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MEDIA RELEASE

NAB Quarterly Consumer Behaviour Survey - Q3 2018

- **Consumer anxiety rises a little further in Q3.**
- **Australians have loosened the reins on spending, but remain conservative.**
- **Australians perceive their standard of living today only moderately better than their grandparent's generation & not much better than their parents.**
- **On average, consumers believe they need a gross household income of \$102,000 to have a 'reasonable' standard of living.**

NAB's Consumer Anxiety Index increased slightly in Q3 to 59.5 points (58.8 points in Q2), underpinned by higher concerns over job security and government policy. Consumer concern over the cost of living, retirement funding and health expenditure moderated.

Cost of living is still the biggest driver of consumer anxiety, and job security is still causing the least stress. But anxiety over our jobs has now risen to its highest level since late-2016.

Anxiety was highest for Australians in the lowest income group, house renters, women aged 30-49 and for consumers with children. It was lowest for widows, consumers living in Tasmania and men over 50.

Consumers were less worried about their household financial position in Q3 and its impact on their future spending and savings plans. Concerns about the general economic situation in Australia and its impact on future spending and savings plans were also basically unchanged.

Against this background, NAB's overall spending indicator recorded its strongest result since this data was first compiled in Q3 2014. However, the net number of consumers that cut back their spending still outnumbered those that increased their spending.

Overall, more consumers said they increased spending on 'essentials' during the quarter, but fewer also spent less on 'non-essentials', particularly eating out, entertainment and personal goods.

Over the next year, we expect to spend more on holidays, home renovations & school fees and less on major household items, cars, investments and residential property.

For the first time, we asked consumers to judge their standard of living today against other generations. It was 'moderately' better than their grandparents, a little better than their parents and about the same than their children's generation.

On average, Australian consumers said having a gross annual household income of around \$102,000 would help them have a 'reasonable' standard of living. This is around \$16,000 higher than full time average total earnings of around \$86,000 per year. It may also help explain why cost of living pressures still weigh most heavily on consumers and why they don't think they've made strides in improving their standard of living against other generations.

** NAB's Australian Consumer Behaviour Survey provides insights into the mind-set of Australian consumers - anxieties around future spending and savings plans, household finances, the economy, financial concerns & how these are impacting spending behaviours and levels of financial hardship.*

For more information, please contact
Alan Oster, NAB Group Chief Economist
+(61 3) 8634 2927