright homeowners and those living at home) saw savings rise 2.2%qtr to an average balance of \$34,000.

Turning to savings relative to customers' essential expenses (minimum mortgage repayments, bills & utilities and groceries). Unless specified, this analysis refers to mortgage holders only.

On average, mortgage holders now hold savings equivalent to 18.5 months of essential expenses – a 10.2% increase over the past year – placing buffers just 9.2% (or 1.9 months) below their pandemic-era high. This increase reflects a combination of a 11.6%yr rise in savings balances alongside a 1.3%yr decline in minimum mortgage repayments.

Offsetting these gains was stronger growth in non-mortgage expenses, particularly utilities, which surged 35.9%yr in Q3 compared with 9.8%yr in Q2 and –4.2%yr a year ago. Spending on groceries and other bills accelerated at a milder pace.

Contribution to annual change in mortgage buffers



Across age groups, buffers range from 10.1 months of essential expenses for 18–24-year-old mortgage holders to 23.8 months for the 65+ cohort (the only group to surpass pandemic-peak buffer levels). Younger groups have seen a stronger increase in buffers over the past year, driven by faster savings growth (almost double the rate of older mortgage holders) and relatively softer increases in non-mortgage expenses. This is also despite higher average mortgage repayments among younger cohorts. Note that compositional effects of new borrowers purchasing at higher prices skew the result higher. Also note that that new-to-bank customers are not included in the panel immediately.

By income cohort, the story is broadly similar: mortgage buffer ratios have increased over the past year, up 7.7–12.0%yr. Growth across all income groups has been supported by rising savings and softer growth or outright declines in mortgage repayments.

Overall, this suggests that mortgage holders are in a strong position to withstand potential adverse shocks, such as a sharp deterioration in labour market conditions, and are well-placed to meet their financial obligations.

About the Westpac-DataX Consumer Panel

Developed by DataX, Westpac's data analytics service for institutional and business banking customers, the dataset links transaction activity with balance sheet information to give a complete view of income, spending, saving and borrowing flows.

The data is de-identified and aggregated to ensure the privacy of our customers.

To gain the most accurate picture of consumer activity, the panel is restricted to only include connection observations where we have the most visibility of income, spending, saving and borrowing activity.

The resulting sample of over 1 million customers provides an accurate representation of trends across the wider Australian consumer.

Monthly observations are available back to July 2019 with timely updates provided a few weeks after the end of each month.

As such, it is perfectly suited to quickly tracing the impact and responses to events like interest rate moves and the stage 3 tax cuts.

Table 3: Income growth distribution*

		%chg qtr		%chg yr	
		Q1	Q2	Q1	Q2
total		1.1	−0.2	5.5	2.6
age group:	18-24	2.9	−0.1	5.4	2.0
	25-34	2.6	−0.2	5.7	2.4
	35-44	2.7	−0.1	5.7	2.6
	45-54	2.7	0.0	6.0	2.8
	55-64	3.2	1.0	6.4	3.6
	65+	1.6	0.8	5.3	3.6
gender:	male	2.7	0.1	5.2	2.5
	female	3.0	0.1	5.7	3.0
state:	NSW	3.4	0.0	5.5	2.8
	Vic	2.7	−0.4	4.8	2.1
	Qld	2.8	0.0	6.0	3.3
	SA	3.1	0.5	5.2	3.4
	WA	1.5	0.7	6.3	2.9
	Tas	1.8	−0.1	6.1	2.4
	ACT	1.0	2.0	5.2	2.7
	NT	0.4	3.2	4.1	1.4
income band:	lowest	1.3	−2.1	1.3	−1.2
	second	0.7	−0.7	1.9	0.1
	third	2.6	−1.2	6.6	−0.3
	fourth	1.7	−0.3	8.5	−1.9
	top	1.9	0.2	5.4	−0.1
savings band:	lowest	1.4	1.1	3.3	3.6
	second	3.1	0.1	4.9	1.7
	third	2.8	−0.4	5.8	2.2
	fourth	2.8	0.2	5.9	2.9
	fifth	2.5	0.0	4.3	2.0
	top	2.1	−0.8	0.9	−1.3
mortgage:	yes	2.8	0.8	6.4	3.1
	no	2.8	0.3	5.9	3.1

*rolling 3mth %chg

Source: Westpac-DataX, Westpac Economics



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