

# Household Spending July 2025

## Overview

Household spending rose a seasonally adjusted 0.5% in July, in line with market expectations and more than the 0.3% in the previous month (revised down from +0.5%).

The gain in household spending in June was driven by services (+1.6%), while goods retreated by 0.3%. Essential items saw a relatively stronger increase (+0.8%), while discretionary items picked up by 0.4%.

Seasonally Adjusted, %	MoM	YoY
Goods	-0.3	2.7
Services	1.6	8.0
Discretionary	0.4	4.6
Non-discretionary	0.8	5.9
Total	0.5	5.1

## Spending Categories

Virtually all spending categories associated with goods declined in July, with alcoholic beverages and tobacco seeing the strongest drop of 1.9%.

At the same time, the predominantly services categories saw gains during the month, led by health (+1.8%), while recreation and culture recorded the smallest increase, at 0.2%.

Seasonally Adjusted, %	MoM	YoY
Food	-0.1	6.6
Alcoholic Beverages and Tobacco	-1.9	-18.3
Clothing and Footwear	-1.2	3.8
Furnishings and Household Equipment	-1.4	4.7
Health	1.8	8.1
Transport	1.5	2.2
Recreation and Culture	0.2	8.2
Hotels, Cafes and Restaurants	1.4	7.2
Miscellaneous Goods and Services	1.5	8.8
Total	0.5	5.1

## States

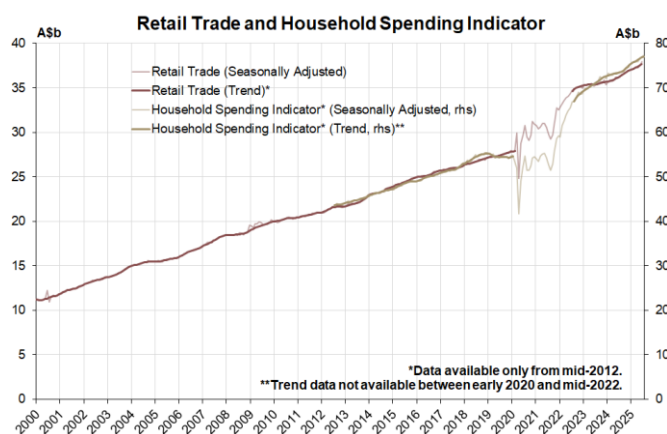
Household spending rose in most states in July, with the notable exception of New South Wales which registered a relatively strong gain in the previous month.

Western Australia saw the strongest growth, with a broad-based increase of 1.6%.

Similar to the rest of Australia, services led the gains, rising by 1.6%, the highest since January 2023. Hotels, cafes and restaurants rose by 3.1% in July, a gain not seen since September 2022.

Western Australian consumer spending for goods rose by 0.4% in July, with declines in alcohol and tobacco as well as furnishings and household equipment partially offsetting gains in spending for other goods.

Seasonally Adjusted, %	MoM	YoY
Western Australia	1.6	7.9
New South Wales	-0.3	3.9
Victoria	0.6	3.7
Queensland	0.9	6.9
South Australia	0.9	5.2
Tasmania	1.0	4.5



## Household Spending Indicator vs Retail Trade

The monthly household spending indicator is a broader measure encompassing around 2/3 of private consumption, twice the share of retail trade. In addition to retail trade, it also includes categories such as health, recreation and culture and transport.

In contrast to retail trade, which was based on business surveys, the monthly household spending indicator is derived from bank transactions, supermarket scanner transactions data, and new motor vehicle sales from the Federal Chamber of Automotive Industries and the Electric Vehicle Council.

The broader scope and higher data quality mean that the household spending indicator is a better gauge of private consumption than retail trade.

That said, the household spending indicator still does not include some important items of private consumption, such as utilities, education or insurance and other financial services.

Another drawback of the monthly household spending indicator is its relatively short time series, which only goes back to 2012 compared to the longer timeframe of the retail trade report. This makes it harder to compare the data across time, especially during significant events, such as recessions or indirect tax reforms.

## Comment

Following the upside surprise to Q2 GDP growth yesterday, caused by stronger-than-expected private consumption, the household spending indicator provides further evidence of a cautious comeback by the Australian customer.

The details of the July household spending report were more nuanced. The solid gain in services was largely driven by essential categories such as health.

The RBA and economists surveyed by Bloomberg expect a further recovery in household spending in the coming quarters, supported by lower interest rates and good labour market conditions.

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