4 November 2026

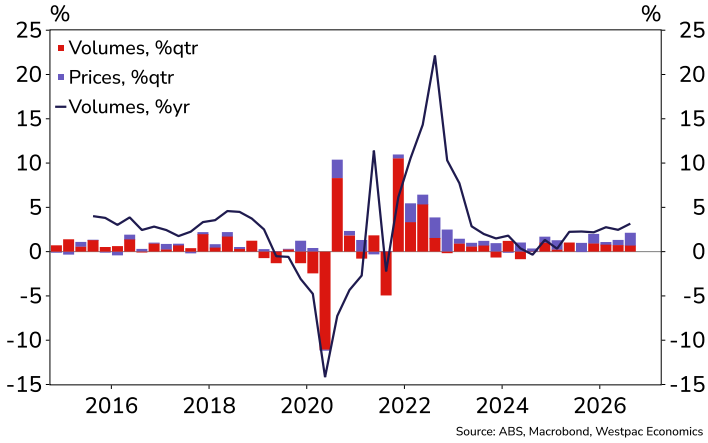
HOUSEHOLD SPENDING INDICATOR BULLETIN

Spending resilient despite headwinds

Key points

- Household spending rose 0.6%mth in September, returning to growth after August's brief decline. Q3 spending increased 2.1%qtr, while volumes rose a more subdued 0.7%qtr, pointing to a sharp acceleration in price growth through the quarter.
- Services spending rebounded and goods spending remained supportive. Non-discretionary spending outperformed discretionary categories, with higher fuel spending providing significant support.
- In real terms, spending growth over the quarter was led by transport but with most other categories also recording gains. All states except Tasmania recorded positive volume growth in Q3, led by WA and Victoria.
- Today's volumes outcome was broadly in line with expectations and consistent with our consumption outlook ahead of the Q3 National Accounts (due 2 December).

Quarterly spending volumes and prices



Source: ABS, Macrobond, Westpac Economics

Q3 real household spending: 0.7%qtr, 3.2%yr

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Spending returns to growth in September



Luka Belobrajdic
Economist

The monthly household spending indicator rose 0.6%mth in September (nominal), exceeding both Westpac and market expectations. We had anticipated a 0.5%mth contraction (on the basis of a softer read on vehicle sales in the month), while the market had pencilled in a 0.2%mth rise. Today's result instead marks a return to growth following August's brief contraction (revised down 0.1ppt to –0.1%mth), with annual growth strengthening to 6.8%yr. For Q3 as a whole, nominal spending rose 2.1%qtr, the strongest quarterly result since the December quarter of 2022. In real terms, volumes increased a more subdued 0.7%qtr, pointing to a sharp acceleration in price growth through the quarter.

Non-discretionary spending outperforms

By broad category, services spending more than reversed last month's decline, rising a solid 1.1%mth (+6.8%yr). Goods spending held around its recent pace, increasing 0.3%mth (+6.7%yr). Discretionary spending returned to growth in September, rising 0.3%mth (+6.9%yr), although this failed to fully unwind August's decline.

The relative strength in non-discretionary spending observed last month continued into September, with the category rising 1.2%mth (+6.5%yr). While the headline result was stronger, the breakdown aligns with findings from our **Westpac–DataX Card Tracker**, and **Westpac-DataX Consumer Panel** which show discretionary goods continuing to underperform other categories (see here and here).

At the detailed level, transport and health led the gains, both rising 1.5%mth. The increase in transport spending was largely attributable to higher fuel spending, up 5.4%mth, reflecting elevated fuel prices, with volumes down 2.2%mth. The ABS also noted higher spending on vehicle repairs and maintenance, while domestic air travel increased as households travelled to attend major sporting events. Recreation & culture rose 0.8%mth, while miscellaneous goods & services (+0.6%mth), hotels, cafes & restaurants (+0.5%mth), and clothing & footwear (+0.1%mth) also recorded gains.

Partially offsetting these increases, food spending declined 0.1%mth, while furnishings & household equipment fell 0.2%mth, likely reflecting the ongoing weakness in housing turnover (see here). Alcoholic beverages & tobacco recorded the largest decline, falling 0.7%mth.

State outcomes were positive across the board in September. WA led the gains, rising 1.1%mth and reversing last month's decline. Victoria also rebounded (+1.0%mth), while Queensland (+0.6%mth), SA (+0.6%mth), Tasmania (+0.5%mth) and NSW (+0.3%mth) all recorded increases.

Household spending indicator – September 2026

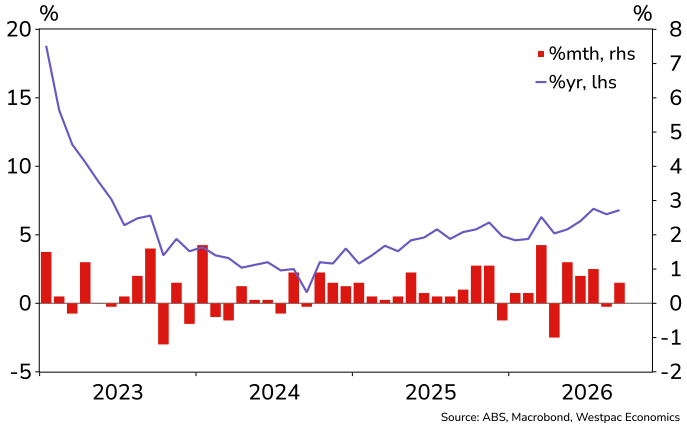
	$bn	% chg mth		% chg yr	
	Sep-25	Jun-25	Sep-25	Jun-25	Sep-25
sa	82.61	-0.1	0.6	6.5	6.8
trend	82.37	0.5	0.4	6.2	6.0

Chained volumes – Q3 2026

	real $bn	% chg qtr		% chg yr	
	Q3	Q2	Q3	Q2	Q3
sa	234.56	0.7	0.7	2.5	3.2

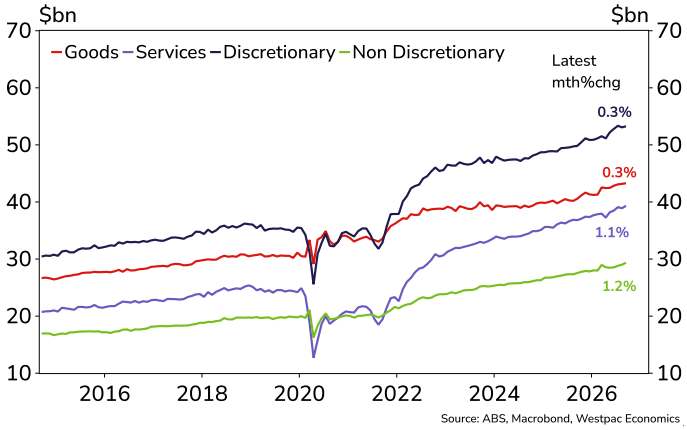
Source: ABS, Macrobond, Westpac Economics.

Monthly Household Spending Indicator Growth



Source: ABS, Macrobond, Westpac Economics

Goods, services, discretionary & non-discret.



Source: ABS, Macrobond, Westpac Economics

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Volume growth remains firm

Nominal spending rose a firm 2.1%qtr in Q3, while volumes increased a more subdued 0.7%qtr, matching the pace recorded in Q2. This implies a sharp acceleration in price growth to 1.4%qtr, from 0.6%qtr in Q2, and marks the strongest quarterly increase in prices since the December quarter of 2022. Through the year, volume growth strengthened to 3.2%yr, remaining well above the 1.8%yr average recorded through 2025.

Transport led gains in volume terms, rising 1.6%qtr, likely partly reflecting base effects in air travel following disruptions associated with the Middle East conflict in the June quarter. Clothing & footwear (+1.2%qtr), health (+1.1%qtr), miscellaneous goods & services (+1.1%qtr), food (+0.5%qtr), recreation & culture (+0.5%qtr), and furnishings & household equipment (+0.1%qtr) also recorded increases. Hotels, cafes & restaurants spending declined 0.1%qtr in volume terms, while alcoholic beverages & tobacco was the main drag, falling 1.2%qtr.

Most states recorded real spending growth over the quarter, led by WA (+1.4%qtr), Victoria (+0.9%qtr), NSW (+0.5%qtr), Queensland (+0.5%qtr) and SA (+0.4%qtr). Tasmania lagged its state peers, recording a 0.1%qtr decline.

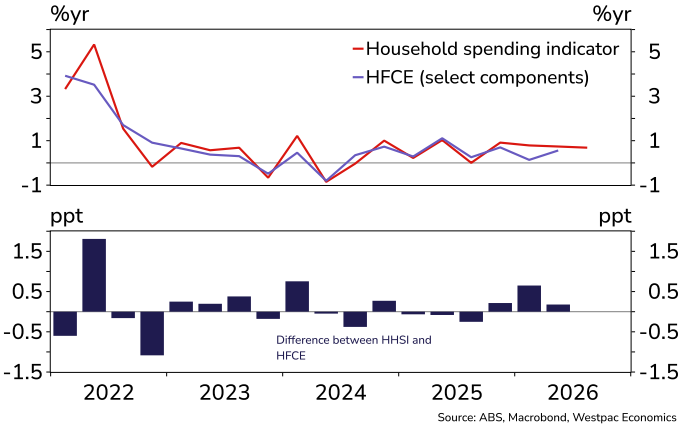
Conclusion

The household spending indicator provides a useful guide to around two-thirds of total consumer expenditure. Importantly, it excludes several major categories included in the National Accounts measure of real household consumption, including rents and utilities.

Today's volumes outcome was broadly in line with our expectations, with Westpac anticipating around a 0.6%qtr rise in Q3, and remains consistent with our view on consumption ahead of the Q3 National Accounts (due 2 December). However, this will likely be the high water mark for spending. The renewed deterioration in global energy markets and the cumulative effect of four rate increases over the first three quarters of the year are likely to weigh more heaveily on household spending in Q4.

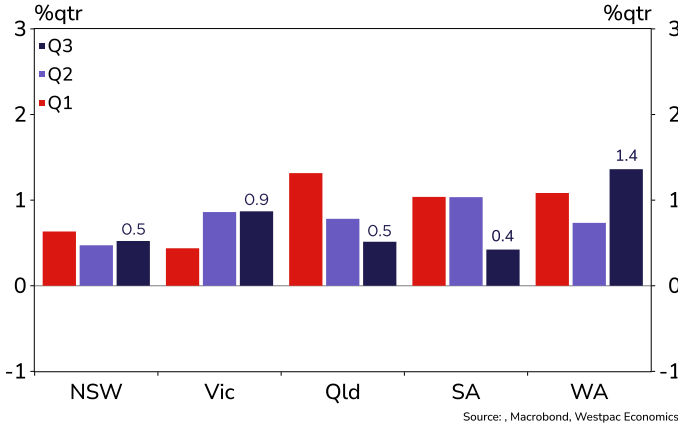
Looking further ahead, households will continue to face a restrictive monetary policy environment, with the RBA delivering an additional rate increase at yesterday's November meeting (see here). Combined with persistent consumer pessimism, ongoing cost-of-living pressures (see here) and a housing downturn impacting household wealth, spending looks set to slow further in 2027.

Household spending indications vs nat accs



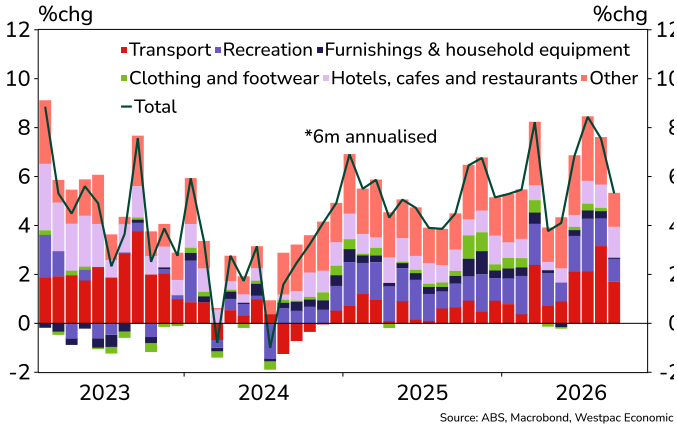
Source: ABS, Macrobond, Westpac Economics

Household spending volumes



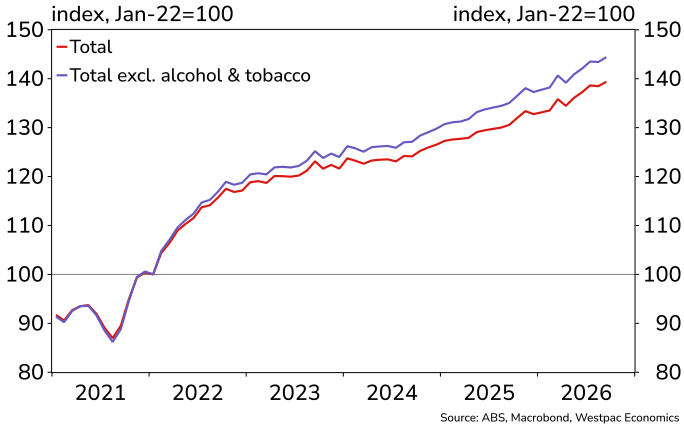
Source: , Macrobond, Westpac Economics

Contribution to growth by category: nominal



Source: ABS, Macrobond, Westpac Economic

Nominal spending excluding alch & tobacco



Source: ABS, Macrobond, Westpac Economics

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