27 August 2026

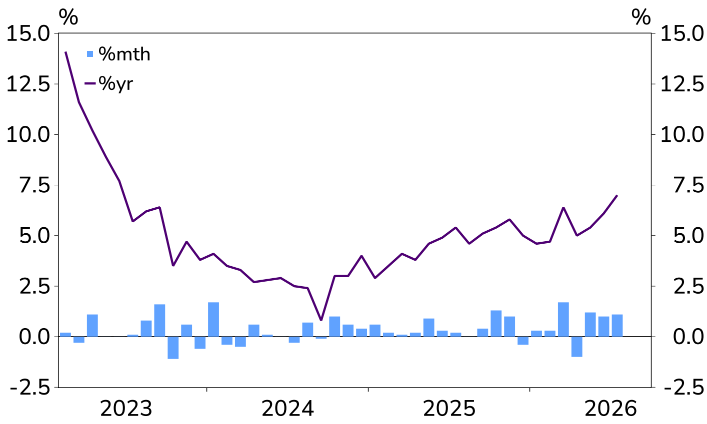
HOUSEHOLD SPENDING INDICATOR BULLETIN

Spending continues to defy expectations

Key points

- Household spending rose 1.1%mth in July (June revised to 1.0%mth), lifting annual growth to 7.0%yr. The three-month pace accelerated to 3.3%, the strongest in almost four years.
- Discretionary spending remains the key driver, rising 4.5% over the past three months versus 1.1% for non-discretionary spending, suggesting softer spending on essentials has freed up capacity elsewhere.
- The strength was broad-based, with all nine spending categories recording gains, led by clothing & footwear, recreation & culture, and miscellaneous spending.
- All mainland states recorded gains for the third consecutive month, led by WA (+1.5%mth), Victoria (+1.3%mth) and Queensland (+1.1%mth).
- Spending continues to surprise to the upside. Some of this is a prices story but there appears to be genuine underlying momentum which our internal card data shows extended into August.

Monthly Household Spending Indicator Growth



Source: ABS, Macrobond, Westpac Economics

Jul household spending indicator: 1.1%mth, 7.0%yr

Higher prices or genuine momentum? Likely both

Neha Sharma
Economist

The monthly household spending indicator rose 1.1%mth in July, with June revised 0.2ppts higher to 1.0%mth, this took the annual pace to 7.0%yr. The three-month pace firmed to a robust 3.3% from 1.2% in June and is the strongest in nearly four years. The result was well-above both Westpac's and the market's expectations.

Services continued to lead, up 1.5%mth (6.8%yr), while goods spending rose 0.7%mth (7.2%yr). Discretionary and non-discretionary spending increased at a similar pace in July, up 1.0%mth (7.8%yr) and 1.1%mth (5.6%yr) respectively. However, over the past three months discretionary spending has significantly outperformed, rising 4.5% versus 1.1% for non-discretionary. As highlighted in the **Westpac-DataX Card Tracker**, softer spending on essentials appears to have freed up capacity for discretionary purchases (see here).

All nine spending categories recorded gains, underscoring the broad-based nature of the increase. Clothing & footwear led the way, up 1.6%mth, followed by recreation & culture (1.5%mth), miscellaneous spending (1.3%mth) and health (1.2%mth). Hotels, cafés & restaurants (+1.1%mth) and food (+1.0%mth) also rose strongly, with the ABS citing price rises being a notable factor for the higher spending. Alcohol & tobacco spending increased 0.9%mth, while transport (+0.6%mth) and household furnishings (+0.4%mth) posted more modest gains. For transport, higher fuel prices appear to have driven a weaker consumption response. Nominal fuel spending rose 2.2%mth, but fuel volumes fell 4.7%mth following the scaling back of the fuel excise discount to 16c/l in July.

All mainland states recorded gains for the third consecutive month. WA was out in front with spending rising 1.5%mth, followed by Vic (+1.3%mth), Qld (+1.1%mth), with NSW and SA both up 0.7%mth.

Consumer spending continues to surprise to the upside, despite facing several headwinds. While the ABS highlighted firmer prices as a driver of spending growth in some categories, the strength is evident even in real per capita terms, suggesting a genuine underlying demand pulse. Our **Westpac-DataX Card Tracker** also shows solid momentum carrying into early-August, including spending by Australians travelling overseas. Although this sits outside the scope of this release, it will be captured in the Q3 national accounts.

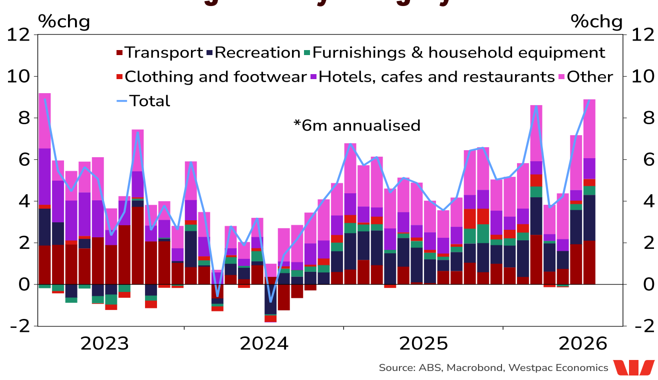
The transport detail highlights some of cross-currents. Consumers scaling back on fuel consumption is unlikely to be sustained indefinitely. So eventually some spending will re-shift towards essentials. Additionally, higher interest rates are still making their way through the economy including through softening labour market trends which will dampen spending.

Household spending indicator – July 2026

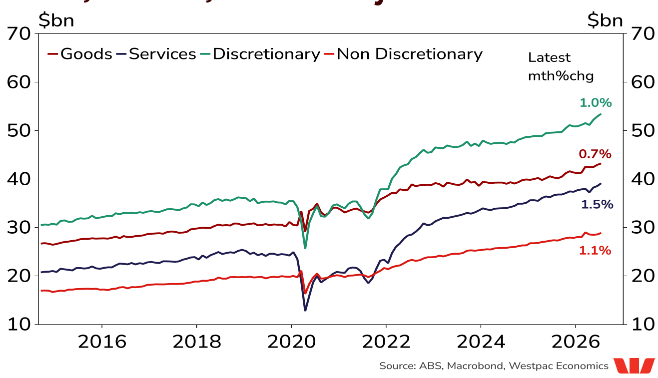
	$bn	% chg mth		% chg yr	
	Jul-26	Jun-26	Jul-26	Jun-26	Jul-26
sa	82.34	1.0	1.1	6.1	7.0
trend	81.68	0.6	0.6	6.0	7.0

Source: ABS, Macrobond, Westpac Economics.

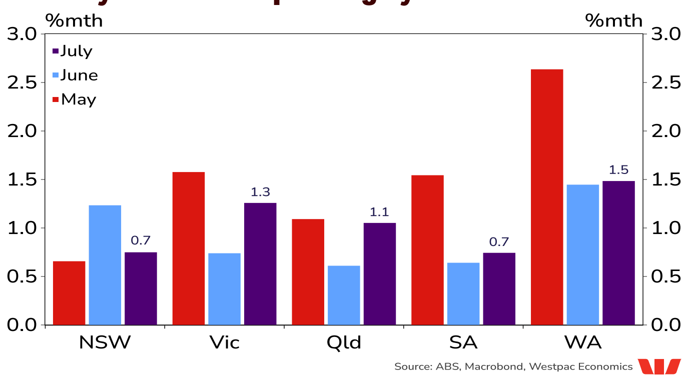
Contribution to growth by category: nominal



Goods, services, discretionary & non-discret.



Monthly household spending by state



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