



18 August 2026

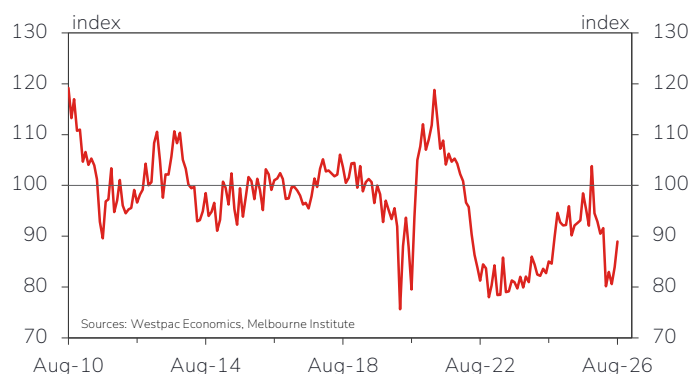
# WESTPAC-MI CONSUMER SENTIMENT BULLETIN

Latest insights on the Australian consumer

## Key points

- Westpac–Melbourne Institute Consumer Sentiment Index up 6% to 88.9 in August.
- Overall result is still pessimistic and below last year's levels.
- Increase driven by people with mortgages post RBA decision to hold, while renter sentiment falls modestly.
- Unemployment expectations rise above long-run average, partly reversing lastmonth's fall.
- House price expectations decline as market weakens. Renters less likely to expect price falls and more downbeat about home purchases.

## Consumer Sentiment Index



**“The Westpac–Melbourne Institute Consumer Sentiment Index rose 6% to 88.9 in August from 83.9 in July.”**

# Consumer sentiment improves on hopes of rates reprieve



Luci Ellis  
Chief Economist Westpac Group

## The Westpac–Melbourne Institute Consumer Sentiment Index rose 6% to 88.9 in August from 83.9 in July.

This is still a weak result and noticeably lower than the readings recorded last year. While consumers are feeling less pessimistic than last month, pessimists still outnumber optimists, especially about their current finances. The improvement in forward-looking views was also much less pronounced than for the questions covering current conditions. This suggests that pervasive uncertainty, including about the Middle East, is still weighing on sentiment to some extent.

The gain was concentrated among people with mortgages, and in responses received after the RBA decision on 11 August. Responses received before the decision were little changed compared with July, with all the monthly improvement emerging afterwards. Sentiment among renters increased after the RBA meeting, but the pre-meeting read was below the July outcome, leaving renter sentiment down a little in the month overall.

A majority (59%) of all respondents nonetheless still expect further increases in mortgage interest rates, with this share little changed after the meeting or compared with last month. However, the meeting outcome seems to have provided some clarity, with fewer respondents saying they did not know, and the share expecting mortgage rates to decline or stay the same lifting to nearly 28% after the meeting, versus 21% before it.

The component detail pointed to a larger improvement for current conditions measures, though to still-weak levels, and continues to imply caution about the outlook. Recall that the Westpac–Melbourne Institute Consumer Sentiment Index is a composite measure based on five sub-indexes: one tracking assessments of family finances compared to a year ago; two tracking expectations for family finances and the economy over the next year; one tracking expectations for the economy over the next five years; and one tracking responses to whether now is a good time to buy a major household item.

Cost of living pressures have eased a little further. The 'family finances vs a year ago' sub-index increased 12.6% to 80.0 in August. While this is still a very weak read overall, it was the largest percentage improvement of any of the sub-indices in the month. This was despite the increase in fuel prices in the preceding days, after the temporary cut to fuel excise was fully unwound.

Consumer expectations of their finances in a year's time continue to improve. While the increase in the month was

only 1.8%, the index now stands at 98.2, close to the levels seen last year and implying that optimists and pessimists are broadly balanced. The ongoing pause after this year's interest rate increases continues to ease earlier pessimism, along with the relative lack of news on the Middle East compared with previous months.

Consumer expectations about the economy saw a solid improvement, albeit not as emphatic as the lift in current assessments of family finances, with the 'economy, next 12 months' sub-index lifting 5.8% to 82.8 and the 'economy, next 5 years' sub-index rising 3.2% to 89.8. Both readings remain well below average and below the levels seen earlier in the year.

Attitudes toward major purchases also improved. The 'time to buy a major household item' sub-index increased 8.1% to 93.8 in August, from 86.8 in July. As in previous months, this is weak compared with historical experience, still 35pts below the long-run average of 123. There was no change in responses received before and after the RBA decision.

## “Pessimists still outnumber optimists, especially about their current finances.”

Last month's more comforting view of the labour market has partly unwound. The Westpac–Melbourne Institute Unemployment Expectations increased to 135.7 in August from 129.9 in July, an increase of 4.4%. (Recall that higher reads on this index mean more consumers expect unemployment to increase over the year ahead.) This is a little above the long-run average, though still slightly below the readings seen over April–June. The increase was driven by female respondents but broadly based across age groups and occupation categories other than manager/professionals.

Housing-related sentiment was further supported by the more benign outlook for interest rates but remains pessimistic overall. The 'time to buy a dwelling' index rose 12.1% to 95.7, the highest since November 2025 but still below the long-run average of 119. The increase was broad-based across states and cities and saw the readings for Sydney and Melbourne both edge back over the 100 mark. The index is lower for consumers in non-metro areas, as has been the case for most of the post-pandemic period. This is possibly because these regions are yet to see as much of a price correction as has

already occurred in some major cities, so affordability feels more stretched. The index also fell slightly in the month for renters, though it has clearly recovered from the trough reached earlier in the latest phase of RBA rate hikes.

Sentiment about home purchase is also being supported by expectations of future housing price moderation. The Westpac–Melbourne Institute Index of House Price Expectations fell again in August to record a fresh three-year low of 110.8. The decline was broad-based across states, but especially marked for outright owners, who are much more likely (43.5%) to expect housing prices to fall than people with a mortgage (27.2%) or renters (21.1%). These less negative views about future housing price moves are likely contributing to renters' more downbeat views of whether now is a good time to buy a home, and more broadly, their chances of achieving home ownership in future.

The Reserve Bank Monetary Policy Board next meets on 28–29 September. The Board stated after its August meeting that it was prepared to raise the cash rate further if upside inflation risks materialise. However, there is only one monthly inflation print ahead of the meeting, and the labour market is easing more than the Reserve Bank had previously forecast. It is therefore unlikely that the Board will have enough evidence to conclude that risks have materialised in time for its September meeting. Having already raised the cash rate three times this year to a restrictive level, the Monetary Policy Board has scope to keep the cash rate on hold while it monitors the effect of policy tightening across the economy and confirms whether underlying inflation has peaked.

## Consumer Sentiment – August 2026

|                                    | avg*         | Aug 2024    | Aug 2025    | Jul 2026    | Aug 2026    | %mth       | %yr         |
|------------------------------------|--------------|-------------|-------------|-------------|-------------|------------|-------------|
| <b>Consumer Sentiment Index</b>    | <b>100.2</b> | <b>85.0</b> | <b>98.5</b> | <b>83.9</b> | <b>88.9</b> | <b>6.0</b> | <b>–9.7</b> |
| Family finances vs a year ago      | 87.8         | 70.9        | 84.2        | 71.1        | 80.0        | 12.6       | –4.9        |
| Family finances next 12mths        | 106.4        | 96.8        | 106.8       | 96.5        | 98.2        | 1.8        | –8.1        |
| Economic conditions next 12mths    | 90.6         | 83.3        | 101.2       | 78.3        | 82.8        | 5.8        | –18.2       |
| Economic conditions next 5yrs      | 92.1         | 91.5        | 98.4        | 87.1        | 89.8        | 3.2        | –8.8        |
| Time to buy a major household item | 123.1        | 82.6        | 101.7       | 86.8        | 93.8        | 8.1        | –7.7        |
| Time to buy a dwelling             | 119.2        | 71.4        | 97.8        | 85.4        | 95.7        | 12.1       | –2.1        |
| Unemployment Expectations Index    | 129.3        | 133.5       | 125.6       | 129.9       | 135.7       | 4.4        | 8.0         |
| House Price Expectations Index     | 126.5        | 157.8       | 164.2       | 118.0       | 110.8       | –6.1       | –32.5       |
| Interest Rate Expectations Index   | 141.3        | 135.5       | 83.6        | 162.6       | 158.8       | –2.3       | 89.9        |

Source: Westpac–Melbourne Institute.

\*avg over full history of the survey, all indexes except 'time to buy a dwelling', 'unemployment expectations' and 'house price expectations' are seasonally adjusted

The survey is conducted by OZINFO & DYNATA. Respondents are selected at random. This latest survey is based on 1200 adults aged 18 years and over, across Australia. It was conducted in the week from 10 August to 14 August. The data have been weighted to reflect Australia's population distribution. Copyright at all times remains with the Melbourne Institute of Applied Economic and Social Research.

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.



# Corporate Directory

## Westpac Economics / Australia

### Sydney

Level 19, 275 Kent Street  
Sydney NSW 2000  
Australia

E: [economics@westpac.com.au](mailto:economics@westpac.com.au)

### Luci Ellis

Chief Economist Westpac Group

E: [luci.ellis@westpac.com.au](mailto:luci.ellis@westpac.com.au)

### Matthew Hassan

Head of Australian Macro-Forecasting

E: [mhassan@westpac.com.au](mailto:mhassan@westpac.com.au)

### Elliot Clarke

Head of International Economics

E: [eclarke@westpac.com.au](mailto:eclarke@westpac.com.au)

### Sian Fenner

Head of Business and Industry Economics

E: [sian.fenner@westpac.com.au](mailto:sian.fenner@westpac.com.au)

### Justin Smirk

Senior Economist

E: [jsmirk@westpac.com.au](mailto:jsmirk@westpac.com.au)

### Pat Bustamante

Senior Economist

E: [pat.bustamante@westpac.com.au](mailto:pat.bustamante@westpac.com.au)

### Mantas Vanagas

Senior Economist

E: [mantas.vanagas@westpac.com.au](mailto:mantas.vanagas@westpac.com.au)

### Ryan Wells

Economist

E: [ryan.wells@westpac.com.au](mailto:ryan.wells@westpac.com.au)

### Illiana Jain

Economist

E: [illiana.jain@westpac.com.au](mailto:illiana.jain@westpac.com.au)

### Neha Sharma

Economist

E: [neha.sharma1@westpac.com.au](mailto:neha.sharma1@westpac.com.au)

### Luka Belobrajdic

Economist

E: [luka.belobrajdic@westpac.com.au](mailto:luka.belobrajdic@westpac.com.au)

## Westpac Economics / New Zealand

### Auckland

Takutai on the Square  
Level 8, 16 Takutai Square  
Auckland, New Zealand

E: [economics@westpac.co.nz](mailto:economics@westpac.co.nz)

### Kelly Eckhold

Chief Economist NZ

E: [kelly.eckhold@westpac.co.nz](mailto:kelly.eckhold@westpac.co.nz)

### Michael Gordon

Senior Economist

E: [michael.gordon@westpac.co.nz](mailto:michael.gordon@westpac.co.nz)

### Darren Gibbs

Senior Economist

E: [darren.gibbs@westpac.co.nz](mailto:darren.gibbs@westpac.co.nz)

### Satish Ranchhod

Senior Economist

E: [satish.ranchhod@westpac.co.nz](mailto:satish.ranchhod@westpac.co.nz)

### Paul Clark

Industry Economist

E: [paul.clarke@westpac.co.nz](mailto:paul.clarke@westpac.co.nz)

## Westpac Economics / Fiji

### Suva

1 Thomson Street  
Suva, Fiji

### Shamal Chand

Senior Economist

E: [shamal.chand@westpac.com.au](mailto:shamal.chand@westpac.com.au)



 [westpaciq.com.au](http://westpaciq.com.au)

©2026 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, “Westpac”). References to the “Westpac Group” are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

## Things you should know

We respect your privacy: You can view the [New Zealand Privacy Policy here](#), or the Australian [Group Privacy Statement here](#). Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

This information, unless specifically indicated otherwise, is under copyright of the Westpac Group. None of the material, nor its contents, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior written permission of the Westpac Group.

## Disclaimer

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision.

This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

**Conflicts of Interest:** In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter,

distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

**Author(s) disclaimer and declaration:** The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author’s knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

**Further important information regarding sustainability related content:** This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

## Additional country disclosures:

**Australia:** Westpac holds an Australian Financial Services Licence (No. 233714). You can access [Westpac’s Financial Services Guide here](#) or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

**New Zealand:** In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac (“WNZL”). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at [www.westpac.co.nz](http://www.westpac.co.nz).

**Singapore:** This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any

Disclaimer continues overleaf ►

matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

**Fiji:** Unless otherwise specified, the products and services for Westpac Fiji are available from [www.westpac.com.fj](http://www.westpac.com.fj) © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia and registered as a branch in Fiji. The liability of its members is limited.

**Papua New Guinea:** Unless otherwise specified, the products and services for Westpac PNG are available from [www.westpac.com.pg](http://www.westpac.com.pg) © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia. Westpac is represented in Papua New Guinea by Westpac Bank - PNG - Limited. The liability of its members is limited.

**U.S.:** Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ("WCM"), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WCM other than as provided for in certain legal agreements between Westpac and WCM and obligations of WCM do not represent liabilities of Westpac.

This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

**UK and EU:** The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found here. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.