ECONOMIC INDICATORS

Household Spending July 2026

Overview

Nominal household spending rose by a seasonally adjusted 1.1% in July, lifting annual growth to a three-year high of 7.0%.

This surprised market participants, who had expected gains of 0.3% MoM and 5.7% YoY. The June figures were also revised slightly upwards.

The July increase was broad-based, with a relatively stronger outcome for services, which are more dependent on domestic demand.

Seasonally Adjusted, %	MoM	YoY
Goods	0.7	7.2
Services	1.5	6.8
Discretionary	1.0	7.8
Non-discretionary	1.1	5.6
Total	1.1	7.0

Industry Groups

The strongest gains in household spending were recorded in apparel, amid price increases following the end of EOFY sales.

However, the largest positive contribution came from recreation and culture, supported by FIFA World Cup-related spending.

Other significant contributors to nominal growth were transport, as the fuel excise cut was tapered, and food.

Seasonally Adjusted, %	MoM	YoY
Food	1.0	6.5
Alcoholic Beverages and Tobacco	0.9	2.7
Clothing and Footwear	1.6	6.7
Furnishings and Household Equipment	0.4	5.6
Health	1.2	5.0
Transport	0.6	8.5
Recreation and Culture	1.5	9.7
Hotels, Cafes and Restaurants	1.1	5.9
Miscellaneous Goods and Services	1.3	7.4
Total	1.1	7.0

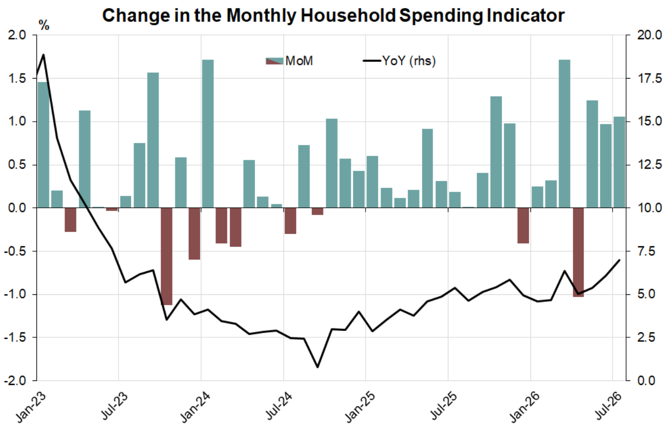
States

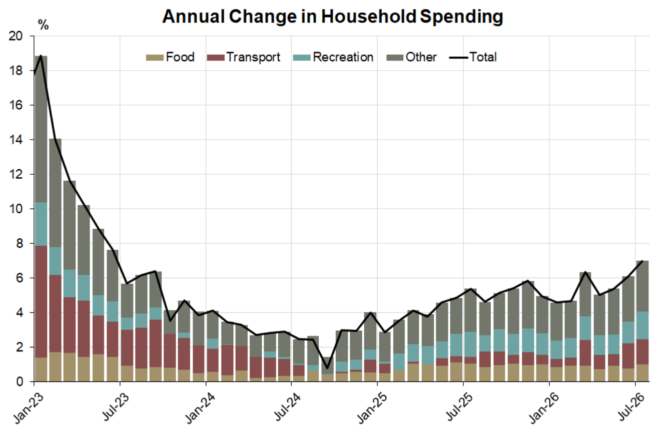
Western Australia recorded the strongest growth in household spending, with gains of 1.5% MoM and 9.9% YoY.

One third of Western Australia's household spending growth came from health, with strong contributions also from recreation and hospitality.

New South Wales and South Australia recorded the weakest monthly growth in household spending, with increases of 0.7% in both states, while Victoria saw the smallest annual gain of 6.2%.

Seasonally Adjusted, %	MoM	YoY
Western Australia	1.5	9.9
New South Wales	0.7	6.4
Victoria	1.3	6.2
Queensland	1.1	6.9
South Australia	0.7	6.9
Tasmania	1.2	8.7





Comment

The strong July household spending report was another hawkish development for the RBA, following yesterday's CPI report.

The strong result partly reflected the FIFA World Cup, which supported spending on gambling, major sporting events, and cinema attendance.

The monthly household spending figures are nominal and therefore are not adjusted for inflation. The ABS noted that price increases contributed significantly to nominal spending on food, hospitality, and fuel.

Experimental ABS data suggests that, after the fuel excise cut was trimmed, fuel spending volumes declined by 4.7% in July, following a 7.9% rise in the previous month.

While the rise in nominal household spending partly reflected higher prices, Australian households appear resilient to the effects of the US-Iran war, despite reporting sluggish confidence.

The resilience in household spending is unwelcome news for the RBA, which would like to see less demand pressure in the economy. This strengthens the case for further monetary policy tightening. Our base case remains that the RBA will not raise rates further, but the risk of additional hikes is increasing.

27 August 2026