

9 February 2026

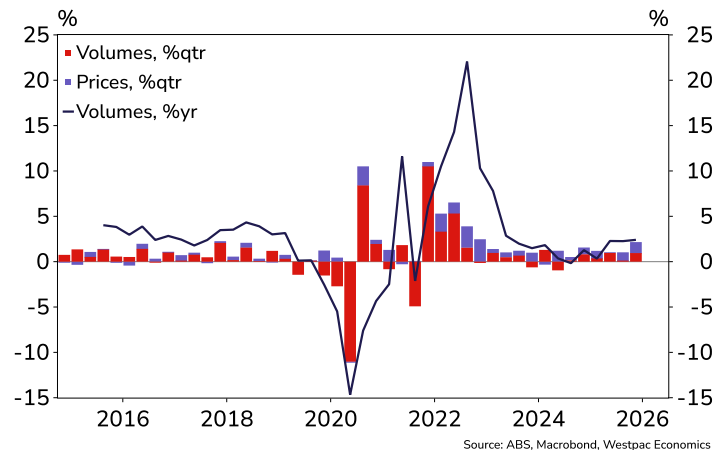
HOUSEHOLD SPENDING INDICATOR BULLETIN

Soft month, strong quarter

Key points

- Household spending fell -0.4% mth in December, the first decline since mid-2024, following two solid months of gains. Q4 still delivered a strong 2.2% qtr rise. Volumes rose 0.9% qtr/ 2.4% yr pointing to an ongoing recovery in per capita terms.
- All four major segments recorded declines for the first time since March 2024, with pull-forward effects from sales events weighing on goods categories such as clothing & footwear and furnishings & household equipment.
- The real spending gain was broadly based across categories (excl. health) and states in Q4, with all states posting positive volume growth – WA, NSW and Qld leading.
- The indicator has tracked the national accounts closely in recent quarters. We maintain a 1.0% qtr/ 3.0% yr forecast for Q4 consumption (due March 4).

Quarterly spending volumes and prices



**Q4 real household spending:
 0.9% qtr, 2.4% yr**

Monthly fall does little to dent underlying momentum



Neha Sharma
Economist

The household spending indicator fell -0.4% in December (nominal), surprising both Westpac and the market to the downside. We had expected a flat outcome for the month, while the market was at 0.1% mth. This decline follows a solid 1.0% mth and 1.4% mth gain over the previous two months and marks the first fall since mid-2024. The annual pace eased to 5% yr. For Q4 overall, nominal spending rose 2.2% qtr, the strongest pace in three years. Volumes increased 0.9% qtr, the indicator pointing to slightly firmer price growth within the quarter.

First dip in one-and-a-half years

By broad categories, all four segments recorded a decline in December, reflecting a mix of factors outlined below. This is the first time since March 2024 that all four segments have posted a monthly fall. Goods spending fell -0.5% mth, while services slipped -0.3% mth. On a discretionary and non-discretionary basis, both also declined (-0.5% mth and -0.3% mth, respectively).

The detail shows that December's weakness was concentrated in categories where spending had been pulled forward by sales events. Clothing & footwear (-2.4% mth) and furnishings & household equipment (-1.7% mth) both fell sharply after two months of 2% mth+ gains. Recreation & culture declined -0.5% mth, unwinding earlier strength driven by cultural events. Health spending posted a notable -1.3% mth fall, with the ABS attributing this to higher bulk-billing rates reducing out-of-pocket costs. Misc. goods & services (-0.9% mth) and food (-0.4% mth) also detracted.

Partially offsetting this were gains in hotels, cafes & restaurants ($+0.5\%$ mth), transport ($+0.6\%$ mth, boosted by stronger motor-vehicle purchases), and alcohol & tobacco ($+2.0\%$ mth). For alcohol & tobacco, this is only the second positive monthly result in the past 18 months (the other being in October 2025). The ABS continues to highlight estimation challenges for this category due to the rise in illicit tobacco consumption. Excluding this component, the spending indicator would have risen 5.9% yr through to December.

State trends showed weakness centred on Vic (-1.0% mth), NSW (-0.6% mth) and WA (-0.3% mth), with Qld ($+0.2\%$ mth) and SA ($+0.3\%$ mth) posting modest gains.

Volume growth lifts at an above-average pace

Nominal spending rose 2.2% qtr in Q4, with volumes up 0.9% qtr – a solid improvement on the 0.1% qtr increase in Q3. This implies slightly firmer price growth in the quarter at 1.3% qtr, compared with 0.9% qtr in Q3. Through the year volume growth was 2.4% yr. The result also points to a further

Household spending indicator – December 2025

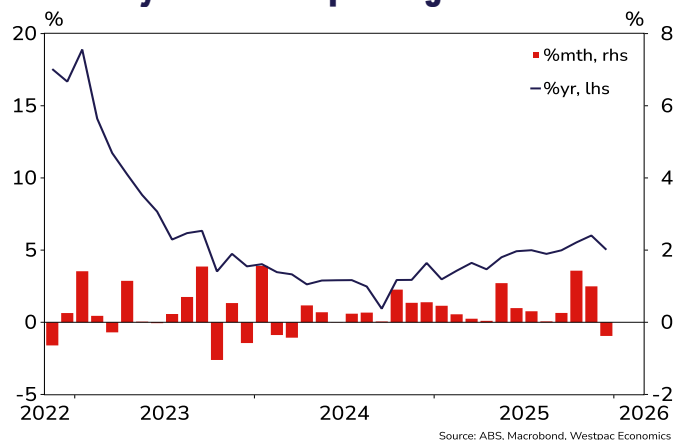
	\$bn	% chg mth		% chg yr	
	Dec-25	Nov-25	Dec-25	Nov-25	Dec-25
sa	78.86	1.0	-0.4	6.0	5.0
trend	78.91	0.5	0.4	5.3	5.2

Chained volumes – Q4 2025

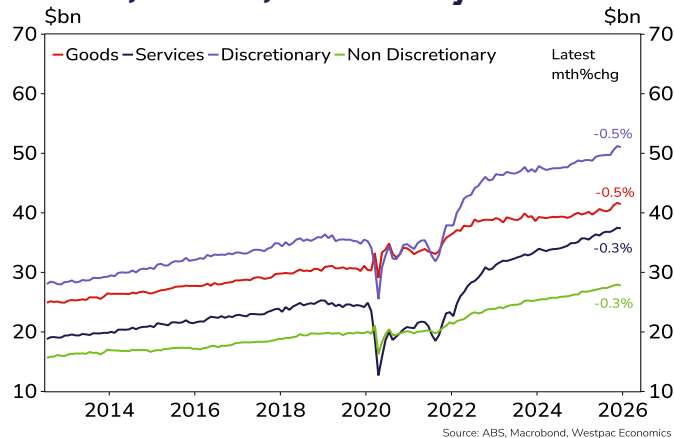
	real \$bn	% chg qtr		% chg yr	
	Q4	Q3	Q4	Q3	Q4
sa	224.85	0.1	0.9	2.3	2.4

Source: ABS, Macrobond, Westpac Economics.

Monthly household spending indicator



Goods, services, discretionary & non-discret



lift in per-capita growth, likely around the 1.0%yr mark. The ABS's volumes measure excluding cigarettes & tobacco shows volumes growth would have been 1.0%qtr.

Health was the only category to post a decline in volume terms (-0.8%qtr), but this follows from a strong 2.2%qtr rise in Q3. Clothing & footwear and furnishing & household equipment saw a 4.1%qtr and 3.6%qtr lift respectively. This was followed by hotels, cafes & restaurants (+1.5%qtr), alcohol & tobacco (+1.3%qtr), with the remaining four categories seeing volume growth between 0.4-0.6%qtr. Overall this continues to signal the broad based nature of household spending.

All states saw real spending growth led by WA (+1.7%qtr), NSW (+1.1%qtr), Qld (+1.0%qtr), Vic and SA (both +0.6%qtr).

Conclusion

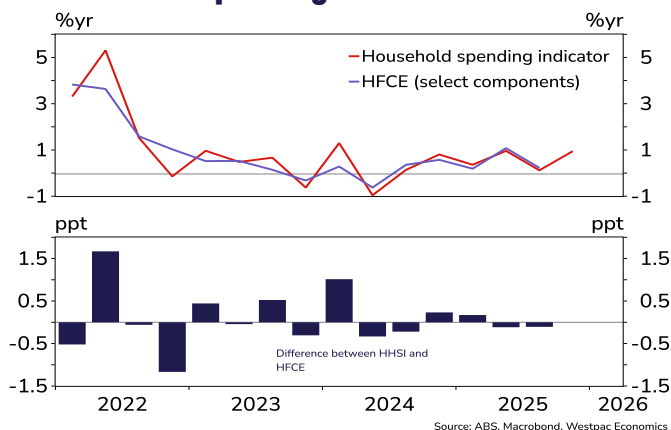
The household spending indicator captures around two-thirds of total consumer expenditure. It excludes several major categories (e.g. rents, utilities, etc.) but has still provided a decent guide to the components it covers, underestimating consumption by only ~0.1ppt over the past two quarters.

Today's volumes result was broadly in line with our expectations. Ahead of the Q4 national accounts (due March 4), we have pencilled in a 1%qtr/3%yr rise in total consumption. Additional detail from our **Westpac-DataX Card Tracker** also points to strong growth in spending by Australians abroad, which is not captured in the household spending indicator.

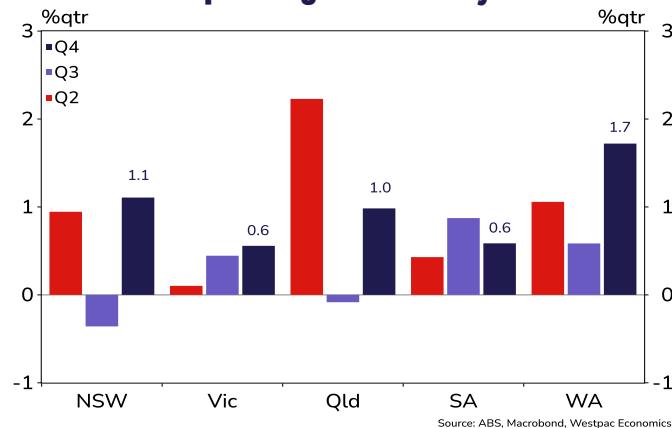
Looking forward, much of this momentum should carry into the new year. While there will be some slowing as RBA rate hikes impact, the strong starting point and a firm outlook for the labour market should provide offsets, with some positive spillovers from rising household wealth as well (for the full consumer update, see our latest **Red Book**). Our **Westpac DataX Consumer Panel** (see [here](#)) shows the average customer holds a healthy savings balance, supporting financial resilience and reducing the likelihood of an abrupt pull-back in spending.

That said, sentiment is likely to be shaky near term. Confidence turned pessimistic ahead of the RBA's February rate hike. Tomorrow's consumer sentiment report will provide the first post-hike update and will be an important gauge of how 'stop-start' 2026 may be for Australian households.

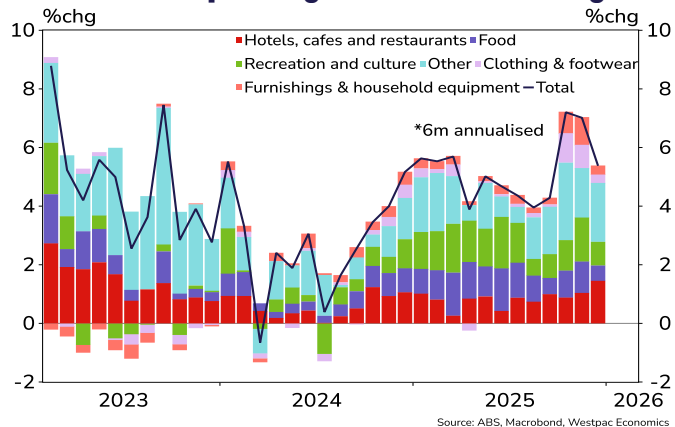
Household spending indication vs nat accs



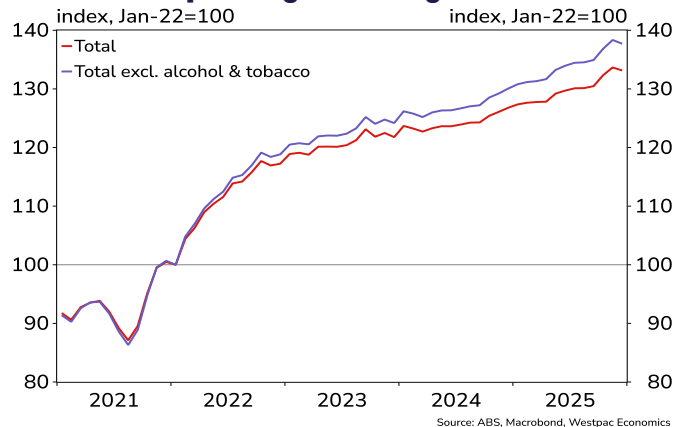
Household spending indicator by state: real



Household spending indicator: nominal growth



Nominal spending excluding alch & tobacco





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