

NAB CONSUMER SENTIMENT SURVEY

Insights into consumer stress, attitudes, price perceptions, spending patterns & buying behaviours



NAB Behavioural & Industry Economics

Q1 2022

Consumer stress rises as concerns over cost of living hit a 2-year high. But, ahead of the federal election & with very low unemployment, stress relating to government policy & job security eased.

The **NAB Consumer Stress Index** rose to 55.7 pts in Q1 2022 from 55.1 pts in the previous quarter, but down on the same quarter a year ago (56.6 pts), and still well below the survey average (58.8 pts). Higher stress was largely associated with cost of living, which jumped 2.1 pts over the quarter to a 2-year high 64.7 pts. Australian consumers also reported modest rises in concern arising from their ability to fund their retirement (up 0.8 pts to 56.4 pts) and health (up 0.8 pts to 55.3 pts). Ahead of the federal budget and election and with very low unemployment, stress relating to government policy (down 0.7 pts to 60.0 pts) and job security (down 0.3 pts to 42.1 pts) eased.

When asked how their living costs had changed in the past 3 months, a rise in grocery costs was noted by the most consumers (net +64% and noticeably more than in the previous quarter +58%, and at the same time last year +49%). With travel and work restrictions easing, the net number who said transport costs increased in Q1 remained elevated at +52%. Relative to the last quarter, perceptions about cost increases were also somewhat higher for major household items (+38% up from +31% in Q4 2021), medical expenses (+40% vs. +35%) and personal goods (+36% vs. +32%). Perceptions were broadly unchanged in most other areas, but a touch higher for travel & holidays (+30% vs. +27%), home improvements (+45% vs. +42%) and other debt (+28% vs. +25%). This helps explain why cost of living stress rose further in Q1.

By state, consumer stress was highest in SA/NT (up 2.1 pts to 56.9 pts), with stress associated with cost of living and health sharply higher. It was next highest and rose in NSW/ACT (up 0.4 pts to 56.5 pts), also largely impacted by rising cost of living stress. In QLD, overall stress increased (up 0.8 pts to 55.9 pts), led by higher concern over government policy, job security and health. Higher stress associated with retirement funding and living costs weighed heavily in VIC, though lower stress over government policy contained the rise in overall stress (up 0.4 pts to 55.6 pts). TAS was the only state to report lower stress in Q1 (down 3.3 pts to 54.3 pts), largely due to a significant fall in fears around job security. Consumers in WA reported higher stress linked to job security, health and cost of living, but continued to report the lowest levels of overall stress (up 0.9 pts 52.6 pts).

The gap in consumer stress levels between lower (60.6 pts) and higher income (53.5 pts) earners narrowed for the fourth straight quarter to 7.1 pts. Stress does however remain higher among low incomes earners across all measures, particularly cost of living (71.8 pts low income; 61.1 pts high income) and retirement funding (62.7 pts vs. 53.9 pts). Unemployed people (71.4 pts) and consumers who lost their main source of income due to COVID (67.6 pts) continue to report the highest stress of all groups - and by a large margin.

Household expectations about making major purchases in the next 12 months were mixed in Q1. With COVID travel restrictions loosening, expectations were most positive for holidays at +14 (+15 in Q4 2021). Consumers also expect to spend more on home renovations (+9 and unchanged from Q4 2021), with intentions slightly more positive for private health insurance (+4 vs. +1), a little weaker for residential property (+2 vs. +4), and balanced for other investments and cars (0). Expectations eased in regard to school fees (-9 vs. -3), major household items (-6 vs. 0) and were unchanged for investment properties (-5).

Positive behavioural change (i.e. consumers doing more of a certain behaviour), was again most evident in relation to supporting local businesses (net +39% of consumers, though down from +42% in Q4 2021). But consumer caution is a growing theme, with a +39% of Australians also being more mindful or careful of where they spent their money (37% in Q4 2021). Consumers also continue to be more conscious of buying Australian made rather than an overseas product at +38% (but down from +43 in Q4 2021). Other positive behavioural changes include cooking from home (unchanged at +36% but down from +42% in Q3 2021) and the amount of time spent on screens and devices (+33% vs. +36% in Q4 2021, and down significantly on +47% in Q3 2021 when many Australians were in lockdown). This was followed by changing to less expensive products to save money (+27%) and researching brand and product choices before buying (unchanged at +27%).

With supply chain issues continuing to impact many industries there was also an increase in the share of consumers who purchased products based on availability (26% vs. 24% in Q4 2021). A number of consumers also made purchases because of great deals (+25%). With COVID restrictions eased across the country fewer consumers purchased items online normally purchased in-store (+18% vs. +24% in Q4 2021 and +30% in Q3 2021) and purchased online to avoid going into a store (+21% vs. +27% in Q4 21). Social media use remain unchanged (+18%), but is down significant on lockdown impacted Q3 2021 levels (+29%).

Negative behavioural change (i.e. consumers doing less of a certain behaviour) remains most apparent in regard to holidaying overseas (-45% vs. -47% in Q4 2021), followed by dining in at a restaurant (-25% vs. -27%, but much improved on -49% in Q3 2021), and visiting a gym or fitness centre (unchanged at -21%) or a major shopping centres (-20% vs. -17%, but again significantly better than -47% in Q3 2021). In an encouraging development for local tourism operators, the net number of consumers that cut back on domestic holidays fell to -19% from -25% in Q4 2021.

Finally, when asked to what extent their **visits to the CBD** had changed since COVID, on balance -61% said they visited less in Q1 (vs. -58% in the previous quarter and -38% in Q1 2021). The highest number of consumers that cut back on visiting their local CBD were again located in both NSW (-67%) and VIC (-67%).

KEY TABLES

NAB Consumer Stress Index (100 = extremely concerned)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Consumer Stress Index	56.6	57.8	55.5	55.1	55.7
- Job security	47.0	46.3	45.0	42.4	42.1
- Health	56.4	57.6	53.5	54.5	55.3
- Ability to fund retirement	58.8	60.6	55.9	55.6	56.4
- Cost of living	62.0	63.5	61.4	62.6	64.7
- Government policy	59.0	60.8	61.8	60.7	60.0

Household Spending Patterns (net balance - spending more/less)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Non-essential spending	-15	-19	-19	-12	-13
Essential spending	11	12	9	13	13
Financial spending	6	5	2	3	3
Overall Spending Behaviours	-4	-6	-7	-2	-2

Household Spending Patterns - Spending Category (net balance - spending more/less)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Travel/Holidays	-23	-28	-33	-16	-13
Eating out	-18	-18	-24	-14	-15
Entertainment	-23	-29	-36	-22	-20
Groceries	18	18	24	19	19
Home improvements	0	-5	-3	-1	-3
Major household items	-14	-18	-13	-13	-13
Utilities	16	18	24	15	16
Personal goods	-13	-15	-11	-8	-10
Medical expenses	13	13	10	14	12
Transport	8	9	-8	18	20
Children	2	1	-4	-1	-1
Paying off debt	13	14	8	7	8
Use of credit	-6	-8	-8	-6	-8
Savings, super, investments	10	7	7	8	8
Charitable donations	-17	-19	-14	-12	-15

Extent Costs Have Changed in last 3 Months (net balance - costs more/less)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Travel/Holidays	6	12	0	27	30
Eating out	15	20	6	35	37
Entertainment	3	6	-8	22	24
Groceries	49	50	49	58	64
Home improvements	31	36	30	42	45
Major HH items	20	23	21	31	38
Utilities	40	48	48	49	49
Telecoms	28	32	29	31	29
Personal goods	24	23	16	32	36
Medical expenses	30	35	28	35	40
Transport	28	34	17	51	52
Children	27	29	12	28	30
Mortgage	12	14	10	23	21
Rent	25	34	25	39	38
Other debt	22	24	18	25	28

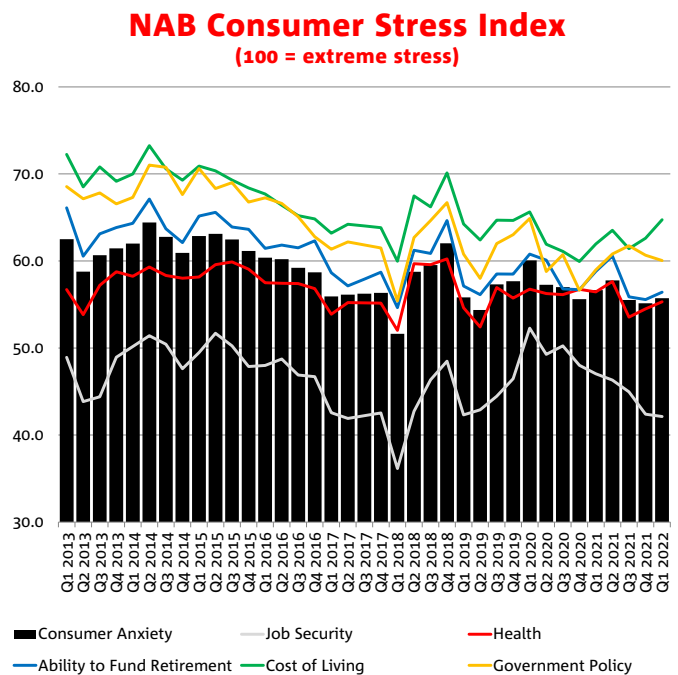
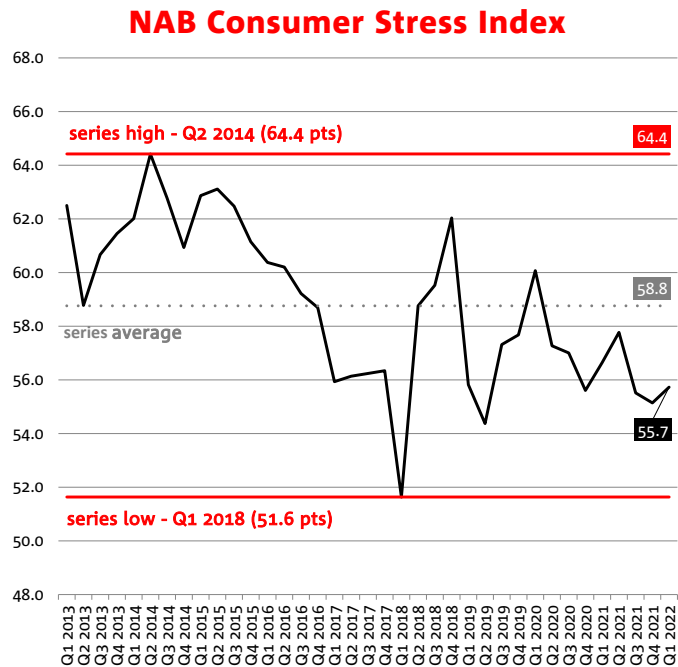
Added Most to Cost of Living in Last 3 Months (% of all responses)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Travel/Holidays	7%	6%	4%	6%	6%
Eating out	16%	17%	14%	17%	16%
Entertainment	5%	4%	4%	5%	5%
Groceries	59%	60%	65%	63%	68%
Home improvements	14%	14%	13%	13%	13%
Major HH items	8%	9%	8%	7%	8%
Utilities	45%	47%	50%	41%	41%
Telecoms	16%	14%	17%	14%	11%
Personal goods	12%	11%	11%	11%	10%
Medical expenses	18%	22%	18%	18%	18%
Transport	22%	23%	21%	37%	41%
Children	11%	8%	6%	7%	7%
Mortgage	13%	17%	11%	13%	12%
Rent	18%	15%	16%	17%	13%
Other debt	6%	9%	7%	5%	5%

Expectations for Major Purchases in Next 12 Months (net balance - spend more/less)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Major household	-6	-9	1	0	-6
Car	-6	-6	-1	1	0
Property (residence)	3	-2	3	4	2
Property (investment)	-6	-8	1	-5	-5
Home renovation	3	7	9	9	9
School fees (Private & Catholic)	-7	-5	-4	-3	-9
Holiday	7	2	15	15	14
Private health insurance.	4	1	-1	1	4
Other Investments (excluding property)	0	-3	6	0	0

NAB Consumer Stress Index



There are a number of consumer confidence measures frequently published in Australia. Consumer confidence is a lagging, not leading indicator with changes in the economy often only “felt” by consumers months later. NAB’s measure of consumer sentiment is based on typical household stresses around job security, health, ability to fund retirement, cost of living and government policy and how consumers see these factors impacting their spending and savings plans.

The **NAB Consumer Stress Index** rose to 55.7 pts in Q1 2022 from 55.1 pts in the previous quarter. It was however down from 56.6 pts in the same quarter a year ago, and still well below the survey average (58.8 pts).

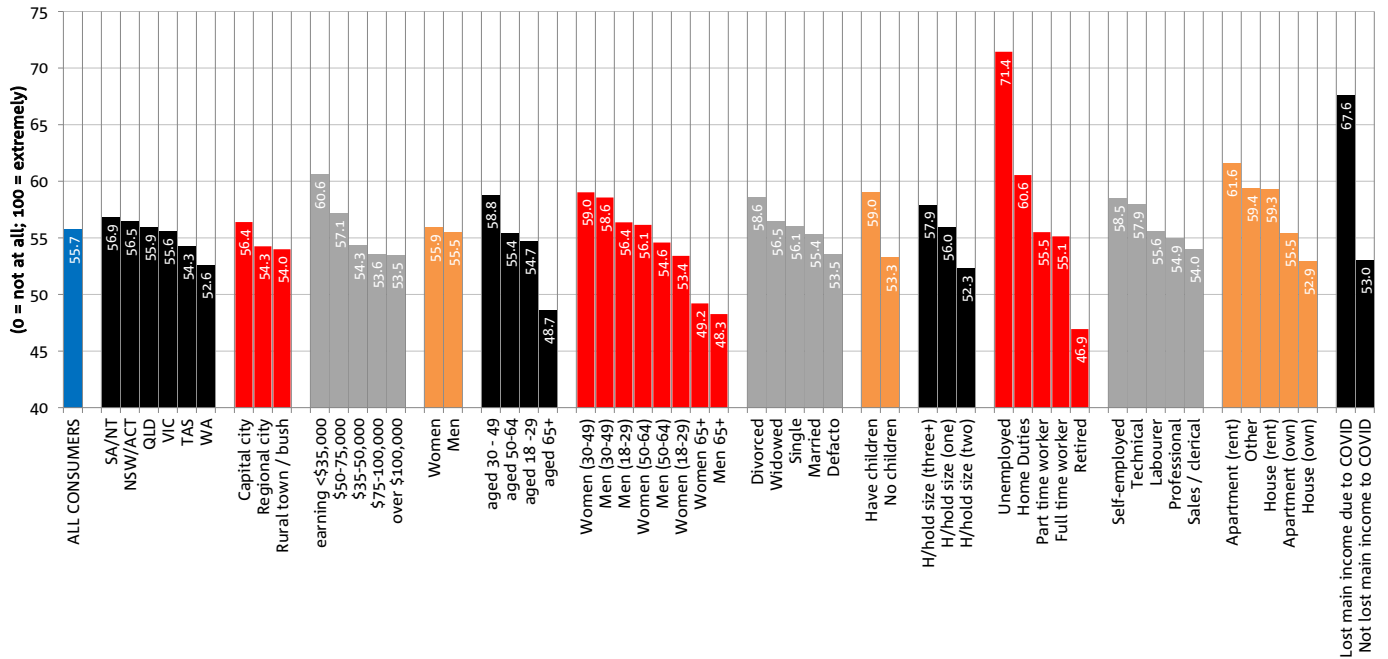
Higher stress was largely associated with cost of living, which jumped 2.1 pts over the quarter to a 2-year high 64.7 pts. Australian consumers also reported modest rises in stress arising from their ability to fund their retirement (up 0.8 pts to 56.4 pts) and health (up 0.8 pts to 55.3 pts). Ahead of the federal budget and very low unemployment however, stress relating to government policy (down 0.7 pts to 60.0 pts) and job security (down 0.3 pts to 42.1 pts) eased.

By state, consumer stress was highest in SA/NT (up 2.1 pts to 56.9 pts), with stress associated with cost of living and health sharply higher. It was next highest and rose in NSW/ACT (up 0.4 pts to 56.5 pts), also largely impacted by rising cost of living stress. In QLD, overall stress increased (up 0.8 pts to 55.9 pts), led by higher concern over government policy, job security and health. Higher stress associated with retirement funding and living costs weighed heavily in VIC, though lower stress over government policy contained the rise in overall stress (up 0.4 pts to 55.6 pts). TAS was the only state to report lower stress in Q1 (down 3.3 pts to 54.3 pts), largely due to a significant fall in fears around job security. Consumers in WA reported higher stress linked to job security, health and cost of living, but continued to report the lowest levels of overall stress (up 0.9 pts 52.6 pts).

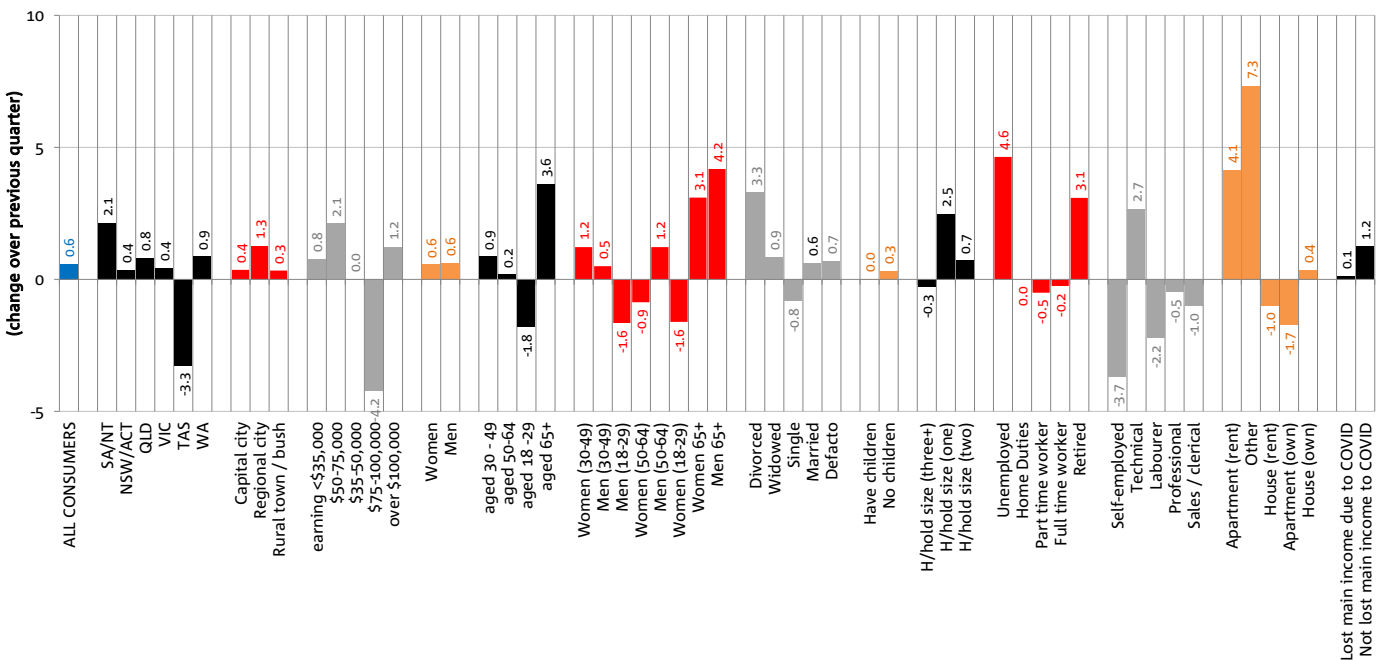
Consumers in WA also reported the lowest levels of stress for all measures except job security which was lowest in TAS (31.6 pts) and highest in NSW/ACT (44.8 pts). QLD reported the highest levels of stress around cost of living (66.5 pts), government policy caused most stress in TAS (66.1 pts), health in SA/NT (57.0 pts), with retirement funding also weighing most heavily in SA/NT (57.9 pts) and VIC (57.8 pts).

Stress increased in all regions in Q1, led by regional cities (up 1.3 pts to 54.3 pts), but remained highest in capital cities (up 0.4 pts to 56.4 pts). Despite a small improvement, job security continues to weigh much more heavily on consumers in capital cities, and significantly more so than in rural areas. Cost of living stress however was much higher in regional cities than in capital cities and rural towns and rose sharply in Q1.

NAB Australian Consumer Stress Index: Categories



NAB Australian Consumer Stress Index: Categories (chg on last qtr)



Women (up 0.6 pts to 55.9 pts) continued to report higher overall stress than men (up 0.6 pts to 55.5 pts). Men still report much higher stress over job security (43.6 pts men; 40.7 pts women) and government policy (62.5 pts men; 57.6 pts women), and women for retirement funding (58.1 pts women; 54.7 pts men), cost of living (67.3 pts women; 62.1 pts men) and health (55.8 pts women; 54.8 pts men).

Consumer stress levels increased in most age groups in Q1, particularly among over 65s (up 3.6 pts to 48.7 pts), though it remains lowest overall with this group also reporting the lowest stress from all measures except government policy (highest). Stress eased further in the 18-29 group in Q1 (down 1.8 pts to 54.7 pts). Overall stress levels remain highest in the 30-49 group (up 0.9 pts to 58.8 pts), with concerns over health and cost of living rising sharply during the quarter. In other findings, the gap between lower (60.6 pts) and higher income (53.5 pts) earners narrowed for the fourth straight quarter to 7.1 pts. However, stress levels for low incomes earners remains higher for all measures, particularly cost of living (71.8 pts low income; 61.1 pts high income) and retirement funding (62.7 pts low income; 53.9 pts high income). Unemployed people (71.4 pts) and consumers who lost their main source of income due to COVID (67.6 pts) continue to report the highest stress of all groups - and by a large margin.

General level of concern over the economy

The Q4 national accounts confirmed that consumption rebounded very strongly as the Delta lockdowns eased. With the savings rate still high but beginning to decline, household consumption will likely be well supported in coming quarters. NAB expects ongoing strength in overall consumption spending (albeit slightly disrupted in Q1 by Omicron and recent floods). We continue to see dwelling and business investment as well as government spending supporting growth in the near-term, while trade is expected to be a small drag on growth. Overall, that sees growth of 3.4% in 2022 and closer to trend growth of 2.1% in 2023. However, the headline figures will mask a rebalancing in goods and services spending, as well as a recovery in services trade.

The strength in activity and strong labour demand (evident in both the NAB Business Survey and job vacancies/ads) points to the unemployment rate declining further. We now see the unemployment rate falling below 4% by March and reaching 3.5% by mid-2022 - and staying there. This will eventually see a strengthening in the pace of wage growth.

We expect strong inflationary pressure to persist in the near-term and have revised up our forecasts for the CPI. We now see underlying inflation prints of around 1% in both Q1 and Q2 - taking the year-ended rate to 3.7% by mid-year. Our headline CPI forecasts are also higher, reaching 4.2% by Q3 2022 (on the back of oil prices) before easing to 2.6% by end-2023. The upgrade to our underlying CPI forecasts alongside an even tighter labour market has brought forward our call for rates “lift-off”. We now see the RBA lifting the cash rate by 15 basis points (bps) in August, with 25 bps follow ups in September and November.

The key risks for the economy have shifted significantly over the past 6 months or so. Lockdowns and border closures appear to now be in the rear-view mirror and the key uncertainty is how quickly spending patterns, international services trade and population growth normalises. In addition, the Russia-Ukraine conflict in Europe looms, posing risks on both the activity and nominal sides of the economy.

On the international front, NAB has substantially cut its global forecasts this - largely reflecting the impact of the Russia-Ukraine conflict - down to 3.7% in 2022 (previously 4.2%) and 3.5% in 2023 (previously 3.6%). The main contributor to this downturn is Russia, which is likely to suffer a deep recession as a consequence of sanctions. In addition, we have lowered our growth forecasts for the Eurozone, UK and Japan, and to a lesser extent for India, China and the US, largely reflecting the impact of higher energy prices.

Against this backdrop, consumers worried more about the impact on their future spending and savings plans arising from the domestic (up 1.4 pts to 61.3 pts) and global (up 0.5 pts to 62.2 pts) economies. Higher concern over the domestic economy was led mainly by sharp increases in SA/NT (up 3.6 pts to 62.6 pts) and QLD (up 3.0 pts to 63.0 pts). Concern fell in both TAS (down 6.0 pts to 56.4 pts) and WA (down 1.3 pts to 56.4 pts) and were equal lowest of all states. Regarding the international economic situation, concern rose in SA/NT, NSW and QLD, fell in TAS and WA and was basically unchanged in VIC.

Concern About Economic Situation
(100 = extremely concerned)



Level of concern about Australian economy

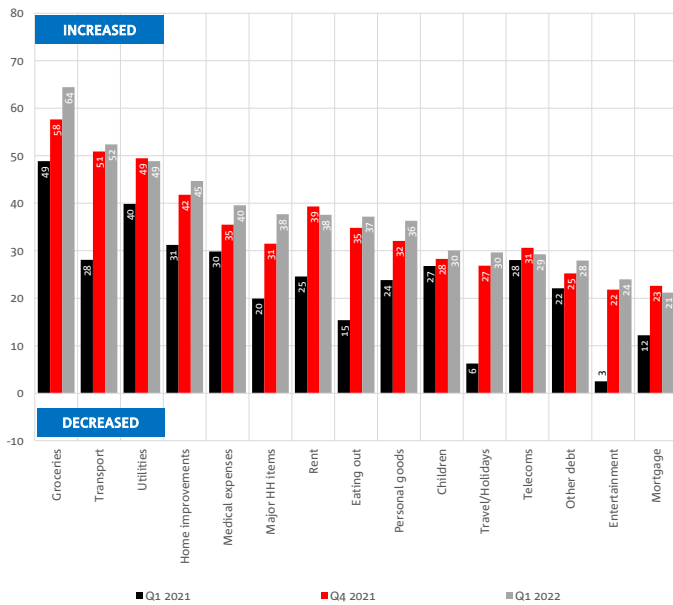
	NSW	VIC	QLD	WA	SA/NT	TAS
Q3 21	66.1	63.2	62.6	57.1	61.4	59.6
Q4 21	60.1	60.4	60.0	57.7	59.0	62.4
Q1 22	61.6	61.4	63.0	56.4	62.6	56.4

Level of concern about Global economy

	NSW	VIC	QLD	WA	SA/NT	TAS
Q3 21	65.8	63.0	62.7	62.0	63.4	61.0
Q4 21	61.8	61.7	61.7	60.8	60.9	67.0
Q1 22	63.1	61.5	63.1	58.9	63.0	59.4

Cost of living pressures

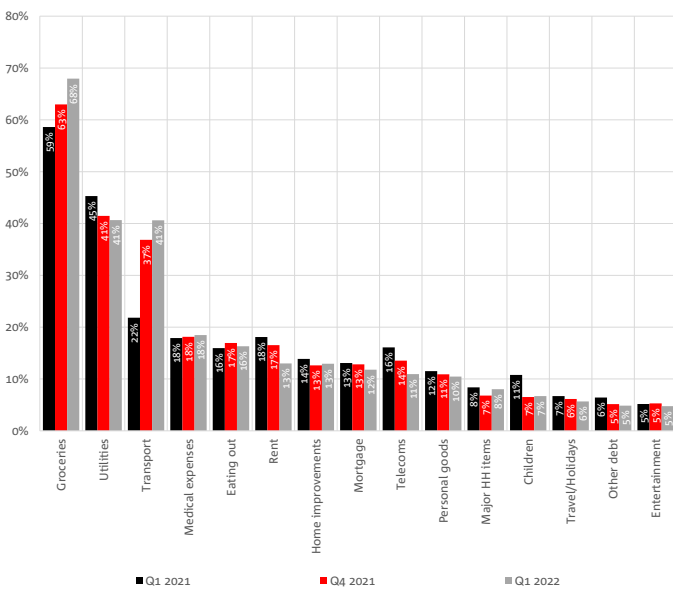
Extent costs have changed in past 3 months (net)



How customers perceive prices is often as important as the price itself. To help better understand this, NAB looks at cost of living perceptions of consumers. When asked how their living costs had changed in the last 3 months, grocery costs increased according to most consumers (net +64%) - and for noticeably more than in the previous quarter (+58%) and at the same time last year (+49%). With travel and work restrictions easing, the net number who said transport costs increased in Q1 remained elevated at +52%.

Relative to the last quarter, perceptions about cost increases were also somewhat higher for major household items (+38% up from +31% in Q4 2021), medical expenses (+40% vs. +35%) and personal goods (+36% vs. +32%). Perceptions were broadly unchanged in most other areas, but a touch higher for travel & holidays (+30% vs. +27%), home improvements (+45% vs. +42%) and other debt (+28% vs. +25%). This helps explain why cost of living stress rose further in Q1.

Added most to cost of living pressure



Consumers were also asked to identify the top 3 things that added most to their personal cost of living in 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 Q1, but it also added most to their cost of living pressures - and the number of consumers who said it added most increased to 68% (63% in Q4 2021). Utilities (41%) and transport (41%) were the next biggest contributors for most consumers. But while that number was unchanged for utilities and down from year earlier levels, it has risen sharply for transport, with almost twice as many consumers indicating it was contributing to their cost of living pressures than at the same time last year.

Other areas that added to cost of living pressures for most Australians included medical expenses (18%) and eating out (16%). But the number of consumers experiencing cost of living pressures from rent (13% down from 17% in Q4 21) and telecoms (11% down from 14%) fell somewhat.

The extent costs changed for groceries impacted most consumers in all states except TAS (medical expenses). However, the net number who said they increased ranged from +70% in SA/NT to +61% in VIC. The impact of higher transport costs was felt most in TAS (+63%) and least in NSW/ACT (+47%), while utilities impacted noticeably more consumers in VIC and QLD (+51%). Among other observations, significantly more consumers in TAS said their costs increased for home improvements (+61%), personal goods (+52%), travel & holidays (+47%), entertainment (+50%) and mortgages (+44%), and in SA/NT (+48%), QLD (+47%) and WA (47%) rents. We also noted significantly lower numbers in NSW/ACT who said costs had increased in relation to travel & holidays (+22%) and entertainment (+17%) - see table below.

When looking at what added most to cost of living pressures, most consumers in all states said groceries added more, though this ranged from 8 in 10 consumers in TAS (79%) to 64% in VIC and WA. Utilities added to cost of living pressures for most consumers in TAS (49%) and VIC (46%), and transport costs in TAS (58%). Some other differences included the higher number of consumers in TAS who cited medical expenses (35%), eating out (26%) and entertainment (11%), the lower number in WA who singled out medical expenses (13%), and in TAS rent (2%), mortgages (2%) and home improvements (4%).

Extent costs have changed over the past 3 months: State (net balance)

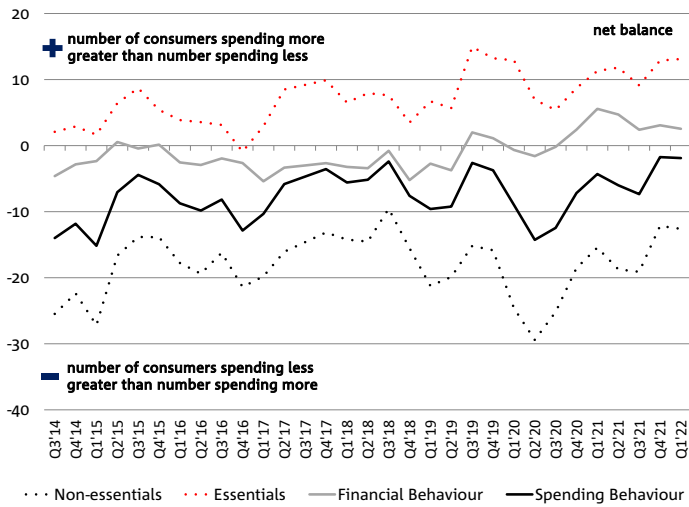
	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Groceries	64	64	61	66	67	70	64
Transport	52	47	50	60	57	55	63
Utilities	49	47	51	51	49	47	43
Home improvements	45	41	46	49	43	45	61
Medical expenses	40	35	39	42	41	46	65
Major HH items	38	37	35	41	34	42	42
Rent	38	32	31	47	47	48	37
Eating out	37	32	45	36	35	37	49
Personal goods	36	32	36	40	36	42	52
Children	30	29	29	29	30	40	43
Travel/Holidays	30	22	33	30	36	36	47
Telecoms	29	30	28	31	26	31	34
Other debt	28	25	29	29	30	33	27
Entertainment	24	17	27	26	22	33	50
Mortgage	21	22	18	21	23	20	44

Added most to cost of living pressures over past 3 months: State (percentage of total responses)

	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Groceries	68%	69%	64%	71%	64%	71%	79%
Utilities	41%	37%	46%	37%	44%	39%	49%
Transport	41%	36%	36%	49%	46%	42%	58%
Medical expenses	18%	18%	17%	21%	13%	25%	35%
Eating out	16%	18%	20%	12%	13%	13%	26%
Rent	13%	12%	13%	13%	15%	14%	2%
Home improvements	13%	14%	13%	16%	10%	10%	4%
Mortgage	12%	11%	14%	9%	13%	14%	2%
Telecoms	11%	12%	12%	8%	7%	12%	18%
Personal goods	10%	11%	12%	10%	8%	8%	14%
Major HH items	8%	8%	9%	8%	8%	7%	6%
Children	7%	6%	9%	6%	4%	7%	0%
Travel/Holidays	6%	5%	6%	6%	5%	6%	10%
Other debt	5%	4%	4%	6%	7%	6%	2%
Entertainment	5%	5%	6%	3%	5%	3%	11%

Household spending patterns & expectations

Household Spending Patterns: Australia



NAB’s measure of household spending behaviour (which counts the number of consumers that spent more on a range of items against those that spent less) was unchanged at -2 in Q1 2022, but improved a little from -4 at the same time last year.

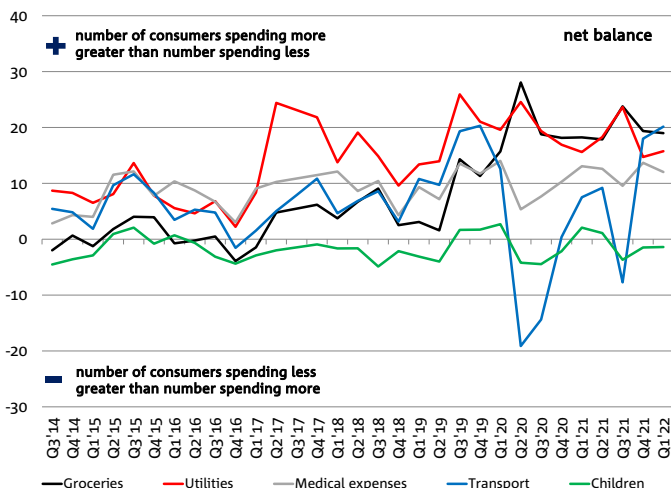
Spending continues being driven by essentials, with the net number spending more in this category also unchanged at from the previous quarter at +13, but up from +11 one year earlier. The net number that cut back non-essential spending however, increased slightly to -13 (-12 in Q4 2021), while financial spending was unchanged at +3.

Overall spending patterns were largely unchanged in NSW/ACT (-3), VIC (+2), SA/NT (-4), but deteriorated sharply in TAS (-19) and fell a little in QLD (-5). In WA, the net number spending more turned positive (+2) for the first time since this data was collected in Q3 2014.

Household spending patterns: Overall (net balance)

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
Australia	-4	-6	-7	-2	-2
NSW/ACT	-3	-4	-8	-3	-3
VIC	-3	-5	-5	1	2
QLD	-5	-11	-6	-2	-5
WA	-6	-6	-8	-5	2
SA/NT	-7	-5	-13	-3	-4
TAS	-11	-13	-8	1	-19

Household Spending Patterns - Essentials



Overall, the net number of consumers spending more on essentials was unchanged over the quarter at +13 in Q1 2022, but up slightly from +11 one year earlier.

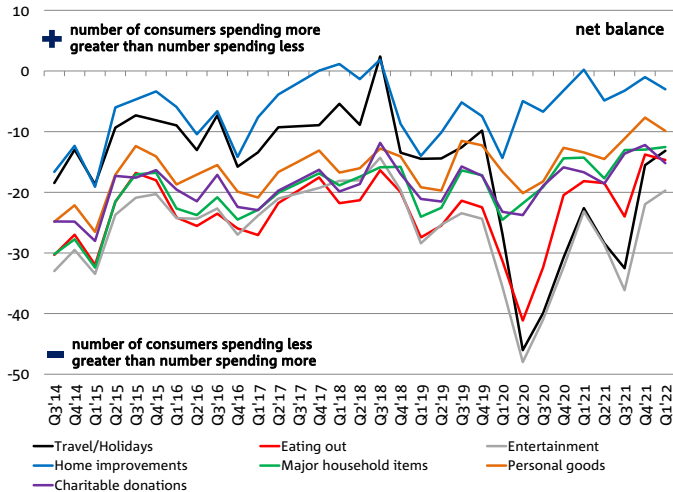
The net number that increased spending on transport rose to +20 (+18 in Q4), and more modestly to +16 for utilities (+15 in Q4). The net number spending more on groceries (+19) and children (-1) was unchanged, but it fell for medical expenses (+12)

The table below shows the net number of consumers spending more on essentials outweighed those spending less in all states (except in TAS where it was balanced). Moreover, the net number spending more was basically unchanged most all states bar TAS where it fell noticeably and in WA where it increased somewhat.

Household spending patterns: Essentials (net balance)

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
Australia	11	12	9	13	13
NSW/ACT	13	13	8	12	12
VIC	11	14	9	14	15
QLD	11	9	15	12	12
WA	11	12	9	14	17
SA/NT	9	11	1	13	14
TAS	2	0	8	14	0

Household Spending Patterns - Non Essentials



The net number that cut back their non-essential spending increased marginally to -13 from -12 in Q4 21, but improved from -15 at the same time last year.

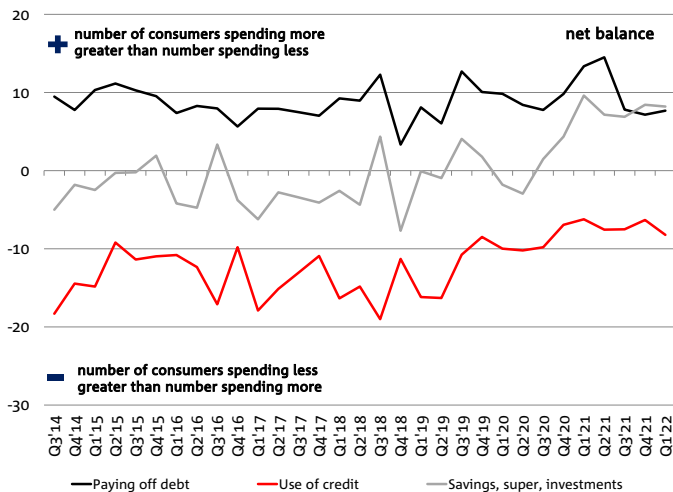
The net number cutting back on non-essential spending increased for charitable donations to -15 (-12 in Q4 2021), home improvements (-3 vs. -1 in Q4 2021), personal goods (-10 vs. -8) and eating out (-15 vs. -14). They were however a little less conservative in relation to spending on travel and holidays (-13 vs. -16) and entertainment (-20 vs. -22)

The table below shows that non-essential spending behaviours changed materially in some states. This was most evident in TAS, where the net number cutting back jumped sharply to -33 (-8 in Q4 2021) to be by far the most conservative in the country, and in WA where it improved to -9 (-19 in Q4 2021). Consumers in VIC (-6) emerged as the least conservative consumers in regard to non-essential spending.

Household spending patterns: Non-essentials (net balance)

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
Australia	-15	-19	-19	-12	-13
NSW/ACT	-14	-16	-21	-13	-13
VIC	-13	-19	-17	-7	-6
QLD	-16	-24	-21	-13	-16
WA	-17	-18	-22	-19	-9
SA/NT	-18	-17	-23	-14	-16
TAS	-22	-22	-18	-8	-33

Household Spending Patterns - Financial



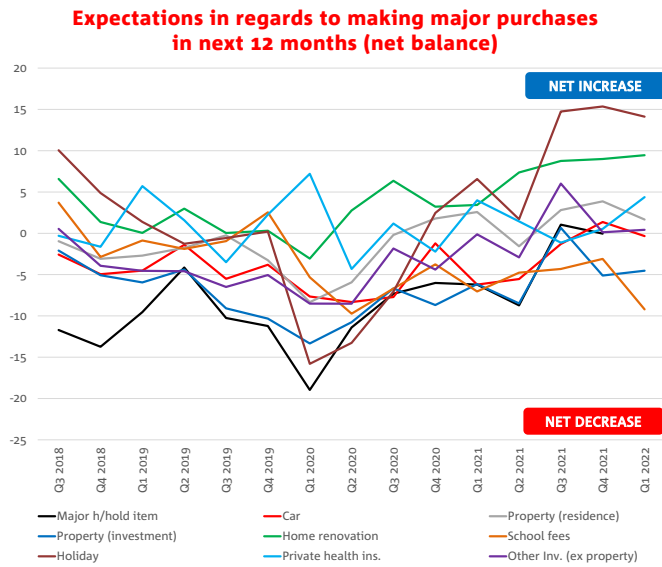
Overall financial spending patterns (paying off debt, using credit cards and savings, investments & superannuation) during the March quarter were unchanged over the previous quarter at +3, but down from +6 at the same time last year.

Overall, the net number paying off debt lifted slightly to +8 (+7 in Q4 21). The number spending more on super, savings or investments was however unchanged at +8, while slightly more consumers cut back on their use of credit (-8 from -6 in Q4 2021).

Financial spending behaviour were positive in most states, led by VIC (+5 from +6 in Q4 2021) and WA (+5 vs. -3), with the net number spending more also positive in NSW (+2) and QLD (+2). The number spending more cancelled out those spending less in SA/NT (0). TAS (-7) was the only state where the net number cutting back exceeded those spending more.

Household spending patterns: Financial (net balance)

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
Australia	6	5	2	3	3
NSW/ACT	7	6	3	3	2
VIC	6	5	5	6	5
QLD	4	4	2	3	2
WA	6	5	1	-3	5
SA/NT	3	-1	-3	4	0
TAS	-1	8	-7	-9	-7



Expectations about making major purchases in the next 12 months were mixed in Q1.

With COVID travel restrictions loosening, expectations for making a major purchase in the next 12 months were most positive for holidays, with net number of consumers expecting to spend more on them basically unchanged at +14 (+15 in Q4 2021).

More consumers also said they expect to spend more on home renovations (+9 and unchanged from Q4 2021), with intentions slightly more positive private health insurance (+4 vs. +1) and residential property (+2 vs. +4), with expectations for other investments and cars balanced (0).

In other areas, the number who expect to spend less outweighed those who intend to spend more for school fees (-9 vs. -3), major household items (-6 vs. 0) and investment property (unchanged at -5).

Expectations for making major purchases in next 12 months (net balance): State

	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Holiday	14	8	23	14	16	14	-1
Home renovation	9	8	12	12	3	9	15
Private health ins.	4	4	0	8	2	11	9
Property (residence)	2	1	5	2	-5	3	2
Other Inv. (excluding property)	0	-4	2	4	5	-2	29
Car	0	-1	1	-2	-2	5	-2
Property (investment)	-5	-6	-1	0	-18	-3	16
Major h/hold item	-6	-10	0	-3	-12	-3	-8
School fees	-9	-1	-12	-13	-21	-8	-30

Consumer expectations for making major purchases in the next 12 months continue to vary across states.

Though the highest net number of consumers in most states still plan to spend more than less on holidays, the number that expected to do so ranged from +23 in VIC to -1 in TAS.

When it came to home renovations, spending expectations were highest in TAS (+15), VIC (+12) and QLD (+12), and significantly above those in WA (+3).

Noticeably more consumers in net terms also planned to spend more on private health insurance in SA/NT (+11), TAS (+9) and QLD (+8), particularly when compared to VIC (0).

Expectations for other investments were significantly higher in TAS (+29) than in NSW (-4), with people in TAS also leading the way for property investment (+16), where expectations were much weaker in WA (-18).

Expectations for buying a car were net positive in SA/NT (+5) and VIC (+1), with more consumers on balance in all other states expecting to spend less.

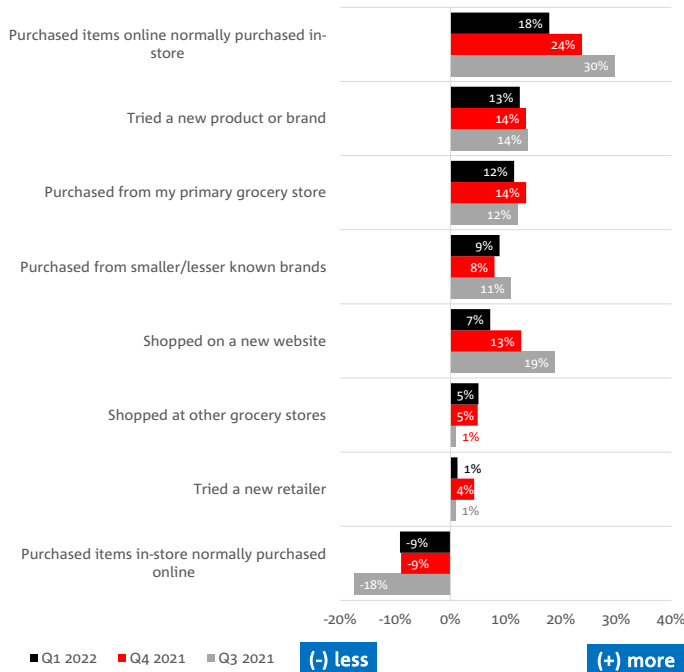
More consumers also indicated they would spend less on private health insurance over the next 12 months in TAS (-18), SA/NT (-3) and NSW/ACT (-2), while more in WA (+6) and QLD (+5) expected to spend more.

When it came to spending on major household items, more consumers in all states expected to spend less than more, except in VIC where expectations were balanced (0). More consumers in all states also plan to spend less on school fees in the next 12 months, led by TAS (-30) and WA (-21).

Shopping, purchasing & other behaviours

In this section, we explore how consumer behaviours and habits changed over the past 3 months in relation to a number of issues. Specifically, we explore whether they switched or tried new products, brands, stores, or ways of purchasing, if their household has been influenced by various cost, value, convenience, safety environmental, social or privacy issues, and whether behaviours changed around a number of more general themes.

Switched or tried a new product, brand, store or way of purchasing in these areas over last 3 months (net balance)



To establish how behaviours had changed, consumers were asked to think back over the past 3 months and rate the extent they switched or tried a new product, brand, store, or way of purchasing in the following areas compared to previously.

Behavioural change was again most evident in relation to purchasing items online normally purchased in-store. However, the net number of consumers who did more of this in Q1 fell to +18% (+24% in Q4 2021).

The next biggest changes were trying a new product or brand (+13% vs. +14% in Q4 2021), purchasing from their primary grocery store (+12% vs. +14%), trying a new product or brand (unchanged at +14%), and purchasing from smaller or lesser known brands (+9% vs. +8%). The net number shopping on a new website also fell to +7% (+13% in Q4).

In net terms, an unchanged +5% of consumers shopped at other grocery stores, but the number who tried a new retailer fell to +1% (+5% in Q4 2021). An unchanged number on balance (-9%) again indicated they purchased fewer items in-store normally bought online, though this was down from -18% in Q3.

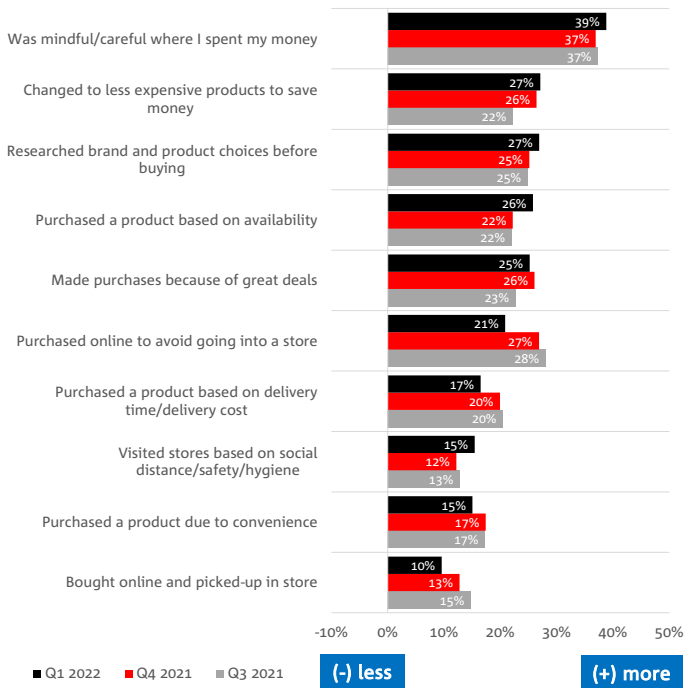
Switched or tried new product, brand, store or way of purchasing: Age & gender

	Overall	18-29	30-49	50-64	65+	Men	Women
Purchased items online normally purchased in-store	18%	27%	24%	14%	3%	14%	22%
Tried a new product or brand	13%	23%	17%	4%	3%	11%	14%
Purchased from my primary grocery store	12%	18%	12%	7%	9%	10%	13%
Purchased from smaller/lesser known brands	9%	16%	12%	5%	0%	5%	12%
Shopped on a new website	7%	21%	12%	4%	-10%	6%	9%
Shopped at other grocery stores	5%	10%	8%	3%	-2%	5%	6%
Tried a new retailer	1%	10%	6%	-5%	-9%	1%	1%
Purchased items in-store normally purchased online	-9%	-9%	-8%	-8%	-12%	-7%	-11%

By age, noticeably more consumers in the 18-29 age group altered their behaviour in most areas, with the numbers signalling they also did more of these behaviours. This was particularly evident in the much higher number of young consumers who said they tried a new product of brand (+23%), purchased from their primary grocery store (+18%) or shopped on a new website (+21%). Behavioural change for older consumers was skewed to doing less of most things, particularly shopping on a new website (-10%) or other grocery stores (-6%). The number of consumers who purchased fewer items in-store normally purchased of line outweighed those who spent more in all age groups

Behaviours broadly aligned by gender, except for buying items online normally purchased in-store (women +22%; men +14%) and purchasing from smaller or lesser known brands (12% women; +5% men). Fewer women (-11%) also bought items in-store normally purchased online than men (-7%).

Influenced by these costs, value, convenience or safety issues over last 3 months (net balance)



When asked how much their household had been influenced by a range of cost, value, convenience or safety issues, the net number who said they were more positively influenced outweighed those who were less influenced for all issues

Consumer caution is still a key theme, with a net +39% saying they were mindful or careful of where they spent their money (37% in Q4 2021). A broadly similar number also changed to less expensive products to save money (+27%), researched brand and product choices before buying (unchanged at +27%) or made purchases because of great deals (+25%)

We also noted a somewhat a higher number who purchased products based on availability (26% vs. 24% in Q4 2021), and a large fall in purchasing online to avoid going into a store (+21% vs. +27% in Q4 21). Consumers were also a little less prone to buying products based on delivery times and cost (+17% vs. +20%), buying online and picking up in-store (+10% vs. +13%) or buying products due to convenience (+15% vs. +17%).

They were however a little more likely to have visited stores based on social distance, safety, and hygiene factors (+15% vs. +12%).

Influenced by these cost, value, convenience or safety issues: Age & gender

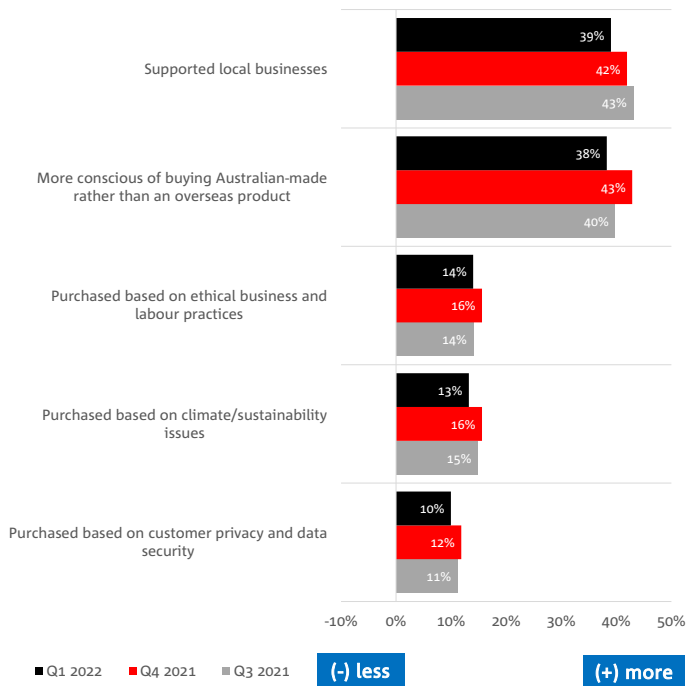
	Overall	18-29	30-49	50-64	65+	Men	Women
Was mindful/careful where I spent my money	39%	39%	41%	41%	33%	33%	44%
Changed to less expensive products to save money	27%	37%	28%	27%	15%	24%	30%
Researched brand and product choices before buying	27%	31%	28%	25%	23%	25%	28%
Purchased a product based on availability	26%	29%	34%	22%	14%	23%	28%
Made purchases because of great deals	25%	37%	29%	19%	13%	25%	26%
Purchased online to avoid going into a store	21%	36%	26%	16%	2%	15%	27%
Purchased a product based on delivery time/delivery cost	17%	31%	21%	8%	2%	15%	18%
Visited stores based on social distance/safety/hygiene	15%	13%	19%	13%	14%	13%	18%
Purchased a product due to convenience	15%	27%	18%	9%	5%	15%	15%
Bought online and picked-up in store	10%	23%	18%	2%	-10%	9%	10%

By age, more consumers in the 18-29 group were influenced by most factors, especially buying online to avoid going into a store (+36%), buying a product based on delivery time or delivery cost (+31%), changing to less expensive products to save money (+37%), buying a product due to convenience (+27%) or because of great deals (+37%).

The key exceptions were buying products based on availability (+34%) and visiting stores based on social distance, safety & hygiene issues (+19%), which was highest in the 30-49 age group, and being mindful or careful about where they spent their money which was equal highest in the 30-49 and 50-64 age groups (+41%). In other findings, consumers over the age of 65 were the only group to report a net decline in the number buying online and picking up in store (-10%).

By gender, significantly more women than men made purchases online to avoid going into stores (+27% women; +15% men), were mindful or careful about where they spent their money (+44% women; +33% men), changed to less expensive products to save money (30% women; 24% men), and buying products based on availability (28% women; 23% men).

Influenced by these environmental, social or privacy issues over last 3 months (net balance)



When asked how much their household purchasing decisions had been influenced by a range of environmental, social or privacy issues, the net number who indicated they were influenced more by all of these issues outweighed those who were less influenced.

Most influential in terms of decision making in Q1 according to a net +39% was supporting local businesses (though down from +42% in Q4 2021), and marginally ahead of being more conscious of buying Australian made rather than an overseas product at +38% (but also down +43 in Q4 2021).

A net +14% said they purchased based on ethical business and labour practices (down from +16% in Q4 2021), and +13% made purchases based on climate or sustainability issues such as carbon footprint, waste management, energy use, disposable packaging etc. (but also down from +16% in Q4 2021).

Purchases based on customer privacy and data security influenced the lowest net number of consumers at +10%, and was also down slightly from +12% in Q4 21.

Influenced by these environmental, social or privacy issues: Age & gender

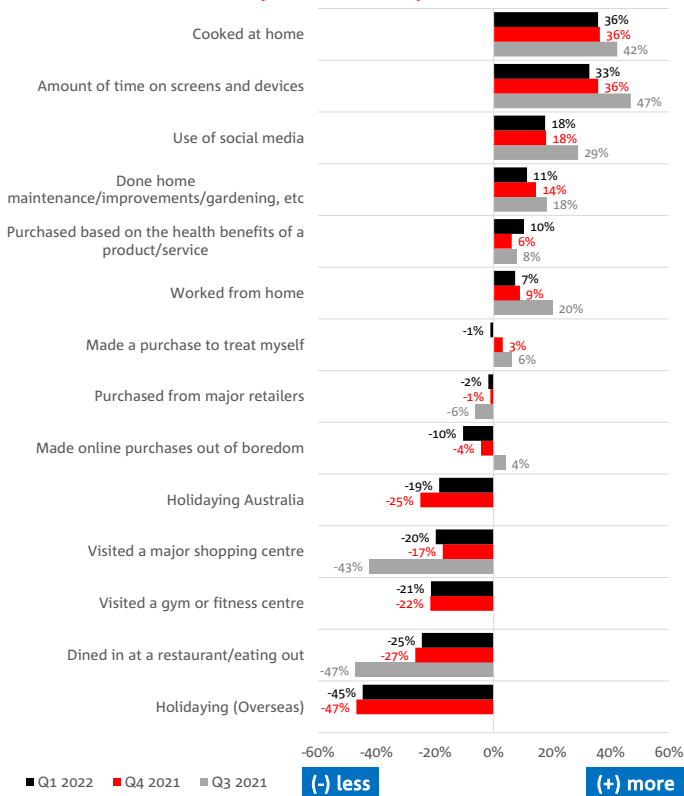
	Overall	18-29	30-49	50-64	65+	Men	Women
Supported local businesses	39%	39%	31%	43%	47%	35%	43%
More conscious of buying Australian-made rather than an overseas product	38%	31%	29%	47%	52%	36%	40%
Purchased based on ethical business and labour practices	14%	19%	14%	11%	12%	13%	15%
Purchased based on climate or sustainability issues	13%	17%	13%	10%	13%	10%	16%
Purchased based on customer privacy and data security	10%	8%	14%	8%	7%	11%	9%

Noticeably more older Australians were influenced to buy products to support local businesses, reaching +47% in the over 65 group, compared to just +31% in the 30-49 group. Being conscious of buying Australian made rather than an overseas product was also higher in older age groups, again led by the over 65 group (+52%). It was lowest in the 30-49 (29%) age group. While the impact of these factors was less pronounced for younger Australians under the age of 50, they did positively influence more consumers than any other factor.

In contrast, purchasing decisions for people aged 18-29 were more widely influenced by ethical business and labour practices (+19%) and climate and sustainability issues (+25%) and noticeably more so than in all other age groups. Purchasing decisions based on customer privacy and data security however influenced noticeably more consumers in the 30-49 group (+14%).

Gender outcomes were broadly aligned, except when it came to supporting local businesses which had a positive influence for noticeably more women (+43%) than men (+35%) and making purchases based on climate or sustainability issues (16% women; 10% men).

Extent behaviours changed for each of the following over last 3 months (net balance)



When consumers were asked how behaviours had changed for a series of other themes, positive change was most evident in relation to cooking from home (unchanged at +36%) and amount of time spent on screens and devices (+33% vs. +36% in Q4 2021).

Other areas where positive change was most evident included use of social media (unchanged at +18%), and doing home maintenance, improvements, gardening etc. (+11% vs. +14% in Q4 2021). We also noticed a somewhat higher number who made purchases based on its health benefits (+10% vs. +6%), and a further reduction in the net number who said they were working more from home to +7% (from +9% in Q4 2021 and +20% in Q3 2021).

The number of consumers who spent less time holidaying overseas continues to greatly exceed those that holidayed overseas more (-45% vs. -47% in Q4 2021). The net number who dined in at a restaurant or ate out was also very negative (-25% vs. -27%), as was the number who visited a gym or fitness centre (unchanged at -21%). Slightly more however cut back visits to major shopping centres (-20% vs. -17%), but noticeably more cut back on making online purchases out of boredom (-10% vs. -4%). In an encouraging development for local tourism operators, the net number of consumers that cut back on domestic holidays fell to -19% from -25% in Q4 2021.

Other household behavioural changes: Age & gender

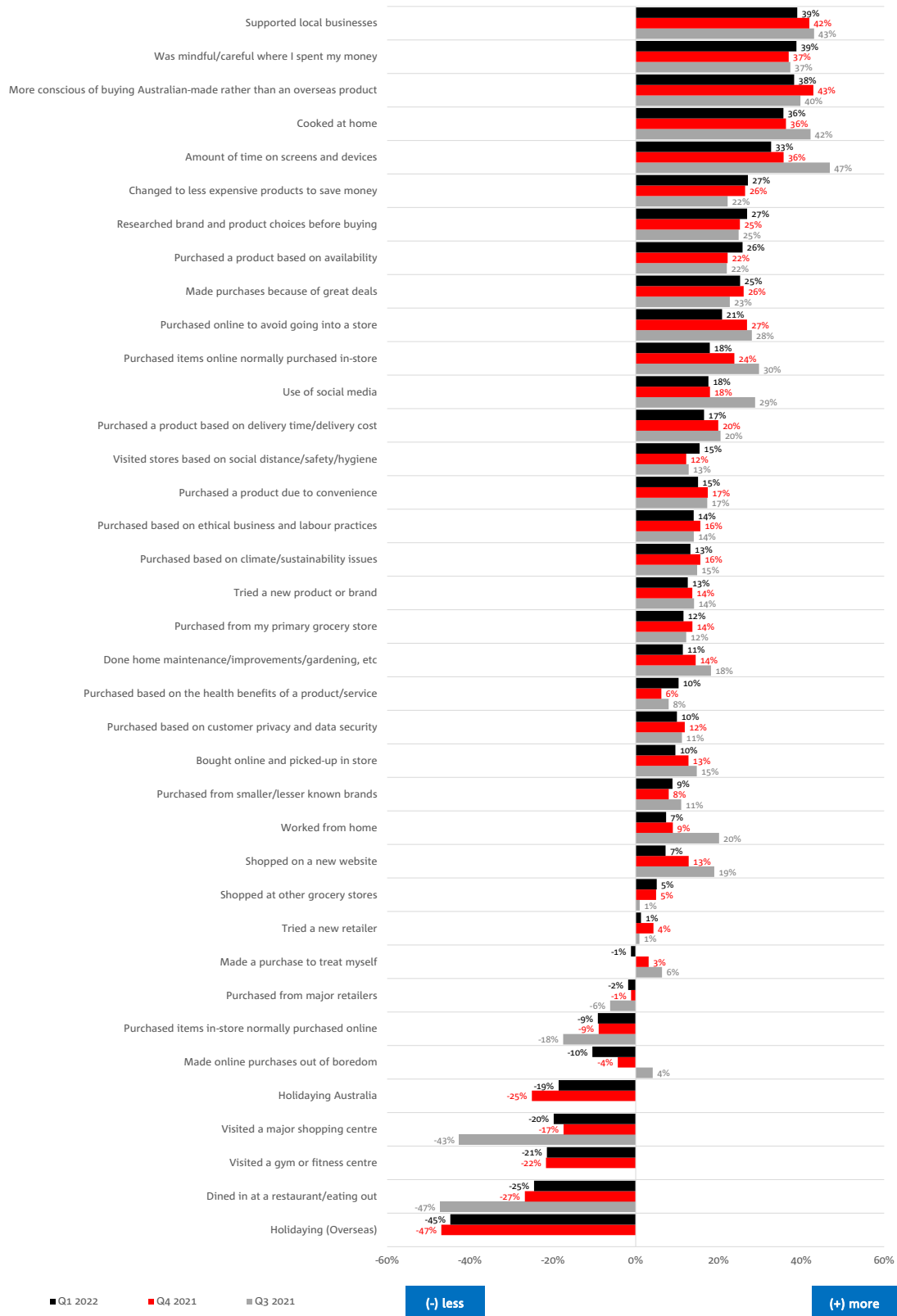
	Overall	18-29	30-49	50-64	65+	Men	Women
Cooked at home	36%	40%	37%	33%	31%	32%	39%
Amount of time on screens and devices	33%	44%	32%	30%	25%	27%	38%
Use of social media	18%	38%	20%	12%	-2%	11%	24%
Done home maintenance/improvements/gardening, etc.	11%	6%	14%	9%	15%	13%	10%
Purchased based on the health benefits of a product/service	10%	14%	12%	7%	7%	10%	10%
Worked from home	7%	13%	19%	-1%	-9%	8%	6%
Made a purchase to treat myself	-1%	17%	-2%	-10%	-10%	-2%	-1%
Purchased from major retailers	-2%	8%	3%	-10%	-11%	1%	-4%
Made online purchases out of boredom	-10%	7%	-6%	-16%	-30%	-14%	-7%
Holidaying (Australia)	-19%	-12%	-15%	-22%	-29%	-13%	-24%
Visited a major shopping centre	-20%	-6%	-18%	-29%	-28%	-14%	-26%
Visited a gym or fitness centre	-21%	-6%	-20%	-29%	-32%	-17%	-26%
Dined in at a restaurant/eating out	-25%	-3%	-26%	-32%	-35%	-19%	-30%
Holidaying (overseas)	-45%	-40%	-38%	-49%	-56%	-40%	-49%

In Q1, significantly more consumers in the 18-29 age group cooked more from home (+44%), spent time on screens and devices (+38%), made purchases to treat themselves (+17%) or out of boredom (+7%) relative to all other age groups. But more consumers in the 30-49 (14%) and over 65 (+15%) groups spent more time on home maintenance, improvements, gardening etc. More people in the 30-49 group also spent more working from home (+19%), and with the 18-29 group, made purchases based on its health benefits (12% 30-49; 14% 18-29). In contrast, we noted much larger number of Australians over 50 who said they did less of most things, with the behavioural gap between old and young Australians greatest for use of social media, making online purchases out of boredom, dining in at restaurants, making purchases to treat themselves and visiting gyms or fitness centres.

By gender, key behavioural differences included the noticeably higher number of women who said they spent more time on social media (+24% women; +11% men) and on screens and devices (+38% women; +27% men). Significantly more women also reported a negative behavioural change for visiting a major shopping centre (+26% women; -14% men), holidaying in Australia (-24% women; -13% men), dining in at restaurants or eating out (-30% women; -19% men), holidaying overseas (-49% women; -40% men) and going to gyms or fitness centres (-26% women; -17% men).

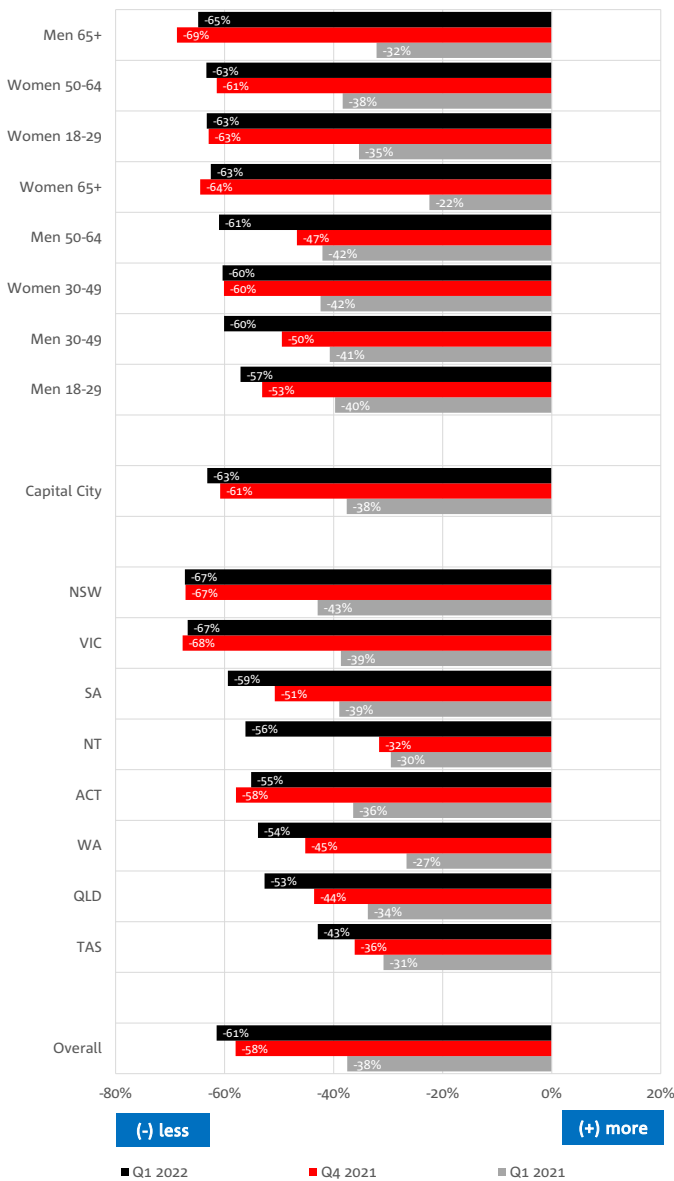
All behavioural changes

Extent behaviours have changed (net balance - more or less)



Special insight: CBD visitation

Extent visits to CBD have changed (net balance - more or less)



With Australians reportedly still limiting their own movements in a bid to counter the spread of the Omicron outbreak during Q1 2022, NAB’s survey data also showed that the number of Australian consumers who visited the CBD less often outweighed the number who visited more.

Indeed, when asked to what extent their visits to the CBD had changed since COVID, on balance -61% said they visited less. This was up slightly from -58% in the previous quarter but approaching double the amount when NAB first asked consumers about their CBD visits in Q1 2021 (-38%).

The highest number of consumers that cut back on visiting their local CBD were again located in both NSW (-67%) and VIC (-67%) - though the number that cut back were at similar levels to the previous quarter.

More consumers in all other states also avoided visiting their local CBD during the March quarter, with very big increases in the number doing so noted in the NT (-56% compared to -32% in Q4 2021), SA (-59% vs. -51%), WA (-54% vs. -45%) and QLD (-53% vs. -44%).

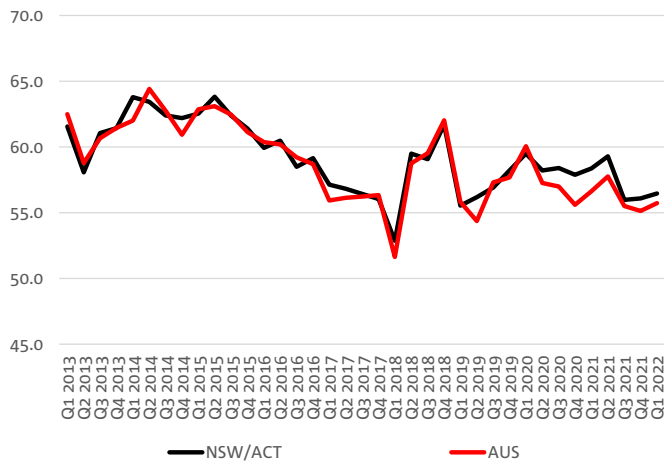
A net -63% of consumers living in metropolitan areas also visited their local CBD less often, up marginally from -61% in Q4 2021 and -38% in Q1 2021.

By gender and age, visits dropped most for men over 65 (-65%), though this was down slightly from the previous quarter (-69%). A net -63% of women in the 50-64, 18-29 and over 65 age groups also visited the CBD less with these numbers broadly unchanged from the previous quarter in all groups.

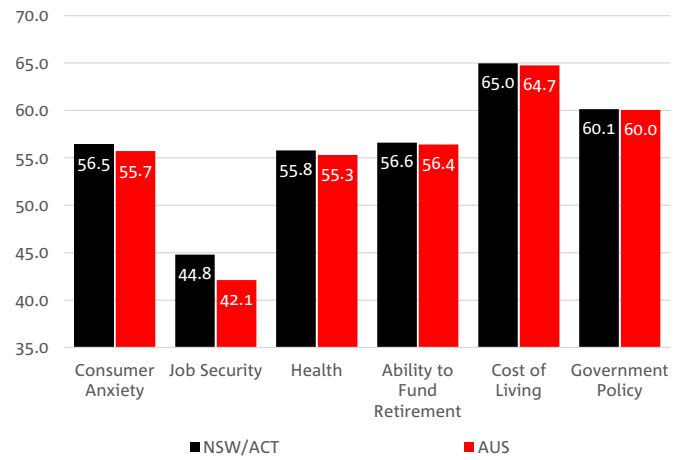
In contrast, the number of men in the 50-64 group who cut back their visits jumped sharply to -61%, from -47% in the previous quarter. A similar trend was evident for men in aged 30-49, which also lifted sharply to -60% from -50% in the last quarter. Slightly more men in the 18-29 aged groups also visited the CBD less often (-57% vs. -53% in Q4 2021), but visitation by women aged 30-49 was unchanged at -60%.

Appendix 1: Consumer Stress: States

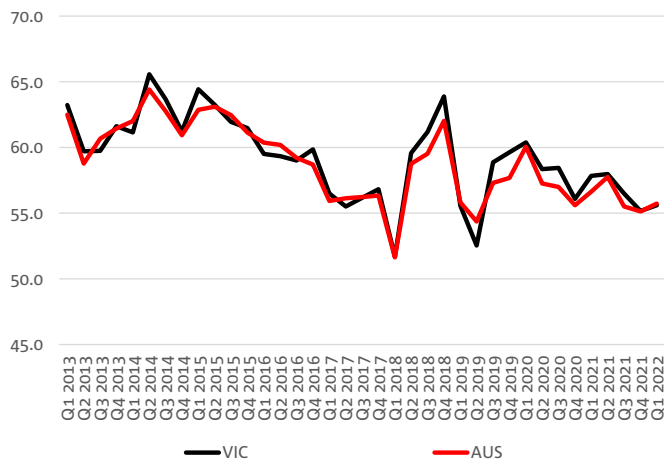
Consumer Stress: NSW/ACT



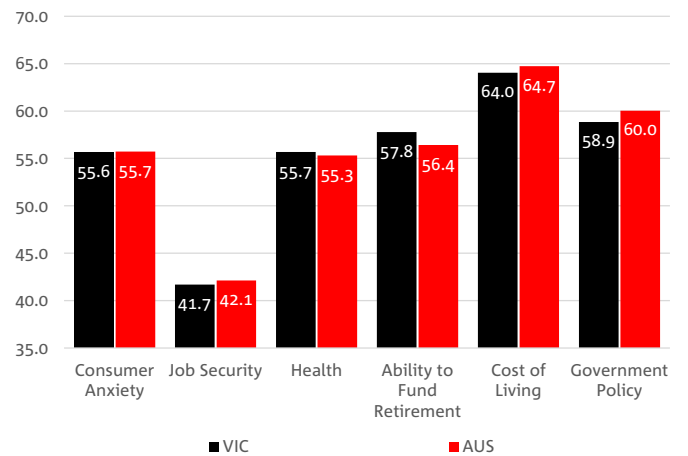
Consumer Stress: NSW/ACT (Q1 2022)



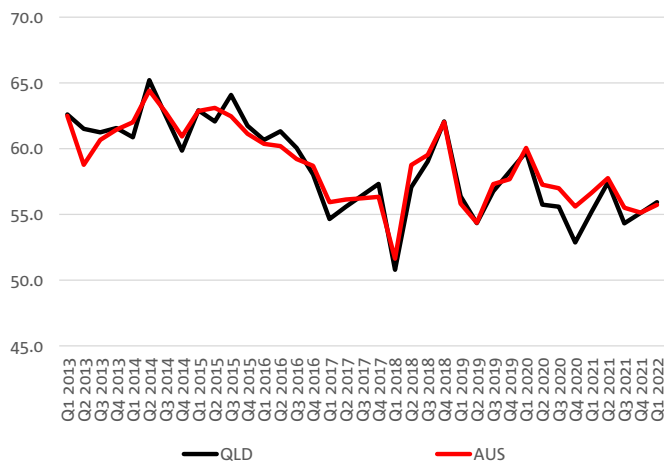
Consumer Stress: VIC



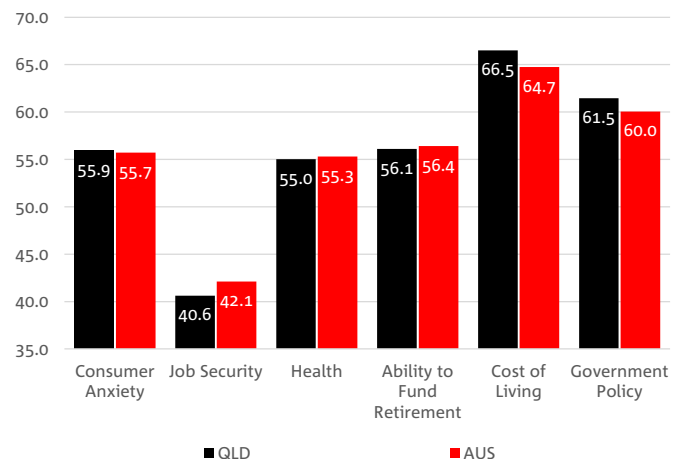
Consumer Stress: VIC (Q1 2022)



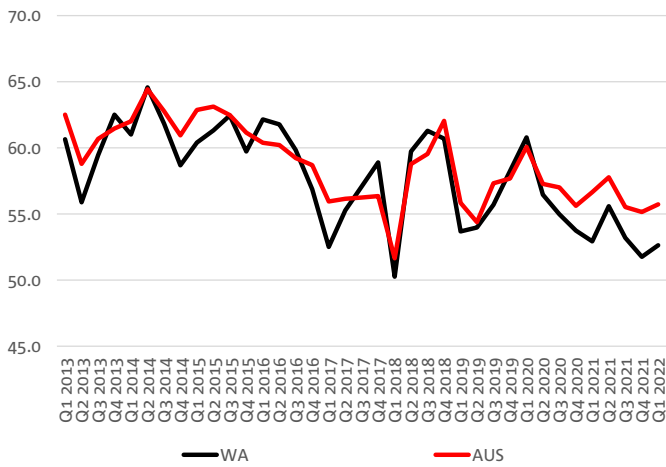
Consumer Stress: QLD



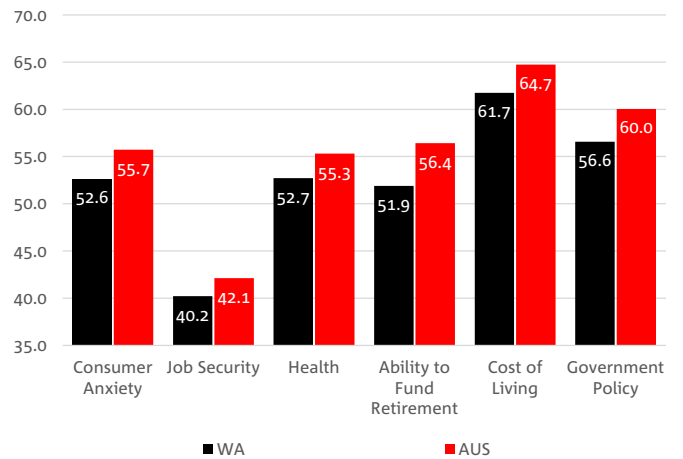
Consumer Stress: QLD (Q1 2022)



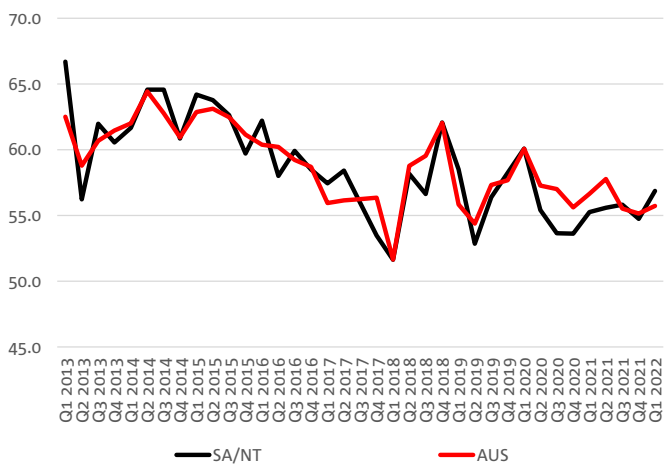
Consumer Stress: WA



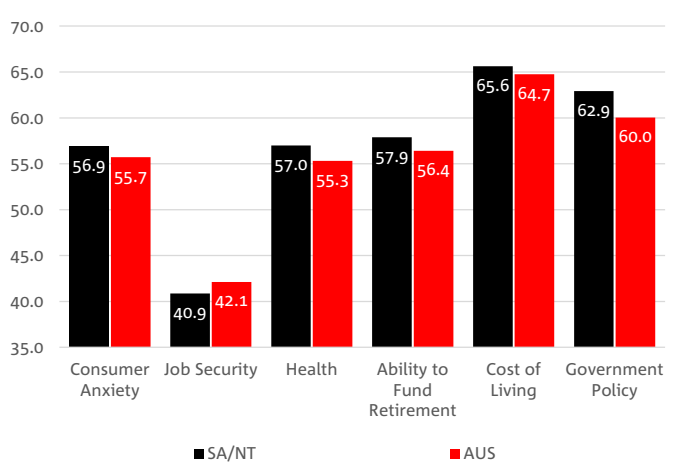
Consumer Stress: WA (Q1 2022)



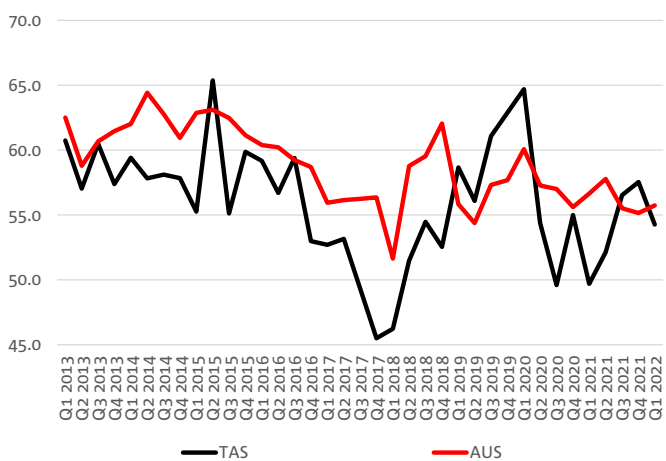
Consumer Stress: SA/NT



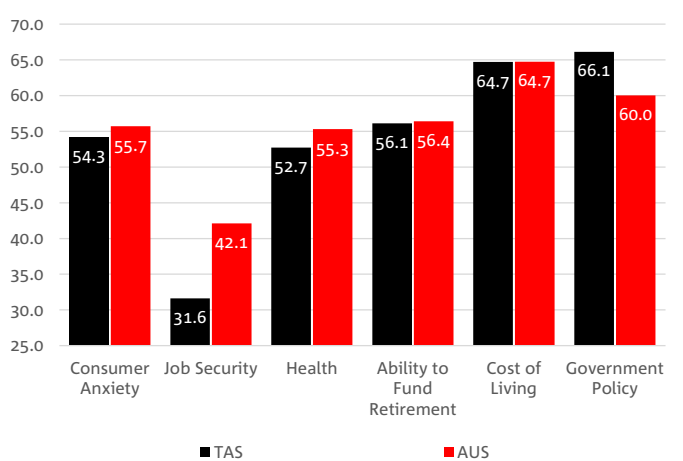
Consumer Stress: SA/NT (Q1 2022)



Consumer Stress: TAS

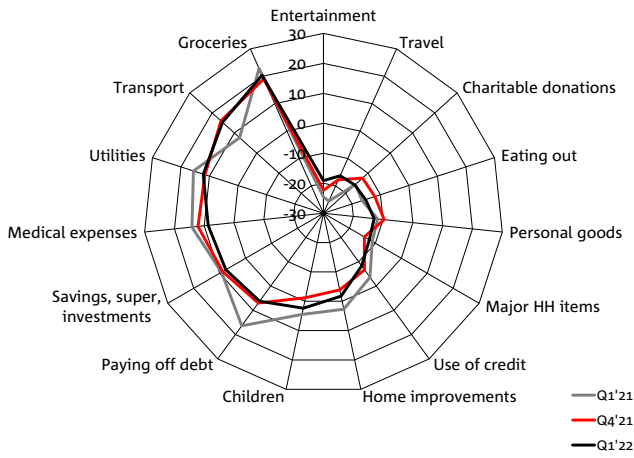


Consumer Stress: TAS (Q1 2022)

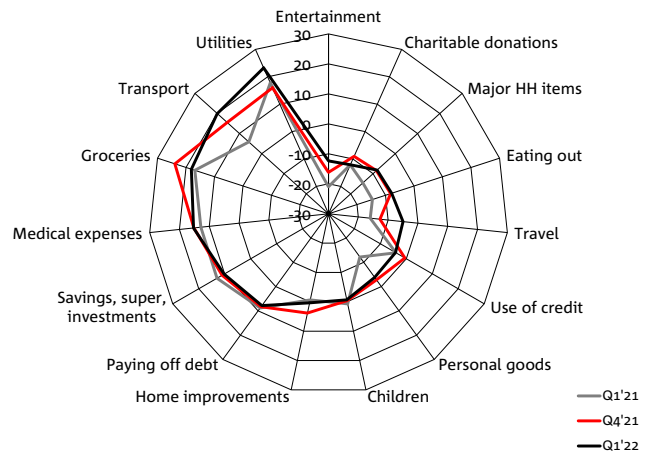


Appendix 2: Changes in Spending Patterns: States

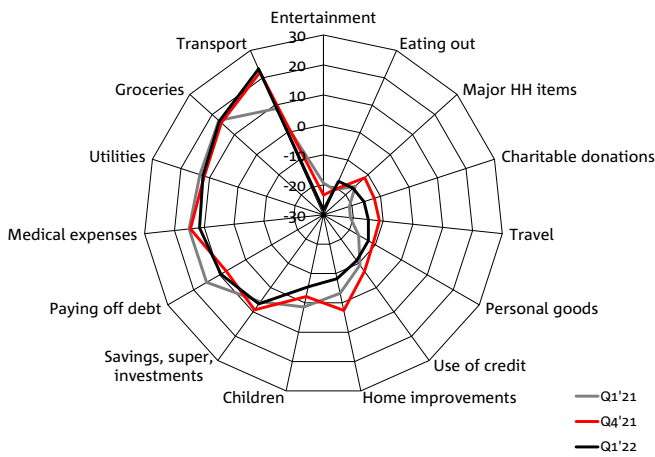
NSW/ACT: Changes in Spending Patterns (net balance)



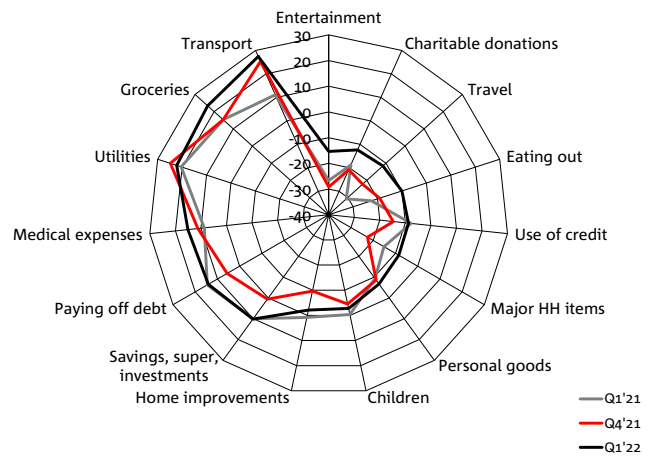
VIC: Changes in Spending Patterns (net balance)



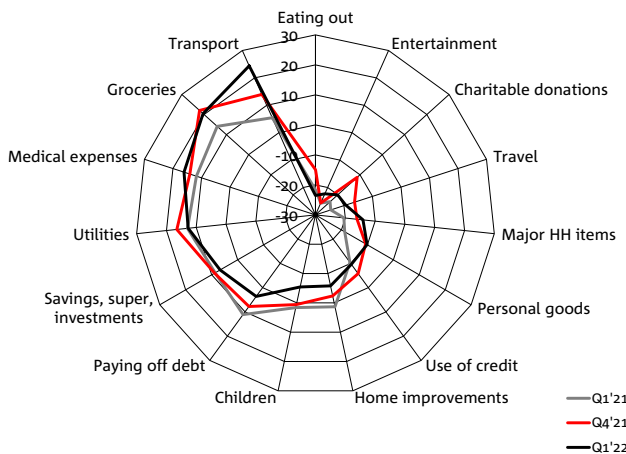
QLD: Changes in Spending Patterns (net balance)



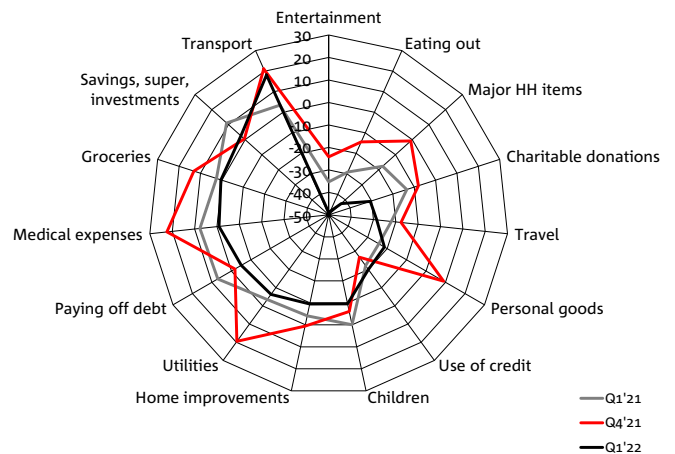
WA: Changes in Spending Patterns (net balance)



SA/NT: Changes in Spending Patterns (net balance)



TAS: Changes in Spending Patterns (net balance)



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