

Household Spending August 2025

Overview

Household spending ticked up by a seasonally adjusted 0.1% in August, missing market expectations of a 0.3% gain. The July gain was revised 0.1ppts downwards to 0.4%.

Annual growth in household spending slowed by 0.3ppts to a still-solid 5.0%.

The slight increase in August came as a 0.5% gain in spending for services was almost entirely offset by a 0.2% fall in goods spending. Alternatively, a 0.2% increase in discretionary spending was offset by a 0.1% decline in essential spending.

Seasonally Adjusted, %	MoM	YoY
Goods	-0.2	2.5
Services	0.5	8.1
Discretionary	0.2	4.7
Non-discretionary	-0.1	5.6
Total	0.1	5.0

Industry Groups

Household spending was mixed among individual industry groups. While most industries saw gains in August, there were declines in alcoholic beverages and tobacco, recreation and culture, as well as furnishings and household equipment, while health saw a flat result.

Seasonally Adjusted, %	MoM	YoY
Food	0.1	6.3
Alcoholic Beverages and Tobacco	-0.9	-18.5
Clothing and Footwear	0.5	2.8
Furnishings and Household Equipment	-0.1	3.7
Health	0.0	8.0
Transport	0.8	5.6
Recreation and Culture	-0.9	6.1
Hotels, Cafes and Restaurants	0.3	6.6
Miscellaneous Goods and Services	0.8	8.9
Total	0.1	5.0

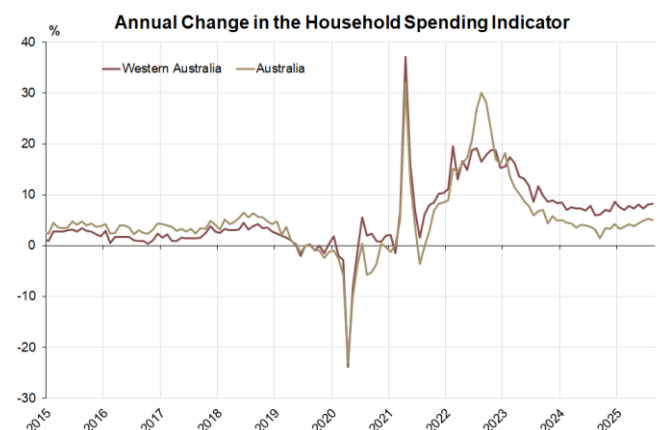
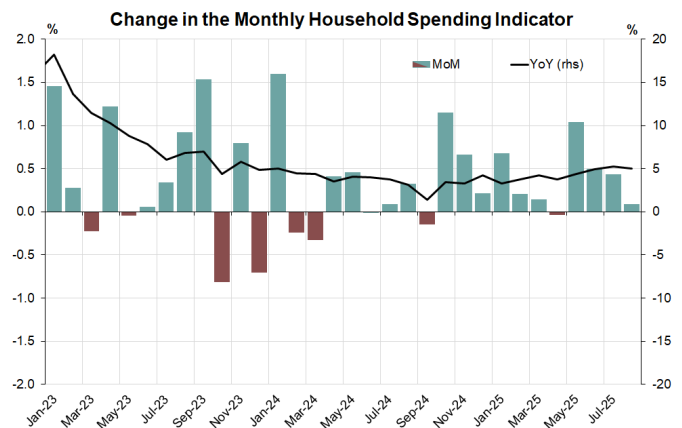
States

Household spending rose in most states in monthly terms, with the notable exceptions of New South Wales and Queensland. Annual spending growth was also clearly positive in all states.

In Western Australia, household spending rose by 0.3% in August, taking the annual rate of growth to 8.2%, the fastest of all states and the strongest this year so far.

Spending for goods declined by 0.3% in Western Australia, similar to nationwide, but services saw a 0.9% gain. Spending for discretionary items saw a 0.4% gain, while essential spending ticked up by 0.1%.

Seasonally Adjusted, %	MoM	YoY
Western Australia	0.3	8.2
New South Wales	-0.2	3.5
Victoria	0.4	4.3
Queensland	-0.3	6.3
South Australia	0.5	5.2
Tasmania	0.6	5.8



Comment

The August household spending indicator brought some tentative signs that the recent strength in private consumption may be abating a bit. However, one-month's worth of data is not enough to draw any conclusions at this stage, especially since discretionary spending outperformed essential spending in August.

Looking through the month-to-month volatilities, the trend in household spending growth slowed by 0.1ppts to a moderate 0.3% in August, but the annual rate of growth was unchanged at a solid 5.0%.

Paradoxically, some slowdown in household spending growth would be a welcome sign for the RBA. While the first and most important reason behind [the RBA turning more hawkish earlier this week](#) were the upside risks to [trimmed mean inflation](#), the other important argument was the upside surprise to [household consumption in Q2](#). The RBA was concerned that strong consumer demand could make it easier for the companies to push the cost increases onto their customers, which would pose a further upside risk to inflation.

November cash rate cut expectations rose slightly this morning, but the probability of such a move remains below 50%. It still appears that the RBA will indeed prefer to sit back and gauge the impacts of the rate cuts so far, before deciding to resume the easing cycle.

02 October 2025