

# NAB CONSUMER SENTIMENT SURVEY Q2'21

## INSIGHTS INTO CONSUMER STRESS, ATTITUDES, SPENDING PATTERNS & BEHAVIOURS



NAB Behavioural & Industry Economics

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### CONSUMER STRESS RISING AGAIN, BUT VACCINATION INTENTIONS MORE POSITIVE. COST OF LIVING CONCERNS UP, PARTICULARLY FOR RENT & UTILITIES. SHIFT TO "BUY-AUSTRALIAN" & SUPPORTING LOCAL BUSINESSES.

**Key messages:** Consumer stress rose for the second straight quarter in Q2'21, led by growing concerns over government policy, funding retirement and costs of living, despite fears over job security falling to below pre-pandemic levels. Consumer stress remains highest in NSW, ACT and VIC, but rose most in WA. Stress among consumers on lower income remains noticeably higher across all measures, particularly cost of living (rent & utilities up most). Household spending patterns and expectations for major purchases (outside of home renovations) were a little more conservative. Encouragingly, vaccination intentions are more positive, with almost 8 in 10 Australians signalling an intent to be vaccinated or have already done so if eligible. Around 1 in 10 Australians are still unsure but this is down from almost 1 in 5 in Q1. Against this background, consumer behaviours continue to point toward caution with being more mindful about where money is spent, switching to less expensive products, buying due to deals and researching before buying. That said, consumers are also more conscious of buying Australian-made and supporting local business. With consumer stress rising again and an ongoing focus on value, whether consumers will pay more for local products in the longer term remains to be seen. But for now, businesses would be well advised to promote locally sourced and produced products where possible.

The NAB Consumer Stress Index rose again (57.8 pts in Q2'21 vs. 56.6 in Q1) but is still below the survey average (59.1). Higher stress in Q2 was led by growing concern over government policy (60.8 vs. 59.0 Q1), ability to fund retirement (60.6 vs. 58.8 Q1) and cost of living (63.5 vs. 62.0 Q1). Consumers also more concerned around health expenses (57.6 vs. 56.4 Q1 and above the survey average). Consumer stress over job security eased further (46.3 vs. 47.0 Q1) to sit at its lowest level since Q3 2019.

The index rose in all states, particularly WA (up 2.7 to 55.6) and remains highest in NSW/ACT (up 0.9 to 59.3) and VIC (up 0.1 to 58.0) and lowest in TAS (up 2.4 to 52.1). NSW/ACT highest across all measures except government policy - highest in VIC (62.2). The index was lowest in TAS for all measures except health, where WA leads (54.2). Men reported higher levels of stress (58.4) than women (57.1) for the second straight quarter, driven by higher levels of concern around job security (49.5 men vs. 43.0 women), government policy (62.8 vs. 58.8) and health (58.0 vs. 57.3). Women were more stressed about retirement funding (61.6 women vs. 59.5 men) and cost of living (65.1 vs. 62.0). Consumer stress remains highest among those aged 30-49 (up 1.1 pts to 60.3) and lowest among the over 65s (despite rising 4.1 pts to 50.3). Consumers aged between 50-64 were the only group to report lower stress in Q2 (down 1.1 to 56.6). Consumers 30-49 reported the highest anxiety for all measures except government policy (highest for the over 65s at 65.7).

The gap between lower and higher income groups widened with the index rising among consumers earning less than \$35,000 p.a. (up 2.4 to 63.1) but falling for those earning above \$100,000 p.a. (down 0.9 to 53.6). Consumers on lower income remain more concerned across all measures, particularly cost of living (70.6 vs. 59.4 for higher income earners). The unemployed continue to report the highest stress of all groups (69.8).

The Australian economy is in a much better position than expected even 6 months ago. Against this backdrop, consumers were less anxious about the domestic (-0.8 to 61.0) and global (-0.8 to 63.1) economy. Concern fell in all states except WA (up 0.7 to 58.7), despite a relatively quick recovery from the COVID-induced recession. Concern was highest in VIC (63.3) where recovery has been relatively slower.

Consumer perceptions of living costs over past 3 months, in net terms remains highest for groceries (+50% vs. +49% in Q1) and utilities which rose sharply (+48% vs. +40% in Q1). Price rises were noted for all other categories except personal goods (+23% vs. +24%), with the biggest changes for rent (+34% vs. +25%), transport (+34% vs. +28%), travel and holidays (+12% vs. +6%), home improvements (+36% vs. +31%), medical expenses (+35% vs. +30%) and eating out (+25% vs. +20%). In addition to rising most, groceries are also adding most to living costs (60% of Australians), followed by utilities (47% vs. 45% in Q1), transport (23% vs. 22%), medical expenses (rising to 22% vs. 18% in Q1), mortgages (17% vs. 13%) and eating out (17% vs. 16%).

Overall household spending patterns were a little more conservative Q2 with NAB's overall spending indicator falling to -6 in Q2 (down from -4 in Q1 but up from -14 the same time last year). Overall spending patterns were more conservative in QLD, TAS, NSW/ACT and VIC, unchanged in WA and less conservative in SA/NT.

Expectations for major purchases in the next 12 months were also more conservative in Q2. On balance, expectations rose for home renovations (+7 vs. +3 Q1) and are still positive for holidays (+2 but down on Q1 +7) and private health insurance (+1 vs. +4 in Q1). But, in all other areas, consumers expect to spend less, particularly major household items (-9 vs. -6 in Q1), investment property (-8 vs. -6) and cars (unchanged at -6). The net number expecting to spend less on school fees fell (-5 vs. -7 in Q1).

In our Q1 Consumer Sentiment Survey, almost 7 in 10 people planned to get vaccinated against COVID when the vaccine was available to them. Consumers who are (or planned to be) vaccinated also indicated they would change the way they lived, worked and shopped more significantly than unvaccinated consumers. At the time of writing around 7.6% of the Australian population are now fully vaccinated. The government expects 2.8m Pfizer doses to be delivered this month. The pace of deliveries is expected to increase, with 32.6m doses due between August and December. It remains unclear what the vaccination threshold is to go from the current aggressive suppression strategy to living with the virus. It is plausible Australia could get to 80% adult vaccination by the end of November 2021, assuming low vaccine hesitancy and no bottlenecks in vaccine distribution.

In this survey we re-examined consumer intentions around being vaccinated and new research explores why they have not been vaccinated or do not intend to do so. Encouragingly, vaccination intentions were more positive in Q2, with almost 8 in 10 Australians signalling positive intent. Specifically, 37% who are currently eligible have already done so, 23% currently eligible plan to get vaccinated but have not yet done so and 19% not yet eligible plan to vaccinate when available to them. Around 13% of consumers do not intend to be vaccinated (8% eligible but don't intend to, 5% not currently eligible but no intention). Around 1 in 10 (8%) Australians are still unsure - down from almost 1 in 5 (19%) in the Q1 survey.

Vaccination uptake and intentions are noticeably more positive among men (84% vs. just 73% women). Vaccine hesitancy is higher for women (16% vs. 11% men), with uncertainty also more than twice as high among women (11% vs. 5%). By age, uptake and intentions are most positive in 65+ group (89%) and steps down progressively (to 73% for those 18-29). Almost 1 in 5 (18%) younger Australians (18-29) do not plan to be vaccinated (vs. 7% in the 65+ group), with 1 in 10 under 65s unsure. By state, uptake and positive intent is highest in NSW/ACT (81%) and VIC (80%) and lowest in QLD (73%). Vaccine hesitancy is highest in TAS (21%). Uncertainty however is highest in QLD (10%) and lowest in TAS (3%).

The reasons for not being vaccinated or not intending to be vaccinated varies across groups. Women (33%) are somewhat more concerned than men (28%) about potential side effects, but noticeably more men (27%) are waiting for an alternative to AstraZeneca (women 20%). By age, Australians under 50 were much more concerned about potential side effects than the over 50s (noting the survey was taken prior to the Government's decision to limit AstraZeneca to over 55s). Interestingly, only 4% in the 50-64 age group said they did not believe COVID-risks warrant a vaccine - just half the number who thought so in all other age groups.

Against this background, consumer behaviours continue to point toward caution with a net +42% of Australians being mindful where they spent their money (+44% Q1). Other important positive behavioural changes include being more conscious of buying Australian-made (asked for the first time and +38%), supporting local business (+35% vs. +37% in Q1), changing to less expensive products to save money (+30% vs. +27% in Q1), researching brand and product choices before buying (+23%), buying because of a great deal (+18%), and buying online to avoid going to a store (+18%).

Consumer values have shifted dramatically. Even prior to COVID-19, consumers were becoming more considered in their purchasing decisions with the aim of supporting local businesses and prioritising locally made Australian products, following the devastating drought and bushfires of 2019. These commitments have intensified as COVID brought a spotlight onto local economies and the vibrancy of local shopping and eating strips. At the same time, concerns have risen around the safety standards and environmental sustainability of foreign products, global manufacturing and supply disruptions and greater export barriers for some Australian made products. While there has clearly been a shift in consumer motivations towards a more collective rather than individualistic mindset, with consumer stress rising again and an ongoing focus on value and less expensive products, whether consumers will pay more for local products in the longer term remains to be seen. But for now, businesses would be well advised to promote locally sourced and produced products where possible.

On balance consumers continue to show some reluctance to dining out at restaurants (unchanged at -27%) and visit major shopping centres (-19% vs. -15% in Q1). With the survey conducted during the most recent VIC lockdown/restrictions, more consumers in the state avoided major shopping centres (-33%), purchased online to avoid going into a store (+28%), bought items online normally purchased in store (+26%), bought based on delivery time or cost (+14%) or purchased online and picked up in-store (+15%).

## NAB CONSUMER STRESS INDEX (100 = extremely concerned)

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
<b>Consumer Stress Index</b>	<b>57.3</b>	<b>57.0</b>	<b>55.6</b>	<b>56.6</b>	<b>57.8</b>
- Job security	49.3	50.2	48.0	47.0	46.3
- Health	56.3	56.1	56.7	56.4	57.6
- Ability to fund retirement	60.1	56.8	56.7	58.8	60.6
- Cost of living	61.9	61.1	59.9	62.0	63.5
- Government policy	58.8	60.7	56.6	59.0	60.8

## HOUSEHOLD SPENDING PATTERNS (net balance - spending more/less)

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Non-essential spending	-30	-26	-19	-15	-19
Essential spending	7	5	9	11	12
Financial spending	-2	0	2	6	5
Overall Spending Behaviours	-14	-12	-7	-4	-6

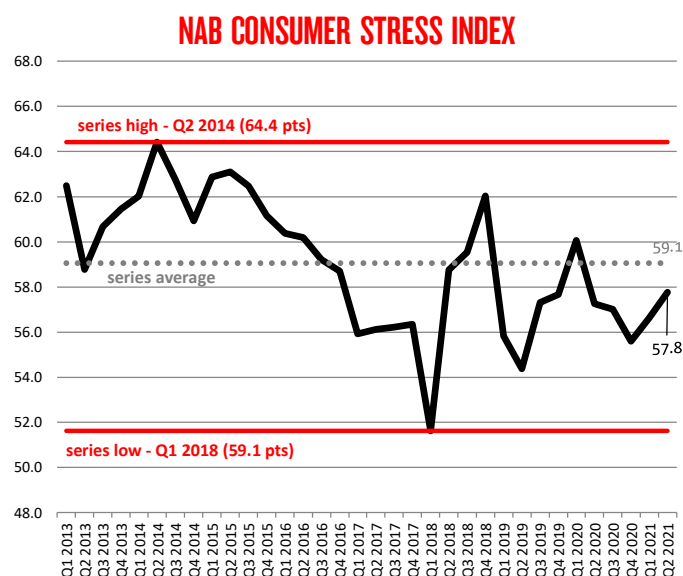
## HOUSEHOLD SPENDING PATTERNS - SPENDING CATEGORY (net balance - spending more/less)

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Travel/Holidays	-46	-40	-31	-23	-28
Eating out	-41	-32	-20	-18	-18
Entertainment	-48	-41	-32	-23	-29
Groceries	28	19	18	18	18
Home improvements	-5	-7	-3	0	-5
Major household items	-22	-19	-14	-14	-18
Utilities	25	19	17	16	18
Personal goods	-20	-18	-13	-13	-15
Medical expenses	5	8	10	13	13
Transport	-19	-14	0	8	9
Children	-4	-4	-2	2	1
Paying off debt	8	8	10	13	14
Use of credit	-10	-10	-7	-6	-8
Savings, super, investments	-3	1	4	10	7
Charitable donations	-24	-19	-16	-17	-19

## EXTENT HOUSEHOLD SHOPPING, PURCHASING & OTHER BEHAVIOURS HAVE CHANGED (net balance)

	AUST	NSW/ ACT	VIC	QLD	WA	SA/NT	TAS
Was mindful where I spent my money	42%	43%	45%	39%	36%	39%	47%
More conscious of buying Australian-made than overseas-made	38%	34%	38%	41%	38%	40%	42%
Supported local businesses	35%	34%	40%	35%	33%	34%	30%
Changed to less expensive products to save money	30%	32%	32%	30%	21%	32%	26%
Researched brand & product choices before buying	23%	24%	23%	27%	14%	22%	11%
Made purchases because of great deals	18%	19%	17%	22%	13%	19%	-4%
Purchased online to avoid going into a store	18%	19%	28%	14%	5%	10%	-4%
Purchased items online I would normally have bought in store	13%	9%	26%	11%	0%	16%	-5%
Purchased a product based on availability	12%	11%	15%	12%	10%	11%	3%
Purchased sustainable/eco-friendly products/services	10%	11%	12%	6%	4%	14%	8%
Purchased product based on delivery/time/cost	9%	9%	14%	7%	3%	6%	-4%
Visited stores based on social distance/safety/hygiene	9%	10%	14%	5%	2%	6%	-3%
Purchased a product due to convenience	8%	11%	13%	3%	4%	4%	-7%
Tried a new product or brand	4%	6%	6%	6%	-7%	5%	6%
Shopped on a new website	4%	5%	9%	1%	1%	-2%	-2%
Bought online and picked up in store	3%	2%	15%	-4%	-6%	3%	-21%
Purchased from major retailers	-2%	0%	2%	-7%	-1%	-3%	-12%
Tried a new retailer	-3%	-6%	2%	-4%	-7%	-1%	-12%
Changed my primary grocery store	-6%	-7%	-2%	-5%	-8%	-10%	-9%
Purchased items instore that I previously bought online	-11%	-8%	-9%	-18%	-10%	-13%	-13%
Shopped at a new grocery store	-11%	-10%	-7%	-18%	-13%	-13%	-3%
Made online purchases out of boredom	-16%	-16%	-6%	-26%	-17%	-13%	-43%
Visited a major shopping centre	-19%	-12%	-33%	-21%	-5%	-16%	-15%
Dined in at a restaurant	-27%	-14%	-35%	-37%	-25%	-26%	-39%

# NAB CONSUMER STRESS INDEX



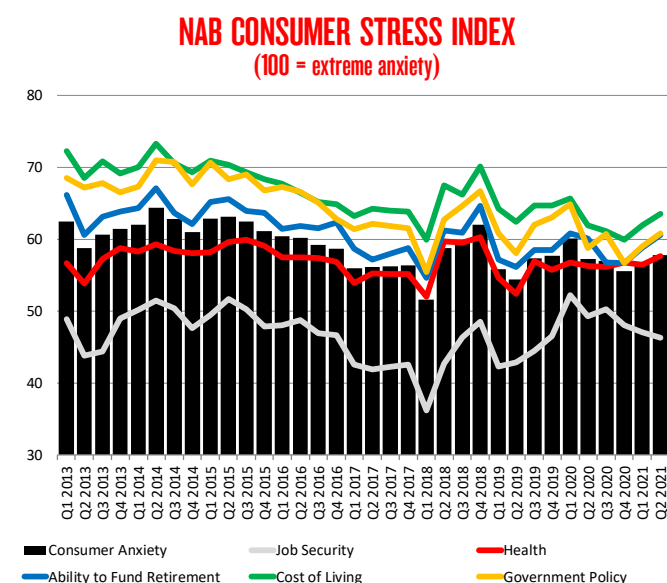
The **NAB Consumer Stress Index** ticked up for the second straight quarter to 57.8 pts in the June quarter. The Index increased from 56.6 pts in the previous quarter and from 57.3 pts on the same quarter a year ago but is still below the survey average (59.1 pts).

Higher consumer stress in Q2 was led by growing concern over government policy, which climbed to 60.8 pts (59.0 pts in Q1), ability to fund retirement (60.6 pts from 58.8 pts in Q1) and cost of living (63.5 pts up from 62.0 pts in Q1). All measures were however below survey average levels. Consumers were also more stressed about the impact on their future savings and spending plans arising from their health, which lifted to an above average 57.6 pts (56.4 pts in Q1).

With the latest official data showing levels of employment and unemployment now back to pre-pandemic February 2020 levels, and NAB expecting the unemployment rate to continue edging down over the next two years, consumer stress over job security eased to 46.3 pts in the June quarter (47.0 pts in Q1) to sit at its lowest level since Q3 2019.

Consumer stress increased in all states in the June quarter, with the biggest increase noted in WA (up 2.7 pts to 55.6). It remained highest in NSW/ACT (up 0.9 pts to 59.3) and VIC (up 0.1 pts to 58.0) and was lowest in TAS (up 2.4 pts to 52.1). Consumers in NSW/ACT reported the highest stress across all measures except government policy, which was highest in VIC (62.2 pts). Stress was lowest in TAS for all measures except health, where WA led the way (54.2 pts) - see individual state charts in Appendix 1.

By region, stress increased a little in capital cities (up 0.4 pts to 58.0 pts) and was somewhat higher than in rural areas (up 3.2 pts to 57.3) and regional cities (up 2.3 pts to 57.3). Stress in capital cities was highest for job security (48.0 pts) and health (57.9 pts). Regional cities led the way for ability to fund retirement (61.4 pts) and rural areas for cost of living (64.6 pts) and government policy (63.0 pts).



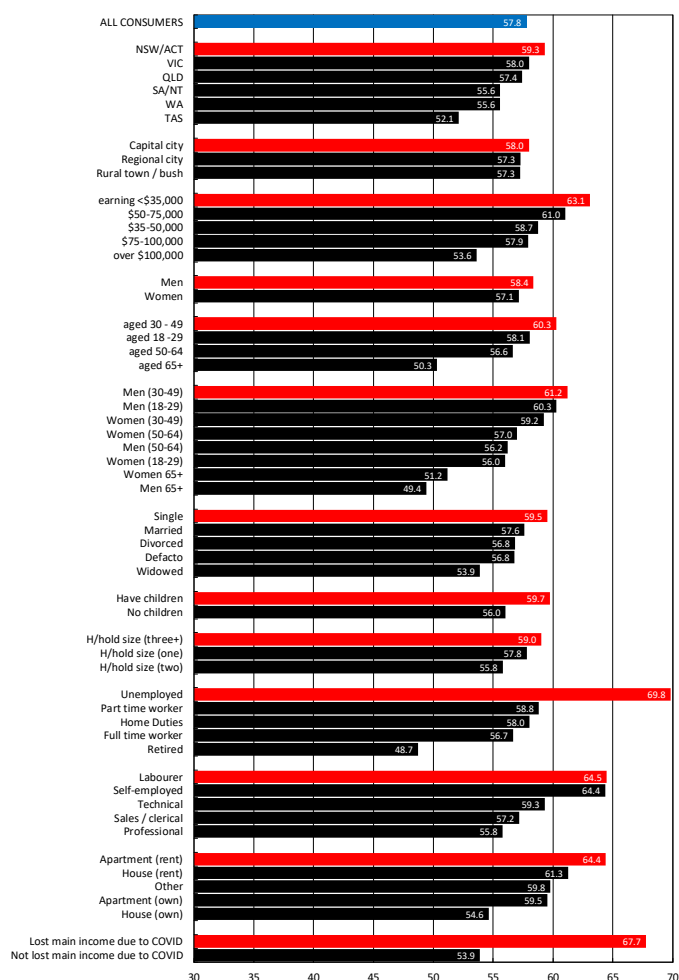
Men reported higher levels of stress (58.4 pts) than women (57.1 pts) for the second straight quarter. Men reported much higher levels of stress around job security than did women (49.5 pts men; 43.0 pts women), and moderately higher stress around government policy (62.8 pts men; 58.8 pts women) and health (58.0 pts men; 57.3 pts women). However, women were more stressed about retirement funding (61.6 pts women; 59.5 pts men) and cost of living (65.1 pts women; 62.0 pts men).

Stress remained highest in the 30-49 age group (up 1.1 pts to 60.3) and was lowest by some margin in the over 65 group despite rising by a solid 4.1 pts to 50.3. The 50-64 age group was the only group to report lower anxiety in the June quarter (down 1.1 pts to 56.6). Consumers in the 30-49 age group reported the highest anxiety for all measures except government policy, where it was highest in the over 65 group (65.7 pts).

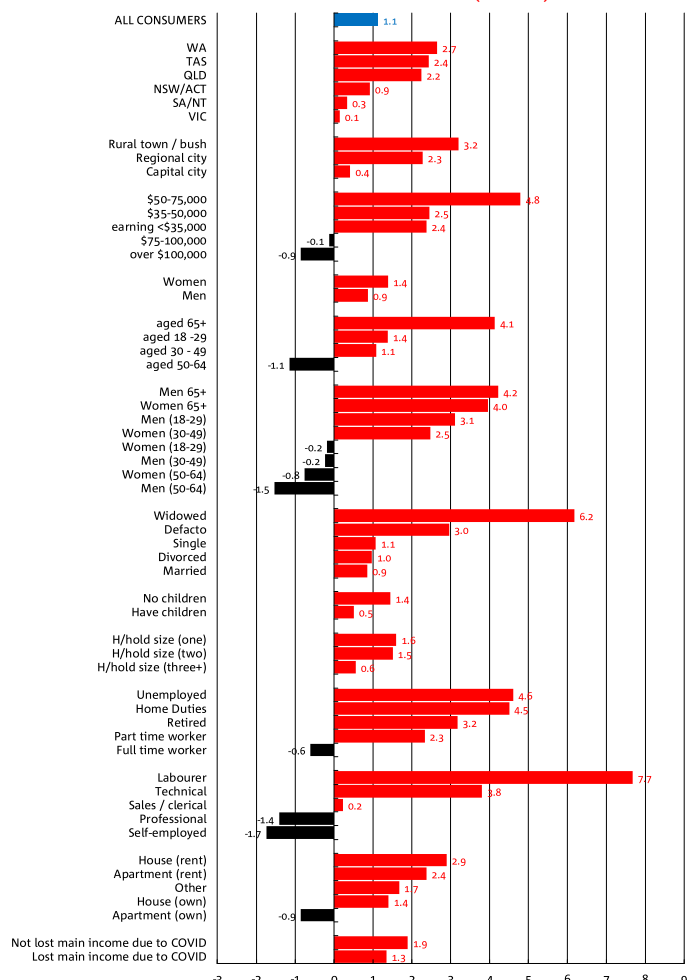
Among other findings, the stress gap between lower and higher income groups widened as stress among consumers earning less than \$35,000 p.a. increased (up 2.4 pts to 63.1) but fell for those earning over \$100,000 p.a. (down 0.9 pts to 53.6). Stress among consumers on lower income remains noticeably higher across all measures, particularly cost of living (70.6 pts low income; 59.4 pts high income). Unemployed consumers also continue to report the highest stress of all groups (69.8 pts), with stress rising most in the June quarter for labourers (up 7.7 pts) and widows (6.2 pts).



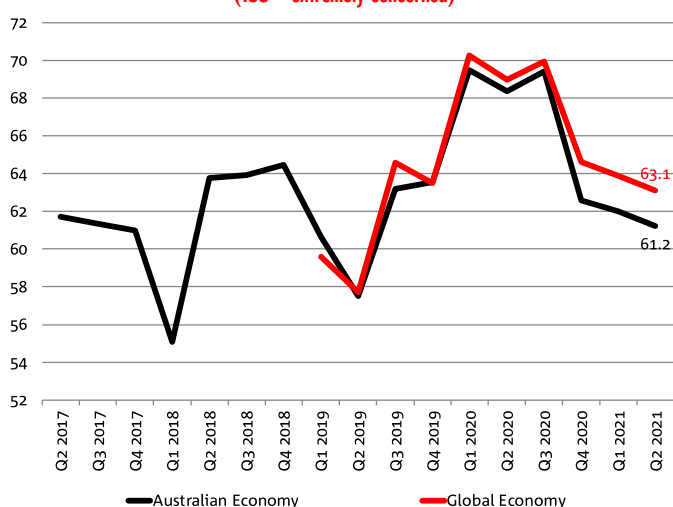
## NAB CONSUMER ANXIETY INDEX: ALL GROUPS



## NAB CONSUMER ANXIETY: ALL GROUPS (CHANGE)



## GENERAL LEVEL OF CONCERN OVER THE ECONOMY

LEVEL OF CONCERN ABOUT ECONOMIC SITUATION  
(100 = extremely concerned)

The Australian economy is in a much better position than expected even 6 months ago. The Q1 national accounts confirmed that activity has now more than recovered its pre-COVID level and that sectors most impacted by the virus continue to recover. NAB expects the key dynamics evident in the Q1 data to continue to play out. Dwelling and business investment are expected to be key supports to growth in the near-term, while services consumption will continue to recover. Goods consumption is expected to normalise over time, but at a pace that is uncertain.

High frequency indicators also continued to point to a recovery in the global economy in early 2021 - despite slowing trends in emerging market (EM) manufacturing and the resurgence of COVID-19 in a number of regions resulting in the reimposition of restrictions.

Against this backdrop, consumers were less anxious about the impact on their future spending and savings plans arising from both the domestic (down 0.8 pts to 61.0) and global (down 0.8 pts to 63.1) economies. The level of concern fell in all states except WA (up 0.7 pts to 58.7), despite a relatively quick recovery from the COVID induced recession. The level of concern was highest in VIC (63.3 pts) where recovery has been relatively slower.

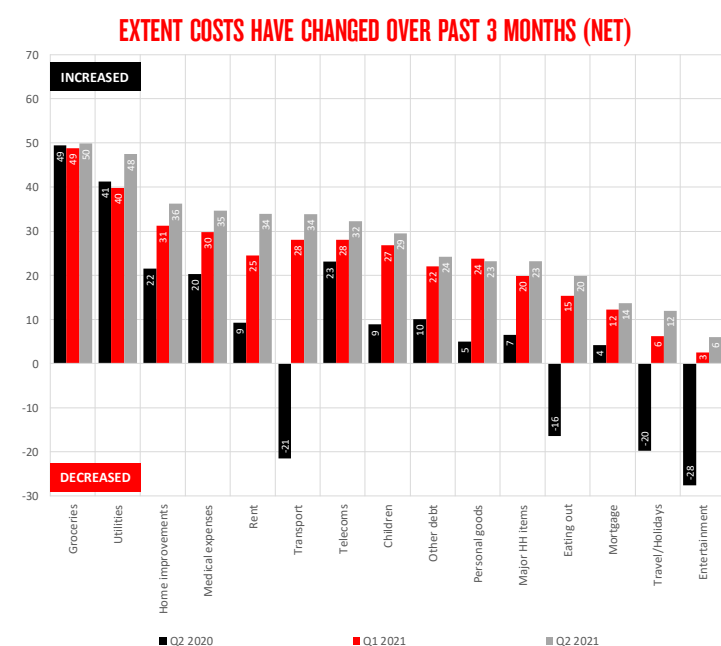
## LEVEL OF CONCERN ABOUT AUSTRALIAN ECONOMY

	NSW	VIC	QLD	WA	SA/NT	TAS
Q1 21	61.4	63.8	61.4	58.0	65.3	62.6
Q2 21	60.7	63.3	60.7	58.7	61.6	62.5

## COST OF LIVING PERCEPTIONS

How customers perceive prices is often as important as the price itself. To help better understand this, NAB's consumer sentiment survey looks at cost of living perceptions among consumers. When asked how living costs had changed in the last 3 months, perceptions remained highest for groceries at net +50% (unchanged from Q1 & same time last year +49%). Utilities was next but rose sharply to +48% from +40% in Q1 (+41% same time last year). While power prices have been falling, the median electricity bill has risen as households have spent more time at home during COVID lockdowns. The result? Households perceive prices have actually risen.

Relative to the previous quarter, perceptions about rising costs in Q2 also increased for more consumers in all other expenditure categories except personal goods (+23% vs. +24%). The biggest changes were in relation to rent (+34% vs. +25%), transport (+34% vs. +28%), travel and holidays (+12% vs. +6%), home improvements (+36% vs. +31%), medical expenses (+35% vs. +30%) and eating out (+25% vs. +20%) - see chart below. In the case of rent, consumer perceptions are accurate, at least for housing, where the cost of renting has risen. A shortage of building materials including timber, bricks and windows has also led to cost increases for renovations.



Consumers were also asked to identify the top 3 things that added most to their own cost of living over the past 3 months.

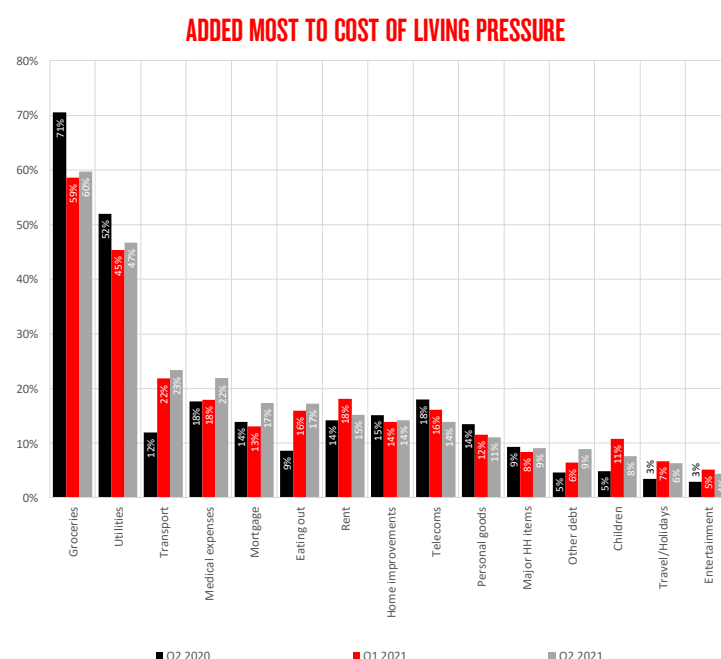
The bottom chart on the left shows that not only was the cost of groceries perceived to have increased by most consumers in Q2, it also added most to their cost of living pressures according to 60% of all Australians - and this was up slightly from 59% in the previous quarter.

Utilities was the next biggest contributor to cost of living pressure according to 47% of all consumers (45% in Q1), followed by transport (23% from 22% in Q1), medical expenses (which jumped to 22% from 18% in Q1), mortgages (17% from 13% in Q1) and eating out (17% from 16% in Q1). Interestingly, while there was a noticeable increase in the net number of people who said their rents had increased over the quarter, the number who said it added most to their cost of living pressure fell to 15% (18% in Q1).

The tables on the following page show perceptions of how living costs changed by state and what added most to cost of living pressures during the June quarter.

The extent costs changed was highest for groceries according to most consumers in all states. However, the net number of consumers who said prices increased ranged from +55% in WA and to +34 in TAS. Noticeably more consumers in VIC (+53%) and WA (+51%) said their utility costs had risen than in other states, those in QLD and SA/NT (+38%) medical expenses, SA/NT rents (+44%), QLD (+43%) and WA (+42%) transport, TAS telecoms (+50%) and mortgages (+27%) and WA (+26%) and QLD (+23%) travel and holidays.

When looking at what added most to cost of living pressures, some key differences included a noticeably higher number of consumers calling out utilities in VIC (54%), transport in QLD (31%), eating out (29%), rent (20%) and travel and holidays (11%) in TAS, home improvements in WA (17%) and SA/NT (17%), telecoms in VIC (15%) and WA (15%) and other debt in QLD (11%) and NSW/ACT (10%).



## EXTENT COSTS HAVE CHANGED OVER THE PAST 3 MONTHS: STATE (net balance)

	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Groceries	50	47	51	53	55	46	34
Utilities	48	47	53	45	51	34	41
Home improvements	36	33	32	42	40	42	46
Medical expenses	35	35	32	38	34	38	24
Rent	34	35	25	37	41	44	33
Transport	34	33	23	43	42	37	37
Telecoms	32	34	33	30	33	21	50
Children	29	32	29	29	33	22	22
Other debt	24	25	23	26	26	19	23
Personal goods	23	21	21	28	25	29	13
Major HH items	23	20	21	28	25	28	31
Eating out	20	19	11	26	28	30	0
Mortgage	14	16	13	13	12	7	27
Travel/Holidays	12	7	4	23	26	16	2
Entertainment	6	5	-2	10	16	18	-5

## ADDED MOST TO COST OF LIVING PRESSURES OVER PAST 3 MONTHS: STATE (% of total responses)

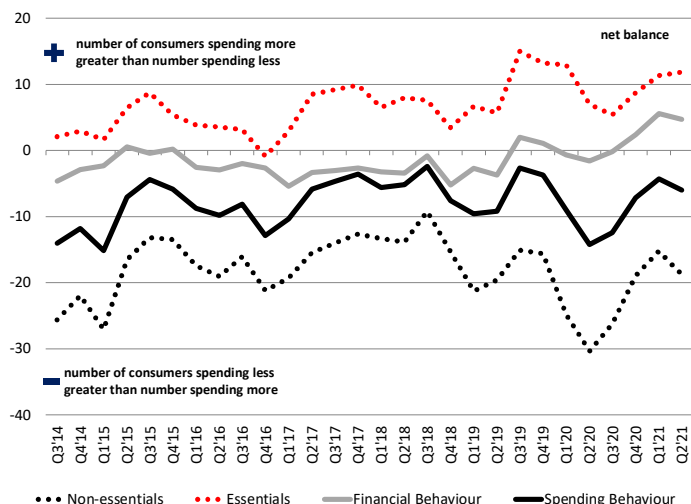
	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Groceries	60%	57%	61%	63%	64%	54%	62%
Utilities	47%	46%	54%	41%	49%	38%	47%
Transport	23%	22%	17%	31%	28%	23%	28%
Medical expenses	22%	22%	21%	23%	26%	19%	10%
Mortgage	17%	16%	19%	17%	20%	14%	19%
Eating out	17%	19%	19%	13%	15%	14%	29%
Rent	15%	17%	12%	16%	15%	16%	20%
Home improvements	14%	15%	13%	11%	17%	17%	13%
Telecoms	14%	13%	15%	14%	15%	13%	9%
Personal goods	11%	12%	13%	11%	8%	10%	7%
Major HH items	9%	9%	10%	9%	9%	7%	5%
Other debt	9%	10%	7%	11%	7%	6%	9%
Children	8%	8%	8%	7%	8%	6%	2%
Travel/Holidays	6%	7%	5%	5%	6%	8%	11%
Entertainment	4%	7%	3%	1%	6%	4%	5%

## ADDED MOST TO COST OF LIVING PRESSURES (% of total responses)

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Groceries	71%	66%	62%	59%	60%
Utilities	52%	52%	46%	45%	47%
Transport	12%	14%	17%	22%	23%
Medical expenses	18%	19%	20%	18%	22%
Mortgage	14%	12%	14%	13%	17%
Eating out	9%	12%	16%	16%	17%
Rent	14%	15%	17%	18%	15%
Home improvements	15%	14%	16%	14%	14%
Telecoms	18%	18%	15%	16%	14%
Personal goods	14%	12%	11%	12%	11%
Major HH items	9%	9%	10%	8%	9%
Other debt	5%	7%	7%	6%	9%
Children	5%	5%	6%	11%	8%
Travel/Holidays	3%	4%	5%	7%	6%
Entertainment	3%	4%	4%	5%	4%

# HOUSEHOLD SPENDING PATTERNS & EXPECTATIONS

## HOUSEHOLD SPENDING PATTERNS: AUSTRALIA



Overall household spending patterns were a little more conservative Q2. NAB's measure of household spending patterns (which counts the number of consumers that spent more on a range of items against those that spent less) showed an increase in the net number of consumers (on balance) cutting back their spending relative to the previous quarter.

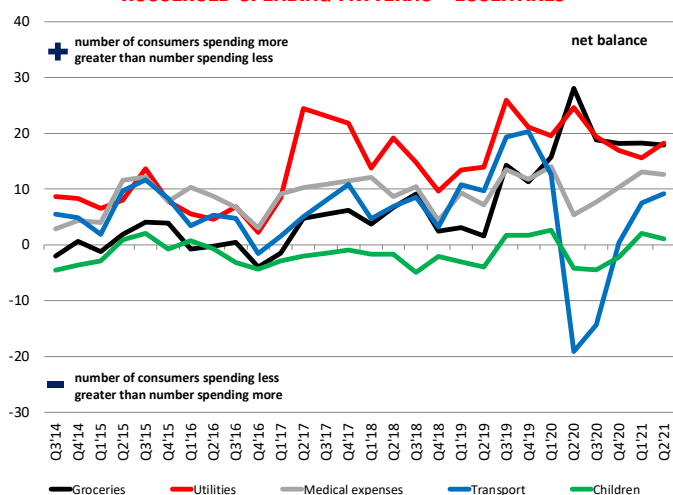
NAB's overall spending indicator fell to -6 in Q2, down from -4 in Q1 but up from -14 at the same time last year. Spending continues being driven by essentials (+12), with the net number spending more in this category up slightly from the previous quarter (+11). The net number cutting back on non-essentials also increased to -19 from -15 in Q1, and fell for financial spending to +5 (from a survey high +6 in Q1).

The table below shows that overall spending patterns were more conservative in QLD, TAS, NSW/ACT and VIC, unchanged in WA and less conservative in SA/NT.

## HOUSEHOLD SPENDING PATTERNS: OVERALL (NET)

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Australia	-14	-12	-7	-4	-6
NSW/ACT	-13	-11	-8	-3	-4
VIC	-14	-14	-5	-3	-5
QLD	-17	-14	-9	-5	-11
WA	-14	-13	-6	-6	-6
SA/NT	-19	-8	-7	-7	-5
TAS	-8	-10	-6	-11	-13

## HOUSEHOLD SPENDING PATTERNS - ESSENTIALS



Overall, the net number of consumers spending more on essentials rose for the third straight quarter to +12 in Q2 up from +11 in Q1 and +7 at the same time last year.

The net number that increased spending on utilities rose to +18 (+16 in Q1) and on transport to +9 (+8 in Q1). The net number spending more on groceries (+18) and medical expenses (+13) was unchanged. The net number of consumers spending more on their children was however slightly lower at +1 (+2 in Q1).

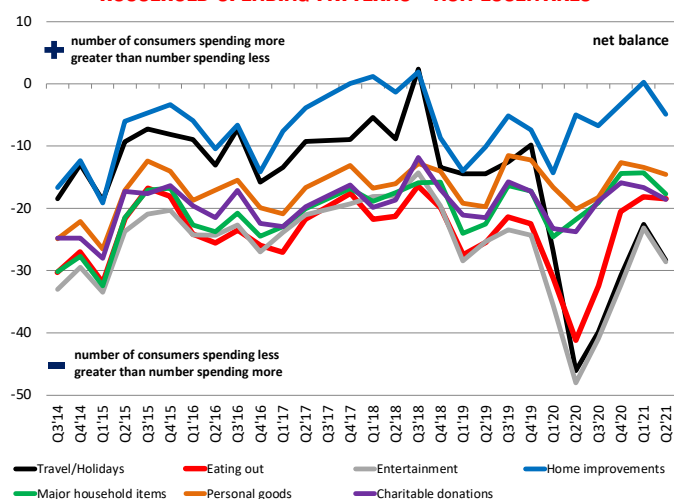
The table below shows the net number spending more on essentials outweighed those spending less in all states. But while the number doing so increased in VIC (+14 vs. +11 in Q1), WA (+12 vs. +11) and SA/NT (+11 vs. +9), it was unchanged in NSW/ACT (+13) and fell in QLD (+9 vs. +11) and TAS (0 vs. +2).

## HOUSEHOLD SPENDING PATTERNS: ESSENTIALS (NET)

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Australia	7	5	9	11	12
NSW/ACT	8	7	9	13	13
VIC	8	1	9	11	14
QLD	6	7	6	11	9
WA	5	2	10	11	12
SA/NT	5	8	11	9	11
TAS	10	14	12	2	0



## HOUSEHOLD SPENDING PATTERNS - NON ESSENTIALS



The net number that cut back their non-essential spending increased to -19 spending in Q2 (-15 in Q1), but up from -30 in Q2 2020.

The net number of consumers cutting back on non-essential spending increased in all spending categories, except eating out where it was unchanged (-18).

The highest number of consumers pared back their non-essential spending on entertainment (-29 vs. -23 in Q1), travel and holidays (-28 vs. -23) and home improvements (-5 vs. 0).

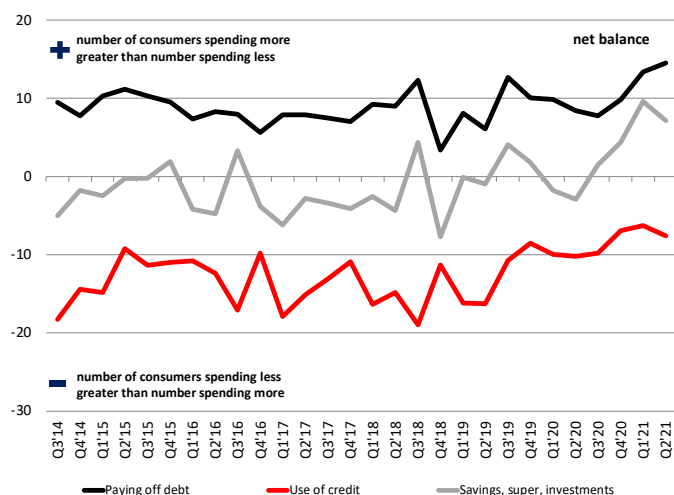
The table below shows the number of consumers that cut back non-essential spending fell in all states, except SA/NT where it improved a little (-17 vs. -18 in Q2) and TAS where it was unchanged at -22.

In QLD, the number cutting back rose most sharply (-24 vs. -16 in Q1) - see Appendix 2 for individual state charts.

## HOUSEHOLD SPENDING PATTERNS: NON-ESSENTIALS (NET)

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Australia	-30	-26	-19	-15	-19
NSW/ACT	-28	-26	-20	-14	-16
VIC	-30	-27	-16	-13	-19
QLD	-33	-29	-20	-16	-24
WA	-28	-24	-19	-17	-18
SA/NT	-37	-20	-19	-18	-17
TAS	-23	-27	-20	-22	-22

## HOUSEHOLD SPENDING PATTERNS - FINANCIAL



Overall financial spending patterns (paying off debt, using credit cards and savings, investments & superannuation) was a little less positive in Q2, with the overall net number of consumers who increased spending in this category falling slightly to +5, from a survey high +6 in Q1, but remains significant stronger than at the same time last year when the number of consumers cutting back exceeded the number spending more (-2).

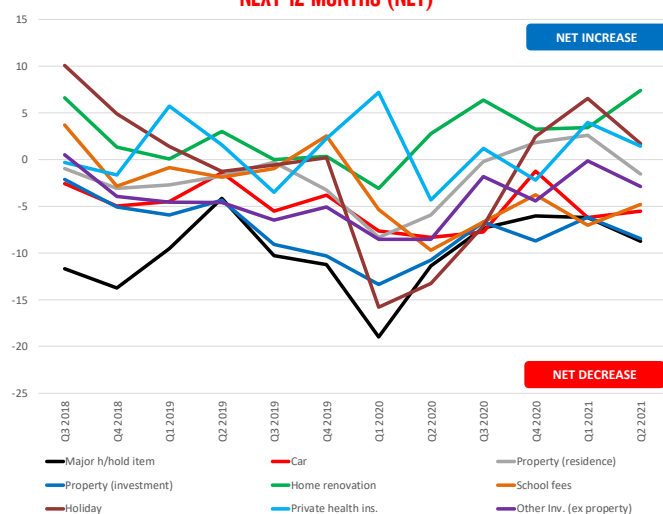
Overall, the net number of consumers paying off debt rose slightly to +14 (+13 in Q1), but the number spending more on their super, savings or investments fell to +7 (+10 in Q2). More consumers also said they cut back on their use of credit (-8) than in the previous quarter (-6).

Financial spending was positive in all states except SA/NT (-1). It rose sharply in TAS to +8 (-1 in Q1), was unchanged in QLD (+4) and fell slightly in both NSW/ACT (+6 vs. +7 in Q1) and VIC (+5 vs. +6 in Q1).

## HOUSEHOLD SPENDING PATTERNS: FINANCIAL (NET)

	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
Australia	-2	0	2	6	5
NSW/ACT	-2	0	3	7	6
VIC	0	4	2	6	5
QLD	-3	-4	1	4	4
WA	-2	-2	4	6	5
SA/NT	-2	-2	3	3	-1
TAS	3	-8	-5	-1	8

### EXPECTATIONS IN REGARDS TO MAKING MAJOR PURCHASES IN NEXT 12 MONTHS (NET)



Expectations for major purchases in the next 12 months were also more conservative in Q2, with consumers either less positive or more negative about their intentions in most categories.

On balance, more consumers expect to spend more than less on home renovations (+7) than in Q1 (+3). More also still expect to also spend more on holidays (+2), but fewer than in Q1 (+7). A similar pattern was evident with intentions for private health insurance (+1 vs. +4 in Q1). In all other areas, they expect to spend less, particularly major household items (-9 vs. -6 in Q1), investment property (-8 vs. -6) and cars (unchanged at -6). The net number expecting to spend less on school fees however fell (-5 vs. -7 in Q1).

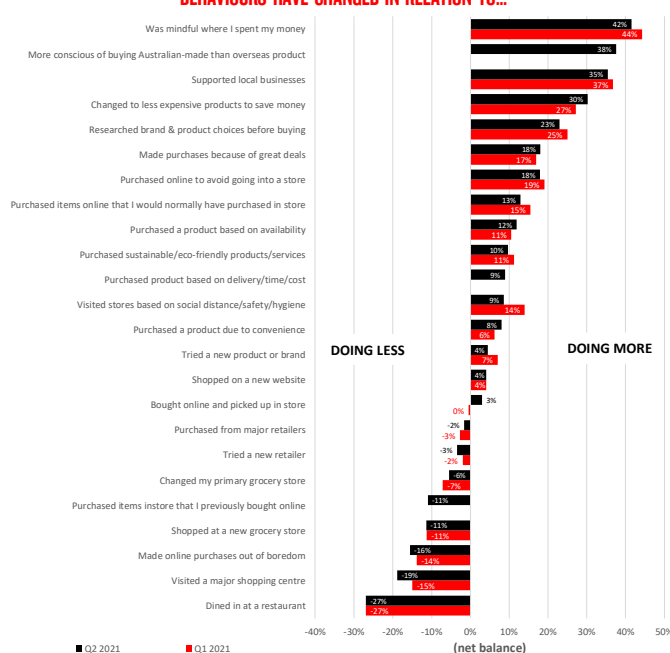
By state, we noted a higher net number who expect to spend less than more on major household items (-14) and school fees in TAS (-15), property investment (-19) in WA, cars in NSW/ACT (-10) and other investments in VIC (-10). We also noted a higher net number of consumers with positive intentions for purchasing residential property in TAS (+19), home renovations in QLD (+17) and holidays in WA (+6).

### EXPECTATIONS FOR MAKING MAJOR PURCHASES IN THE NEXT 12 MONTHS (NET)

	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Major h/hold item	-10	-4	-12	-10	-6	-14
Car	-10	-2	-4	-2	-5	0
Property (residence)	-6	0	0	4	-6	19
Property (investment)	-6	-8	-10	-19	-8	0
Home renovation	-2	11	17	7	10	6
School fees	-3	0	-11	-12	-7	-15
Holiday	0	1	3	6	2	0
Private health ins.	2	-3	10	-3	-1	2
Other Investments (excluding property)	-3	-10	6	-8	7	8

## HOUSEHOLD SHOPPING, PURCHASING & OTHER BEHAVIOURS

### EXTENT YOUR HOUSEHOLD'S SHOPPING, PURCHASING & OTHER BEHAVIOURS HAVE CHANGED IN RELATION TO...



Consumers were asked to think back about their shopping, purchasing and other behaviours over the past 3 months and estimate the extent they had changed their behaviour in several areas.

In terms of doing more, a net +42% said they were being mindful of where they spent their money (+44% in Q1).

The next most obvious behaviours were being more conscious of buying Australian-made (asked for the first time) at +38%, supporting local business (+35% vs. +37% in Q1) and changing to less expensive products to save money (+30% vs. +27% in Q1).

Other areas where a significantly greater number of consumers said they were doing more included researching brand and product choices before buying (+23%), buying because of a great deal (+18%), and buying online to avoid going to a store (+18%).

The number of consumers who dined less in a restaurant again heavily outweighed those who dined out more often but was unchanged at -27%. However, net the number visiting major shopping centres (-19% vs. -15% in Q1) or making online purchases out of boredom (-16% vs. -14%) increased. New research also shows that more consumers on balance were still hesitant to purchase items instore that they previously bought online (-11%), but more were buying products based on delivery time or cost (+9%).

The table below shows how consumer behaviours changed by state during the quarter. Among some key differences, it showed more consumers in TAS (+47%), VIC (+45%) and NSW/ACT (+43%) were mindful of where they spent money than in other states. TAS (+42%), QLD (+41%) and SA/NT (+40%) were the most conscious about buying Australian made, and consumers in VIC (+40%) about supporting local business.

With the survey conducted during the most recent VIC lockdown/restrictions, noticeably more consumers changed their behaviours in regards to buying online to avoid going into a store (+28%) or buying things online they normally purchased in store (+26%), bought products based on delivery time or cost (+14%) or purchased online and picked up from a store (+15%). Also apparent was the much higher number of VIC consumers who did not visit a major shopping centre (-33%).

Noticeably more consumers dined less in restaurants in all states, led by TAS (-39%) and QLD (-37%). Consumers in TAS were also far less likely to have made a purchase out of boredom (-43%). Buying a product due to convenience was more common in VIC (+13%) and NSW/ACT (+11%) than in other states

Among some other observations, the highest number of consumers that exhibited negative behaviour towards buying items in store previously bought online (-18%) or shopped at a new grocery store (-18%) was highest in QLD, while the number of consumers who bought online and picked up in store (-21%), bought from major retailers (-12%) or tried a new retailer (-12%) was noticeably higher in TAS.

## EXTENT HOUSEHOLD SHOPPING, PURCHASING & OTHER BEHAVIOURS HAVE CHANGED

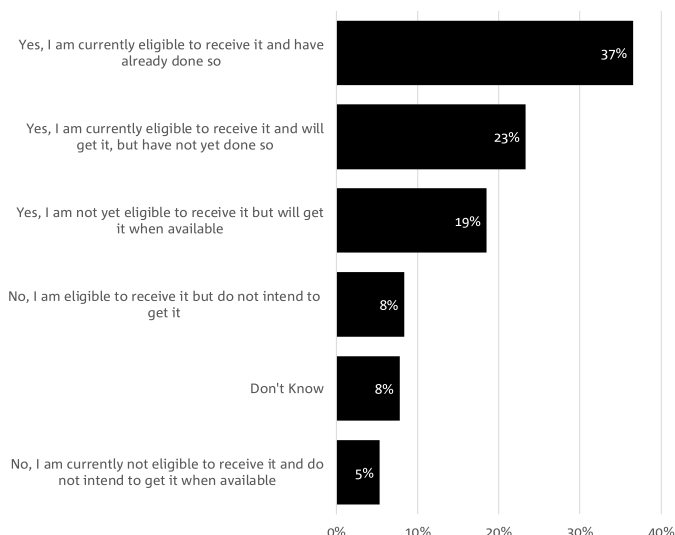
	AUS	NSW/ ACT	VIC	QLD	WA	SA/NT	TAS
Was mindful where I spent my money	42%	43%	45%	39%	36%	39%	47%
More conscious of buying Australian-made	38%	34%	38%	41%	38%	40%	42%
Supported local businesses	35%	34%	40%	35%	33%	34%	30%
Changed to less expensive products to save money	30%	32%	32%	30%	21%	32%	26%
Researched brand & product choices before buying	23%	24%	23%	27%	14%	22%	11%
Made purchases because of great deals	18%	19%	17%	22%	13%	19%	-4%
Purchased online to avoid going into a store	18%	19%	28%	14%	5%	10%	-4%
Purchased items online normally purchased in store	13%	9%	26%	11%	0%	16%	-5%
Purchased a product based on availability	12%	11%	15%	12%	10%	11%	3%
Purchased sustainable/eco-friendly products/services	10%	11%	12%	6%	4%	14%	8%
Purchased product based on delivery/time/cost	9%	9%	14%	7%	3%	6%	-4%
Visited stores based on social distance/safety/hygiene	9%	10%	14%	5%	2%	6%	-3%
Purchased a product due to convenience	8%	11%	13%	3%	4%	4%	-7%
Tried a new product or brand	4%	6%	6%	6%	-7%	5%	6%
Shopped on a new website	4%	5%	9%	1%	1%	-2%	-2%
Bought online and picked up in store	3%	2%	15%	-4%	-6%	3%	-21%
Purchased from major retailers	-2%	0%	2%	-7%	-1%	-3%	-12%
Tried a new retailer	-3%	-6%	2%	-4%	-7%	-1%	-12%
Changed my primary grocery store	-6%	-7%	-2%	-5%	-8%	-10%	-9%
Purchased items instore previously bought online	-11%	-8%	-9%	-18%	-10%	-13%	-13%
Shopped at a new grocery store	-11%	-10%	-7%	-18%	-13%	-13%	-3%
Made online purchases out of boredom	-16%	-16%	-6%	-26%	-17%	-13%	-43%
Visited a major shopping centre	-19%	-12%	-33%	-21%	-5%	-16%	-15%
Dined in at a restaurant	-27%	-14%	-35%	-37%	-25%	-26%	-39%

## COVID-19 VACCINATION INTENTIONS & CONCERNS

In NAB's last Consumer Sentiment Survey (Q1 2020), almost 7 in 10 people said they planned to get vaccinated against COVID when the vaccine was available to them. Consumers who are (or plan to be) vaccinated indicated they also planned the change the way they live, work and shop more so than unvaccinated consumers. This was especially true in regard to overseas holidays, travelling by plane, taking domestic holidays, socialising in general, social distancing and wearing face masks, eating out at restaurants and travelling on public transport.

Now 3 months down the track amid further confusion and uncertainty around vaccine rollout, we re-examine consumer intentions around being vaccinated and why they have not been vaccinated yet or plan not to do so.

### WILL YOU GET THE COVID VACCINE?



Overall, intentions about being COVID vaccinated were more positive in Q2, with almost 8 in 10 Australians signalling positive intent to be vaccinated or have already done so if eligible.

Specifically, 37% who are currently eligible to receive it have already done so, 23% who are currently eligible plan to get it but have not done so yet, and 19% who are not yet eligible plan to be when the vaccine is available to them.

In contrast, around 13% of consumers do not intend to be vaccinated - around 8% are eligible but don't intend to, and 5% are not currently eligible but also don't intend to get it when it is available to them.

Around 1 in 10 (8%) Australians are still unsure, but this was down from almost 1 in 5 (19%) in the Q1 survey.

### WILL YOU GET THE COVID VACCINE: GENDER, AGE & STATE

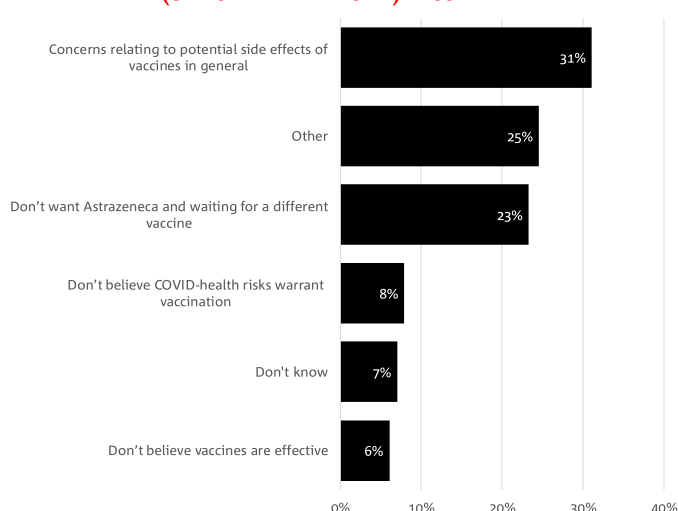
	All	Women	Men	18-29	30-49	50-64	65+	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Yes, I am currently eligible to receive it and have already done so	37%	31%	42%	16%	23%	47%	69%	33%	39%	39%	36%	38%	33%
Yes, I am currently eligible to receive it and will get it, but have not yet done so	23%	23%	24%	17%	28%	28%	19%	25%	18%	23%	30%	23%	32%
Yes, I am not yet eligible to receive it but will get it when available	19%	19%	18%	40%	25%	3%	1%	22%	23%	12%	11%	17%	12%
No, I am eligible to receive it but do not intend to get it	8%	10%	7%	7%	8%	12%	7%	8%	6%	10%	12%	8%	9%
Don't Know	8%	11%	5%	10%	8%	9%	4%	7%	8%	10%	7%	9%	3%
No, I am currently not eligible to receive it and do not intend to get it when available	5%	7%	4%	11%	7%	1%	0%	4%	6%	7%	4%	6%	11%

Vaccination uptake and intentions were noticeably more positive among men - 84% of men in total have had, are eligible or are not yet eligible but intend to do so, compared to just 73% of all women. Vaccine hesitancy was however higher for women (16% in total) than men (11%), with uncertainty also more than twice as high among women (11%) than men (5%).

By age, uptake and intentions were most positive in 65+ group (89%) and stepped down progressively in each age group to 73% in the 18-29 group. Almost 1 in 5 (18%) younger Australians in the 18-29 age group did not plan to be vaccinated (only 7% in the 65+ group), with around 1 in 10 under 65 unsure of their intentions.

By state, uptake and positive intent was highest in NSW/ACT (81%) and VIC (80%) and lowest in QLD (73%). Vaccine hesitancy was however in TAS (21%) and well ahead of the next highest QLD (17%). Uncertainty was however highest in QLD (10%) and lowest in TAS (3%).

### WHY HAVE YOU NOT BEEN (OR DON'T INTEND TO BE) VACCINATED?



Australians who are currently eligible to receive the vaccination (but have not yet done so) and those that are eligible or not yet eligible and don't intend to get it were asked why they have not been vaccinated.

Overall, around 1 in 3 (31%) cited concerns relating to potential side effects of vaccines in general and around 1 in 4 (23%) don't want AstraZeneca and are waiting for a different vaccine.

Nearly 1 in 10 (8%) don't believe COVID-health risks warrant vaccination, and 6% don't believe vaccines are effective. Around 1 in 4 (25%) Australians singled out 'other' factors, while 7% were simply unsure.

### WHY HAVE YOU NOT YET BEEN (OR DON'T INTEND TO BE) VACCINATED: GENDER, AGE & STATE

	All	Women	Men	18-29	30-49	50-64	65+	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Concerns relating to potential side effects of vaccines in general	31%	33%	28%	35%	34%	27%	25%	30%	32%	34%	27%	31%	31%
Other	25%	26%	23%	25%	27%	21%	22%	26%	24%	21%	27%	22%	35%
Don't want AstraZeneca and waiting for a different vaccine	23%	20%	27%	14%	15%	36%	37%	26%	21%	19%	25%	21%	29%
Don't believe COVID-health risks warrant vaccination	8%	7%	9%	10%	9%	4%	8%	7%	9%	9%	6%	14%	0%
Don't know	7%	8%	6%	8%	9%	4%	5%	6%	7%	8%	8%	4%	4%
Don't believe vaccines are effective	6%	6%	6%	7%	6%	7%	2%	5%	6%	8%	6%	8%	0%

The reasons for not being vaccinated or not intending to be vaccinated did however vary in key groups.

Women (33%) were somewhat more concerned than men (28%) about potential side effects (28%), but noticeably more men (27%) were waiting for a vaccine other than AstraZeneca than women (20%).

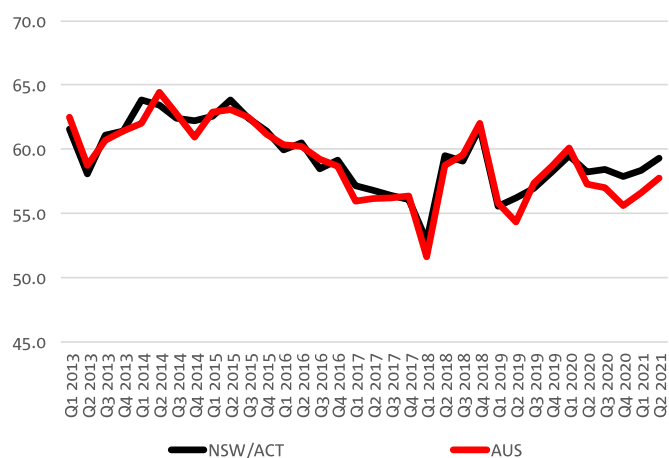
By age, Australians under the age of 50 were much more concerned about potential side effects than those over 50, while a much higher number of people over the age of 50 were waiting for a different vaccine. Interestingly, only 4% in the 50-64 age group said they did not believe COVID-risks warrant a vaccine - just half the number who thought so in all other age groups.

By state, we noted a sizeable discrepancy in the number of people living in QLD (34%) who were worried about potential side effects than in WA (27%), as well as the number of people who were waiting for a different vaccine in TAS (29%) than in QLD (19%). There was also a noticeably higher number of people in SA/NT (14%) who believed the COVID health risks did not warrant vaccination than in all other states.

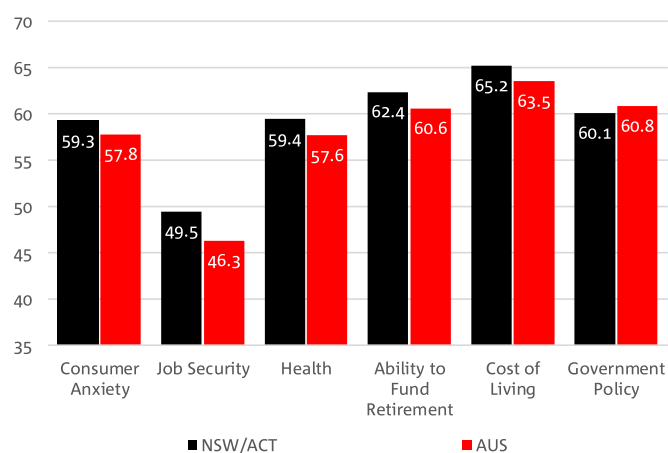


# APPENDIX 1: CONSUMER STRESS: STATES

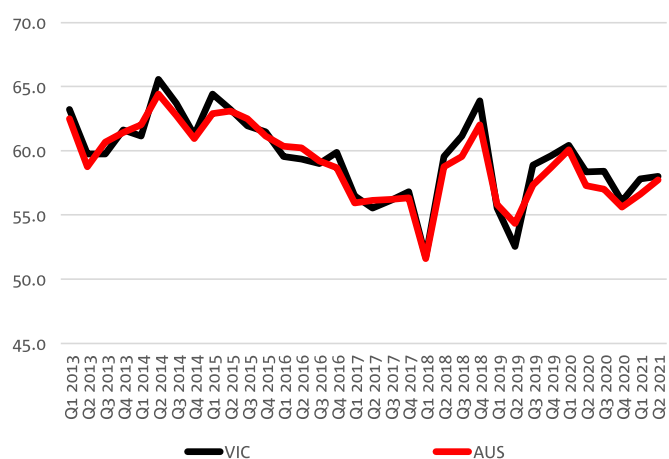
## CONSUMER STRESS: NSW/ACT



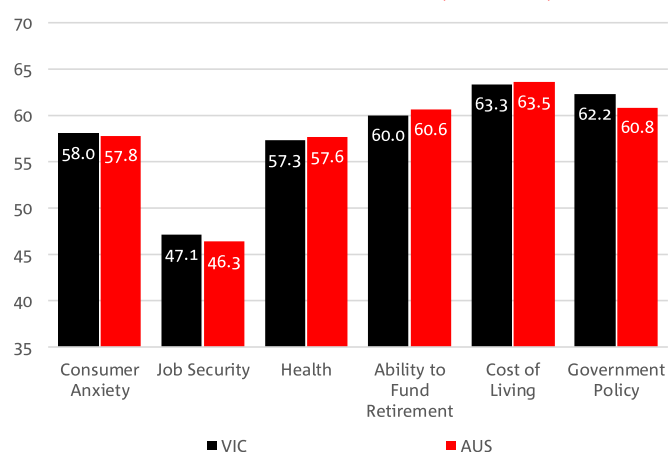
## CONSUMER STRESS: NSW/ACT (Q2 2021)



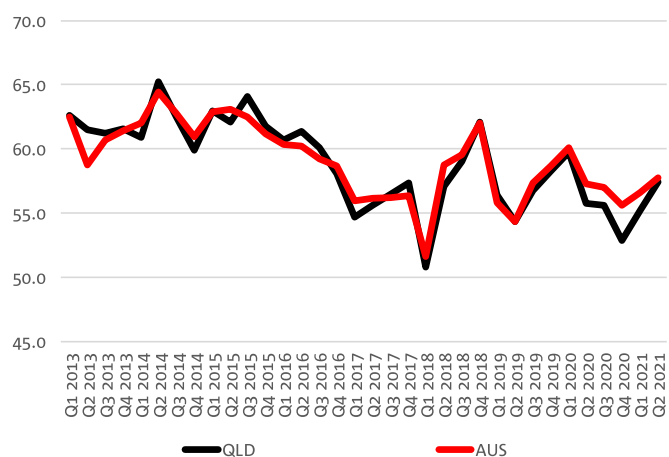
## CONSUMER STRESS: VIC



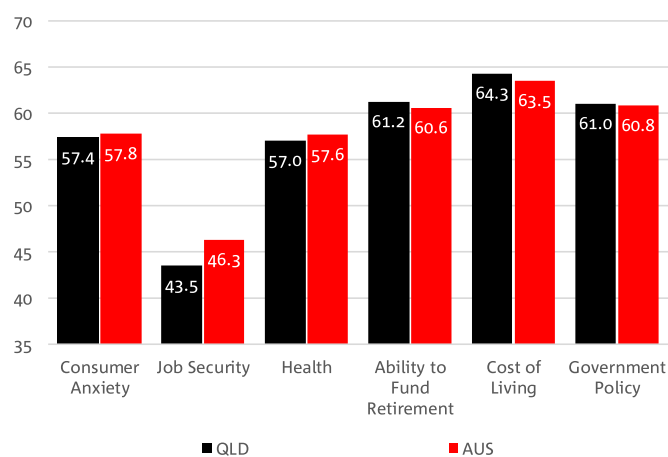
## CONSUMER STRESS: VIC (Q2 2021)

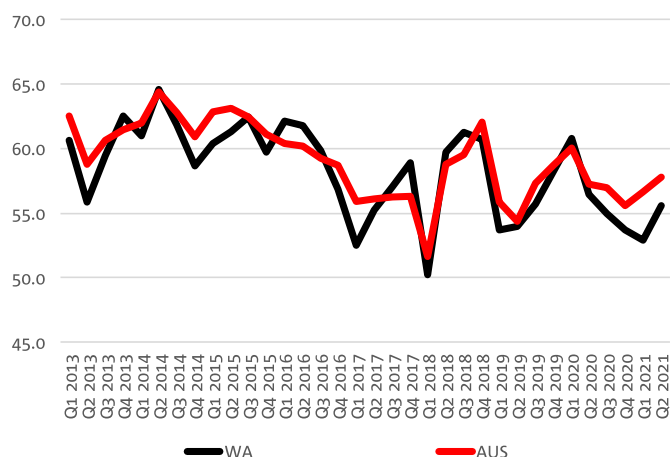
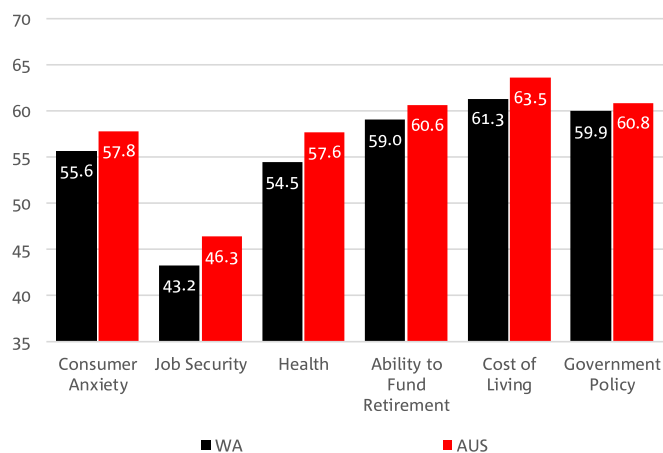
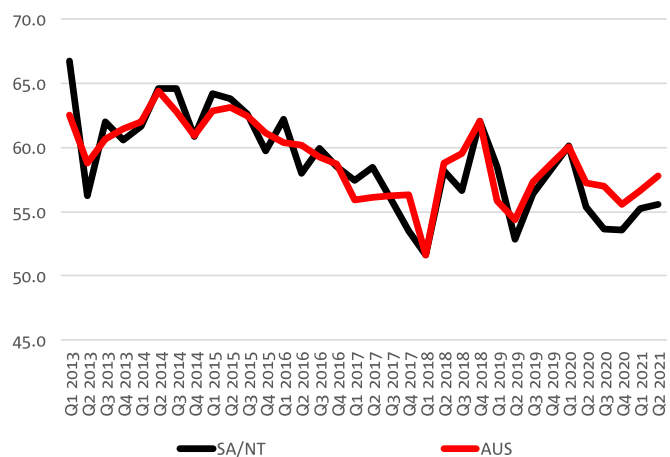
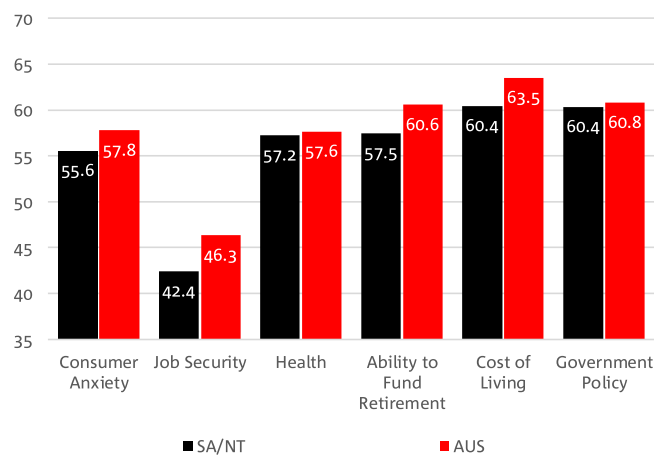
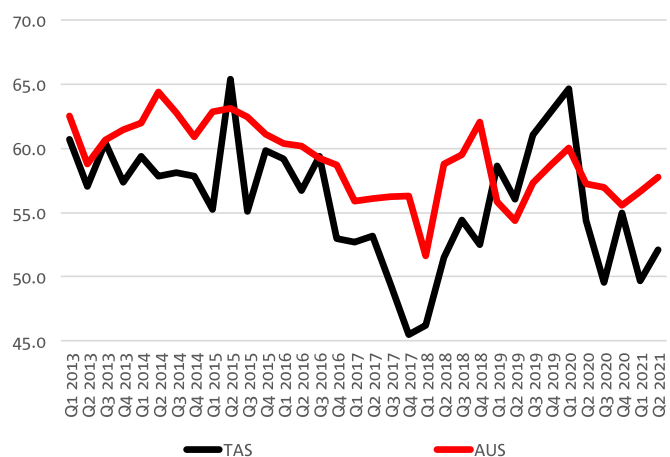
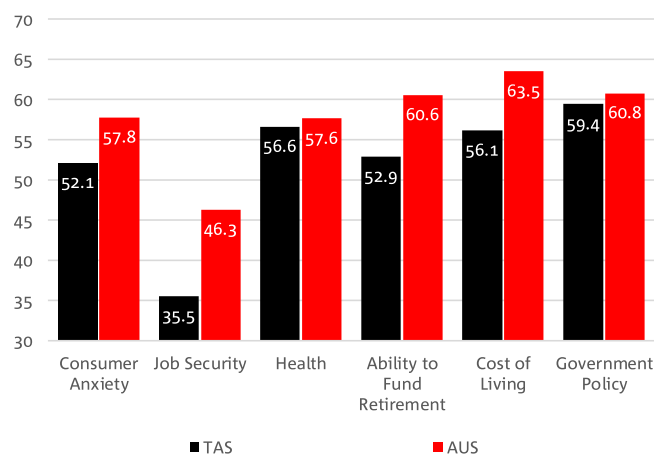


## CONSUMER STRESS: QLD



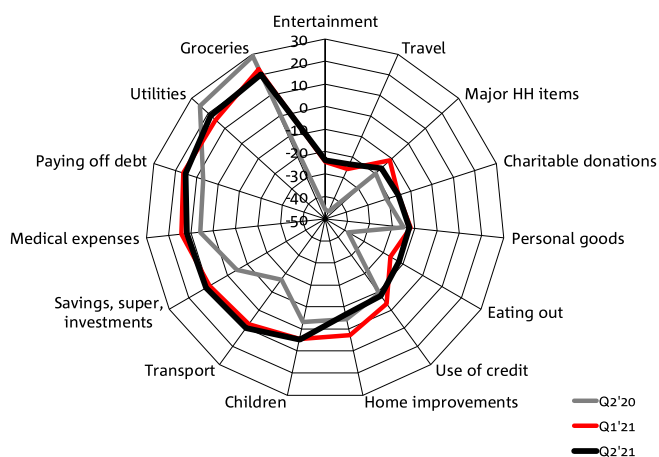
## CONSUMER STRESS: QLD (Q2 2021)



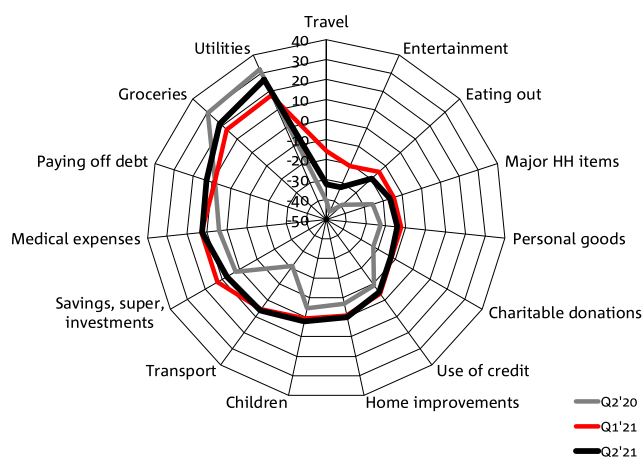
**CONSUMER STRESS: WA****CONSUMER STRESS: WA (Q2 2021)****CONSUMER STRESS: SA/NT****CONSUMER STRESS: SA/NT (Q2 2021)****CONSUMER STRESS: TAS****CONSUMER STRESS: TAS (Q2 2021)**

## APPENDIX 2: CHANGES IN SPENDING PATTERNS: STATES

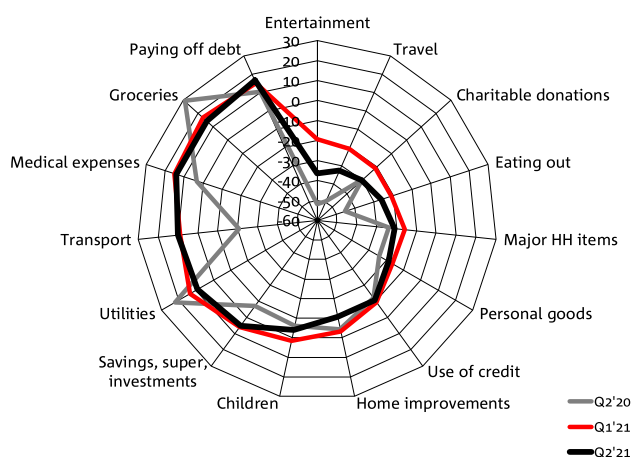
**NSW/ACT: CHANGES IN SPENDING PATTERNS**  
(net balance)



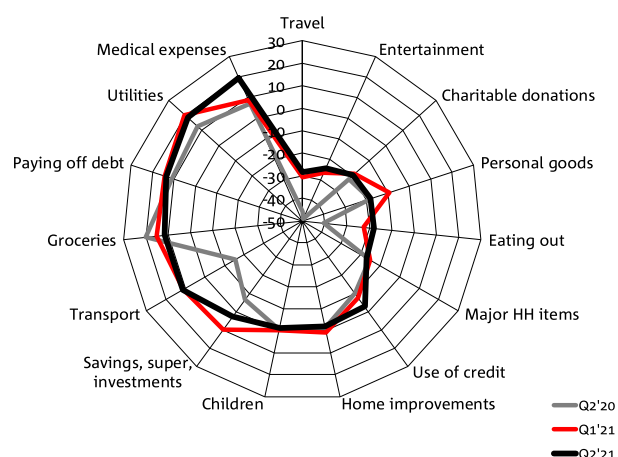
**VIC: CHANGES IN SPENDING PATTERNS**  
(net balance)



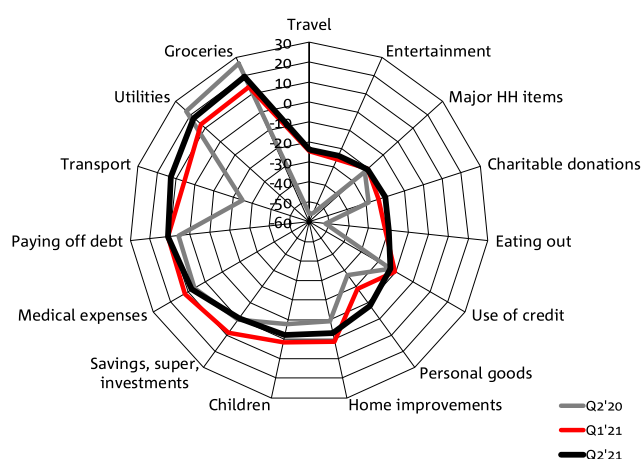
**QLD: CHANGES IN SPENDING PATTERNS**  
(net balance)



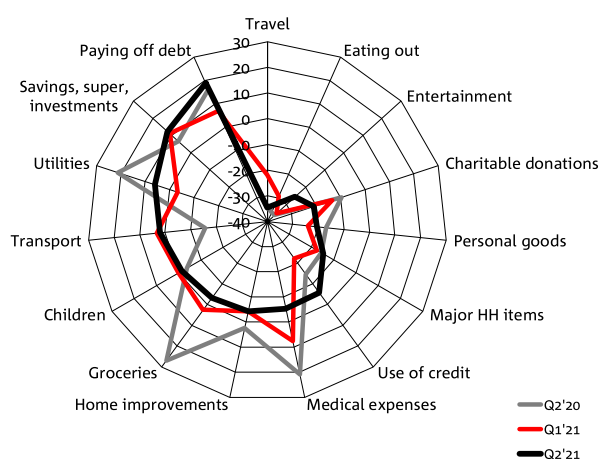
**WA: CHANGES IN SPENDING PATTERNS**  
(net balance)



**SA/NT: CHANGES IN SPENDING PATTERNS**  
(net balance)



**TAS: CHANGES IN SPENDING PATTERNS**  
(net balance)



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