

5 May 2026

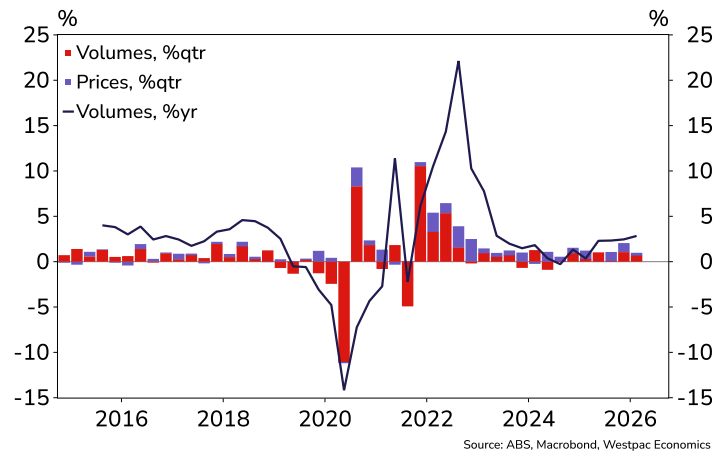
HOUSEHOLD SPENDING INDICATOR BULLETIN

Fuel dominates the narrative

Key points

- Household spending rose 1.6%*mt* in March, the strongest monthly gain in two years. However, Q1 spending was more subdued, with nominal growth of 1.0%*qtr*. Volumes increased 0.7%*qtr*, pointing to a surprisingly soft price gain in the quarter.
- Goods spending surged, while services spending lost momentum. Non-discretionary spending outperformed as discretionary categories remained more restrained.
- In real terms, spending growth over the quarter was uneven across categories but remained positive across all states, with transport and non-discretionary components driving volumes.
- Ahead of the Q1 national accounts (due 3 June) we maintain a 0.6%*qtr*/2.5%*yr* forecast for consumption.

Quarterly spending volumes and prices



Q1 real household spending: 0.7%*qtr*, 2.8%*yr*

Spending growth sees a notable March uplift



Luka Belobrajdic
Economist

The household spending indicator rose 1.6%*mt* in March (nominal), somewhat below both Westpac and market expectations. We had anticipated a stronger 2.0%*mt* rise for the month, while the market was at 1.8%*mt*. The outcome nonetheless represents the strongest monthly gain since January 2024, following more modest increases of 0.3%*mt* in February and 0.2%*mt* in January. Annual growth lifted to 6.3%*yr*. For Q1 as a whole, nominal spending rose 1.0%*qtr*, a more subdued outcome compared to the downwardly revised 2.0%*qtr* increase recorded in Q4 2025. In real terms, volumes increased 0.7%*qtr*, with the indicator pointing to surprisingly soft price growth within the quarter.

Transport drives the headline higher

By broad category, the engine of growth shifted decisively toward goods in March. Goods spending rose 2.9%*mt* to be 5.8%*yr* higher over the year, reflecting a sharp rise in fuel prices alongside an evident pull forward of fuel purchases. By contrast, services spending lost momentum, recording a modest 0.1%*mt* gain in March (6.9%*yr*). Non discretionary spending surged 3.4%*mt* (8.1%*yr*), after holding flat in the previous month, while discretionary spending posted a more moderate 0.6%*mt* increase (5.3%*yr*).

At the detailed level, gains were heavily concentrated in transport spending, which rose 5.1%*mt* – the strongest outcome since May 2022 following Russia’s invasion of Ukraine. Alongside higher fuel prices, strength in public transport spending also contributed, as households adjusted travel behaviour in response to rising fuel costs.

Excluding transport, household spending increased a more moderate 0.9%*mt*. Food spending also recorded a sizeable rise, up 1.7%*mt*, with the ABS attributing this to precautionary stockpiling amid concerns over potential disruptions to global supply chains. Miscellaneous goods & services rose 1.7%*mt*, while furnishings & household equipment grew 1.6%*mt*. Recreation & culture (+1.3%*mt*), clothing & footwear (+1.3%*mt*), and health (+0.3%*mt*) also reported gains.

Offsetting these increases, hotels, cafes & restaurants fell 0.9%*mt*, consistent with ongoing restraint in discretionary spending. April Westpac–DataX Card Tracker data point to a further wind down in discretionary services activity (see [here](#)). Alcoholic beverages & tobacco declined for a third consecutive month, albeit at a more modest pace (–0.1%*mt*).

All states recorded spending growth in March. Strength was led by Queensland (+1.9%*mt*), followed by NSW which reversed last month’s decline with a 1.7%*mt* increase, while SA (+1.7%*mt*), WA (+1.6%*mt*) and Victoria (+1.2%*mt*) also posted solid gains.

Household spending indicator – March 2025

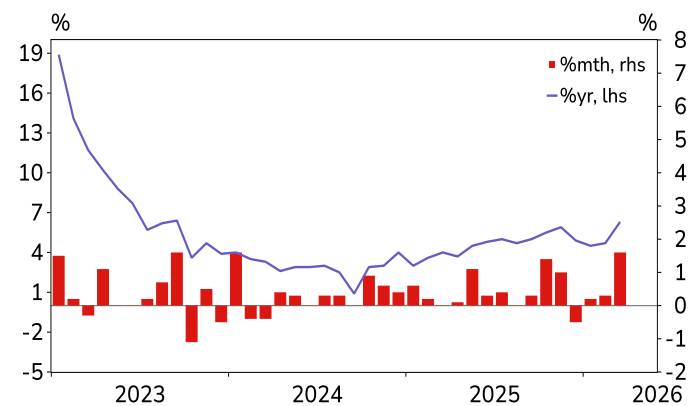
	\$bn		% chg mth		% chg yr	
	Mar-25	Feb-25	Mar-25	Feb-25	Mar-25	Feb-25
sa	80.41		0.3	1.6	4.7	6.3
trend	79.45		0.3	0.2	4.9	4.8

Chained volumes – Q1 2026

	real \$bn		% chg qtr		% chg yr	
	Q1	Q4	Q1	Q4	Q1	Q4
sa	226.54		1.0	0.7	2.5	2.8

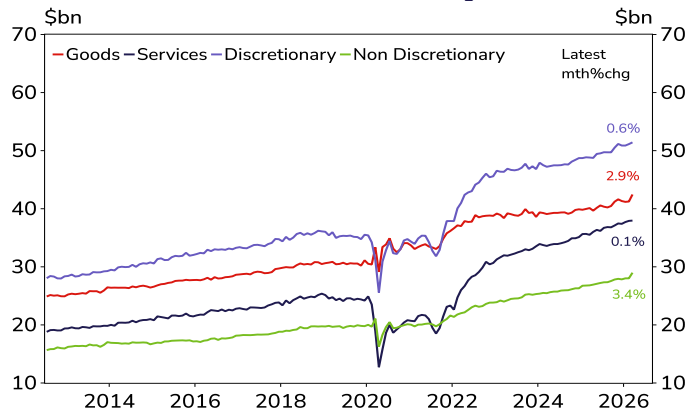
Source: ABS, Macrobond, Westpac Economics.

Monthly household spending indicator



Source: ABS, Macrobond, Westpac Economics

Goods, services, discretionary & non-discret



Source: ABS, Macrobond, Westpac Economics

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Volume growth remains positive

Nominal spending rose 1.0%qtr in Q1, with volumes up 0.7%qtr - a somewhat softer outcome than the upwardly revised 1.0%qtr increase recorded in Q4. This implies a surprisingly subdued price gain in the quarter at 0.3%qtr, compared with 1.0%qtr in Q4 (despite the fuel price spike). Through the year, volume growth accelerated slightly to 2.8%yr, the strongest reading since Q2 2023.

Transport also led gains in volume terms, rising 1.7%qtr, reflecting more frequent fuel purchases. Non discretionary categories were generally supportive, with health up 1.5%qtr and food up 0.8%qtr. Recreation & culture (+1.1%qtr) and miscellaneous goods & services (+1.1%qtr) also contributed positively. Partially offsetting these gains, alcoholic beverages & tobacco fell 2.4%qtr, reversing last quarter's increase. Clothing & footwear declined 1.0%qtr, while furnishings & household equipment (-0.7%qtr) and hotels, cafes & restaurants (-0.1%qtr) also detracted.

All states recorded real spending growth over the quarter, led by Queensland (+1.1%qtr), SA (+1.0%qtr), WA (+0.8%qtr), NSW (+0.5%qtr) and Victoria (+0.2%qtr).

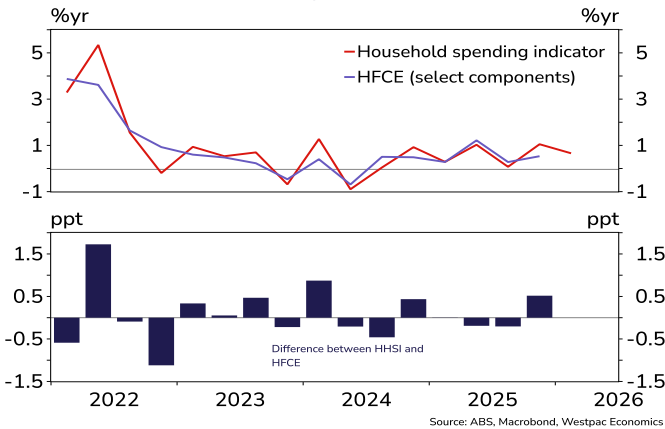
Conclusion

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. Today's volumes outcome diverged noticeably from our expectations, as we had anticipated a small real decline in Q1. This discrepancy may partly reflect the exclusion of rents, utilities and education from the COICOP divisions used in the chain volume calculations, with these categories contributing significantly to the quarterly inflation outcome (see [here](#)).

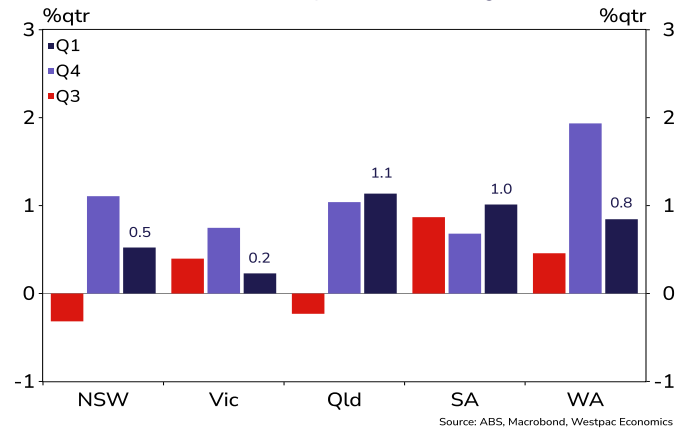
Ahead of the Q1 national accounts (due 3 June), we have pencilled in a 0.6%qtr/2.5%yr increase in total consumption. The shifting interest rate backdrop early this year is likely to have contributed to a moderation throughout the quarter, while **Westpac-DataX Card Tracker** data has shown non-fuel spend is slowing. That said, areas not well captured by card data are likely to provide an offset, supporting a positive overall outcome.

Downside risks are more elevated moving into Q2. Consumer sentiment recorded its largest decline since COVID in April (see [here](#)), with today's rate increase likely to weigh further on confidence and spending in coming months as well.

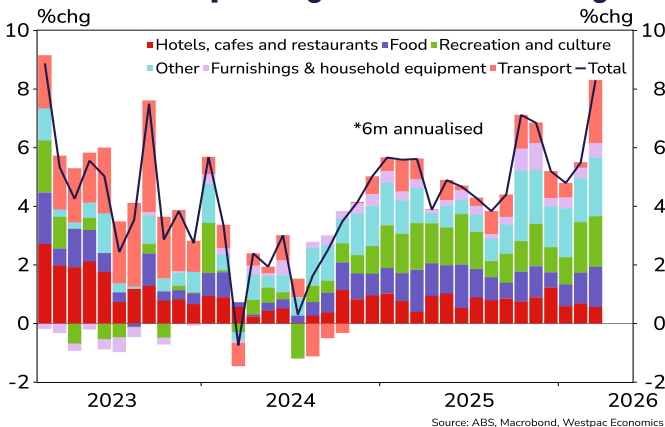
Household spending indication vs nat accs



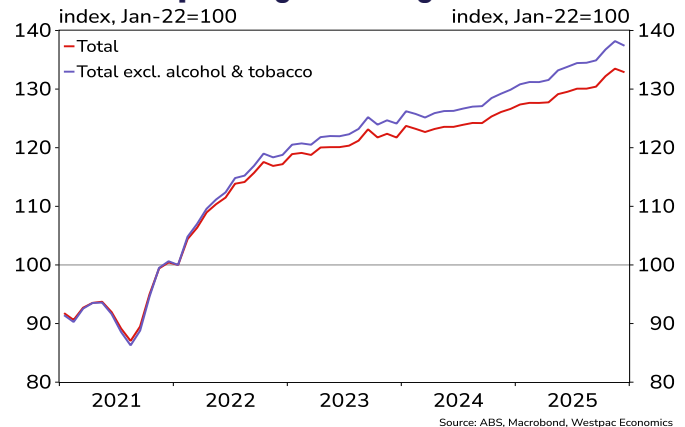
Household spending indicator by state: real



Household spending indicator: nominal growth



Nominal spending excluding alch & tobacco



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