

Household Spending May 2026

Overview

Household spending rebounded by a seasonally adjusted 1.3% in May (mkt exp.: 0.5%), following a 1.1% fall in April.

Annual household spending growth picked up by 0.4ppts to 5.1%.

The rise in spending in May was driven by discretionary goods and services. However, the 2.1% increase in discretionary spending was inflated by travel-related refunds returning to normal from the elevated level in April due to flight cancellations.

Non-discretionary spending eased by 0.2%, largely due to lower spending on auto fuel.

Seasonally Adjusted, %	MoM	YoY
Goods	0.1	5.9
Services	2.6	5.1
Discretionary	2.1	5.6
Non-discretionary	-0.2	5.2
Total	1.3	5.5

Industry Groups

All industry groups posted increases in May, with clothing and footwear, and transport rebounding from sharp falls in the previous month. The transport category has been especially volatile over the past three months, due to the impact of the Iran war on oil prices and the flow on effect on auto fuel and air travel.

Spending on hotels, cafes and restaurants has risen over the past two months, due to higher prices and spending on sporting and cultural events.

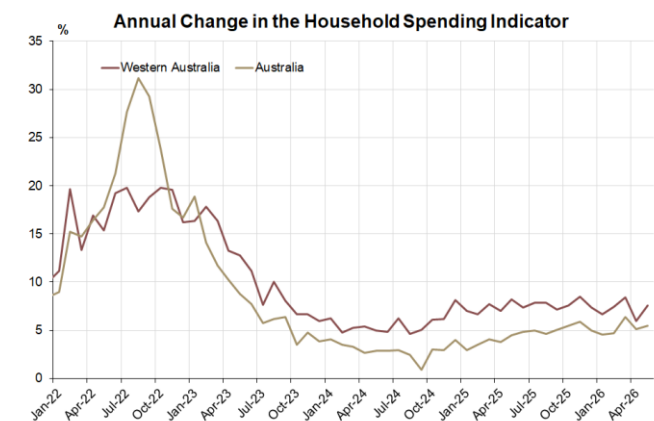
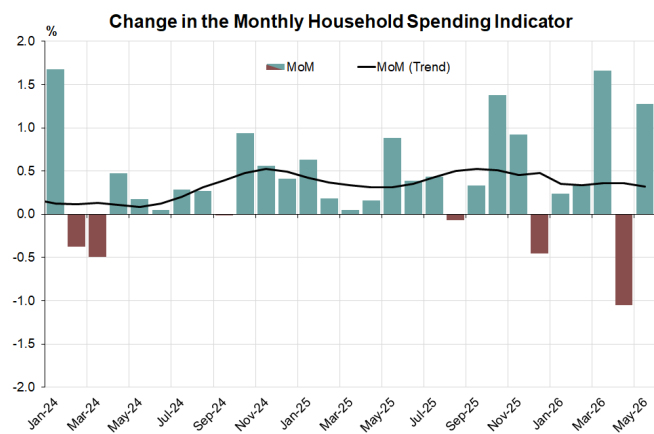
Seasonally Adjusted, %	MoM	YoY
Food	1.1	6.1
Alcoholic Beverages and Tobacco	1.0	-4.1
Clothing and Footwear	2.7	6.2
Furnishings and Household Equipment	0.8	5.8
Health	0.2	4.6
Transport	1.4	4.0
Recreation and Culture	0.8	6.9
Hotels, Cafes and Restaurants	1.9	5.4
Miscellaneous Goods and Services	2.2	9.4
Total	1.3	5.5

States

Household spending rose in all states, except for Tasmania, which saw a reversal of its April gain.

Western Australia had the largest increase among the states, with a 2.6% rise led by transport (+7.0%), alcohol and tobacco (2.4%) as well as food (2.1%).

Seasonally Adjusted, %	MoM	YoY
Western Australia	2.6	7.6
New South Wales	0.7	4.8
Victoria	1.7	4.7
Queensland	1.1	5.6
South Australia	1.6	6.8
Tasmania	-0.6	6.9



Comment

Household spending has been extremely choppy over the past three months, as the outbreak of war in the Middle East and associated impact on fuel prices drove sharp changes in spending patterns. However, looking through the volatility, monthly trend growth is tepid at just 0.3%.

This has been particularly evident in spending on transport, which has been heavily impacted by sharp changes in fuel prices and associated disruptions to air travel.

The smoke created by the Iran war will need to clear before we get a clear read on consumer spending.

Should the ceasefire hold and consumer sentiment pick up from its current very low levels, there could be a short-term boost to spending. This may be given an added boost by the recent Fair Work wage decision that will put additional income into the pockets of low-income households.

However, this potential pick-up in household spending should fade as the impact of tighter monetary policy continues to work its way through the economy. The impact that higher interest rates, combined with the changes to capital gains tax and negative gearing rules, have on the housing market, already suggests substantial headwinds ahead.

25 June 2026