

more  
than  
money



# NAB Australian Wellbeing Survey Q2-2022





# NAB Australian Wellbeing Survey

## Q2-2022

Beyond GDP: Insights into wellbeing, and the role money and finances play in our lives.

Australia's wellbeing broadly unchanged. Home ownership now a significant differentiator. Household financial stress up a little, easing for higher income earners but rising sharply for those on lower incomes. Wealth expectations are waning across all income groups. 3 in 10 workers will ask for a pay rise over the next year, 2 in 10 expect one without asking.

## NAB Behavioural and Industry Economics

**The NAB Australian Wellbeing Index was basically unchanged at 64.9 pts in Q2 (64.8 pts in Q1) and continues to trend slightly above the survey average (64.5 pts). Wellbeing was broadly unchanged for all measures, with slight improvements in perceptions of life worth, life satisfaction and happiness offset by marginally higher anxiety.**

The average did however mask significant differences in wellbeing outcomes across the country. Wellbeing climbed steeply in WA in Q2 and was highest of all states (up 4.6 pts to 66.9 pts), with sharp improvements reported across all wellbeing measures, particularly anxiety. Wellbeing was also somewhat higher in VIC and SA/NT. In contrast, wellbeing deteriorated quite sharply in TAS and NSW/ACT, where it was lowest of all states. Wellbeing in QLD was basically unchanged.

Wellbeing remains lowest for the unemployed (47.2 pts), those who lost their main income due to COVID (54.4 pts), single people (56.9 pts), who live in a rented apartment (57.1 pts) or earn less than \$35,000 p.a. (58.5 pts). Men (65.5 pts) reported higher overall wellbeing than women (64.4 pts) in Q2, though the "wellbeing gap" eased slightly to 1.1 pts (1.4 pts in Q1).

Wellbeing remains lowest among those earning less than \$35,000 p.a. and also fell sharply during the quarter (down 3.2 pts to 58.5 pts) to sit at its lowest level since Q4 2018. The wellbeing gap between the highest and lowest income groups also widened 8.5 pts (3.9 pts in Q1).

Pets again continue to positively impact the personal wellbeing of most Australians - and in Q2 the net number who said they contributed positively increased to +61% (+58% in Q1). Other areas that made a positive difference for most people included their personal safety, family & personal relationships, the homes they live in, their standard of living, religion, faith, or spirituality and feeling part of their local community.

Much was made of the recent 2021 Census findings that not only fewer Australian's had reported their religion as Christian, more reported 'no religion' at all (almost 40% of the population, an increase from 30% in 2016 and 22% in 2011). Yet despite these significant changes, NAB research suggests since COVID, an increasing number of Australians are identifying as "spiritual" rather than "religious". While those belonging to an organised religious entity are on the decline, many continue to seek comfort from spirituality, minus specific doctrines, and rituals.

Home ownership was also a significant wellbeing differentiator, with people who own and live in their house (69.0 pts) or apartment (65.7 pts) rating their personal wellbeing much higher than those who have “other” living arrangements (60.1 pts), rent a house (59.4 pts) or apartment (57.1 pts). House owners reported substantially higher wellbeing scores than apartment owners for all measures and remain far less anxious.

In Q2, self-reported health outcomes improved in all areas. Overall, Australians rated their emotional and mental health highest at 65.4 pts (65.0 pts in Q1), followed by their social health at 64.8 pts (64.3 pts in Q1). They also said their physical health improved to 62.8 pts (62.3 pts in Q1), but still self-identified as the weakest aspect of their overall health.

Australians appetite to return to their pre-COVID lives waned for the third quarter in a row. When asked to rate the extent they agreed with the statement “I want my life to return to exactly how it was before the COVID-19 pandemic”, they scored a lower 6.9 pts (7.1 pts in Q1 and down from a high of 7.5 pts in Q3 2021). That said, Australians also indicated they were less likely to be avoiding people or places.

**The NAB Household Financial Stress Index looks at the role our finances have on our wellbeing. This comprehensive measure of financial anxiety is derived from a number of key potential household pressures.**

In Q2 2022, the NAB Household Financial Stress Index crept up further to 41.8 pts from 40.6 pts in the previous quarter. Moreover, the level of stress associated with each component of NAB’s Financial Stress index increased in Q2. Not having enough to finance retirement is still the biggest driver of financial stress, and stress rose further in Q2 to 52.4 pts (51.3 pts in Q1). It also continued to cause the most stress by some margin than the next biggest drivers - providing for our family’s future (45.6 pts up from 44.6 pts in Q1), medical bills & healthcare (44.2 pts up from 43.2 pts in Q1), non-essentials (44.2 pts up from 42.6 pts in Q1) and home improvements & maintenance (44.1 pts up from 43.1 pts in Q1). Having enough money to meet minimum credit card payments again caused the least stress (32.1 pts but up from 30.6 pts in Q1), followed by having enough for food and basic necessities (36.3 pts also up from 34.5 pts in Q1).

Financial stress remains highest among the 18-29 age group (47.7 pts), stepping down in each age group (to 27.3 pts among the over 65s). But while financial stress moderated a little in the 18-29 (down 0.7 pts) and 30-49 (down 0.4pts) age groups in Q2, it increased noticeably among those aged 50-64 (up 3.5 pts) and over 65 (up 4.2 pts). Financial stress was highest among those aged 18-29 for most drivers, except retirement financing, children’s education, and credit card repayments, which caused the most stress in the 30-49 age group.

Financial stress climbed steeply in the lowest income group in Q2 (up 5.5 pts to 52.8 pts) but eased for high income earners (down 1.2 pts to 37.0 pts). This caused the “stress gap” to widen to a 3½ year high 15.9 pts (9.1 pts in Q1). Lower income earners reported higher stress for all metrics, especially raising \$2,000 for an emergency (54.1 pts low income; 32.9 pts high income), “other” monthly household expenses (53.4 pts low income; 33.5 pts high

income) and medical bills & healthcare (56.7 pts low income; 37.5 pts high income).

Overall, the number of Australians who felt they were worse off financially in Q2 rose for the second straight quarter (-14% versus -8% in Q1). Fewer high income earners believe they are better off (+5% vs. +13% in Q1). In the lowest income group, on balance those worse off continued to increase (-42% vs. -36% in Q1). When asked about a year from now, clearly confidence is waning with the net number expecting to be better off falling for the second consecutive quarter (+5% from +10% in Q1 and +13% in Q4 21). A much lower number of high income earners now believe they will be better off (+23% vs. +30% in Q1), with more people in the low income group also expecting to be worse off financially (-25% vs. -16% in Q1).

Savings aspirations among Australians remain very high, though the number of people trying to save fell to a survey low 73% in Q2 - the lowest number since we started compiling this data in Q3 2020. Despite intentions, savings remained under pressure. On balance, the number of Australians whose level of savings fell in the last 3 months continued to outweigh those who had increased (-18%). Fewer Australians also made inroads into reducing household debt levels in Q2 (-7%).

**For the first time NAB asked working Australians if they intended to request a pay rise over the next 12 months. On average, around 3 in 10 (28%) workers intend to ask and a further 2 in 10 believe they will receive one without asking.**

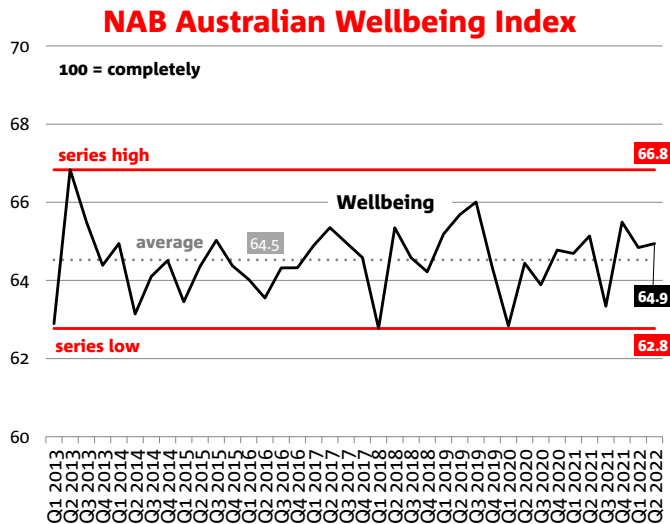
More men (31%) signalled an intention than women (24%), with notable differences also by job type. Almost 1 in 2 (45%) trades workers, 4 in 10 in other IT or technology (42%) and digital & data (39%) and around 3 in 10 professional (34%), machinist operators or drivers (30%) and managers intend to ask for a rise. This compares to just 1 in 5 clerical & admin workers (17%), community & personal services workers (19%), labourers (20%), other (21%) and general unskilled workers (22%).

Among those who intend to ask for a pay increase, 6 in 10 (62%) expect to get one, while 2 in 10 are unsure (19%). Men (65%) are somewhat more confident than women (58%). Trades (71%) and other (71%) workers are the most confident they will receive a pay rise if they ask, falling to just 39% for digital & data workers where significantly more (4 in 10) don’t expect to receive anything. Uncertainty is highest among labourers (31%).

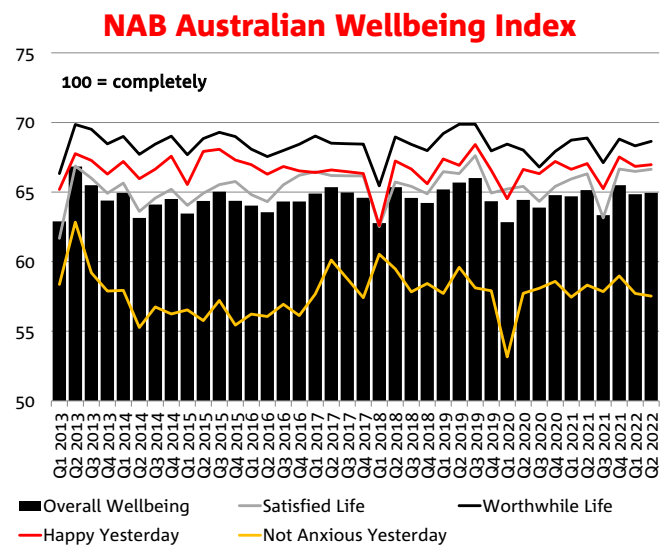
Overall debt stress eased slightly (to 38.2 pts in Q2 vs. 38.6 pts in Q1) and remains well below stress associated with savings (53.7 pts) and income (52.6 pts). Pay day loans continue to cause the most concern (66.2 pts vs. 68.2 pts in Q1). While only 1 in 20 (5%) Australians held loans from a pay day lender, over twice as many (11%) hold this debt among those aged 18-29.

Home loans stress eased (to 46.9 pts vs. 48.1 pts in Q1). Despite the prospect of higher rates, Australians with home loan debt continued to express only “moderate” concern over their home loan debt (scoring 5.7 pts out of 10, unchanged from Q1). Income was not influential. But around 3 in 10 (30%) indicated a rate hike would result in “high” levels of stress over their home loan debt (i.e. scored 8 pts or higher).

# NAB Australian Wellbeing Index



The NAB Australian Wellbeing Index was basically unchanged at 64.9 pts in Q2 (64.8 pts in Q1), and continues to trend slightly above the survey average (64.5 pts). Wellbeing was also broadly unchanged for all measures, with slight improvements in perceptions of life worth, life satisfaction and happiness offset by marginally higher anxiety.



The average did however mask significant differences in wellbeing outcomes across the country. Wellbeing climbed steeply in WA in Q2 and was highest of all states (up 4.6 pts to 66.9 pts), with sharp improvements reported across all wellbeing measures, particularly anxiety. Wellbeing was also somewhat higher in VIC (up 1.7 pts to 64.7 pts) and SA/NT (up 1.3 pts to 64.5 pts), and improved for all measures. In contrast, wellbeing deteriorated quite sharply in TAS (down 5.7 pts to 66.6 pts) and NSW/ACT (down 2.4 pts to 63.9 pts), where it was lowest of all states.

Lower wellbeing scores in NSW/ACT were recorded for all measures, with anxiety levels in particular sharply higher. In TAS, lower wellbeing was mainly driven much weaker perceptions of life worth, life satisfaction and happiness. Anxiety levels TAS were however unchanged and remained lowest in the country.

Overall wellbeing in QLD was basically unchanged (up 0.1 pts to 66.0 pts), with improvements in life worth and life satisfaction offset by higher anxiety and lower happiness scores - see Appendix 1 for state charts.

Overall, wellbeing remains highest in the over 65 age group though moderated somewhat to 74.4 pts (76.1 pts in Q1). It also remains somewhat higher for men (76.0 pts) in this age group than women (72.7 pts). Other high wellbeing groups in Q2 included widows (71.2 pts), married people (69.4 pts) and people who live in a house they own (69.0 pts). It was lowest for unemployed people (47.2 pts), those who lost their main income due to COVID (54.4 pts), single people (56.9 pts), who live in a rented apartment (57.1 pts) or earn less than \$35,000 p.a. (58.5 pts). Wellbeing improves as we grow older, particularly over the age of 65 (with this relationship holding true by gender and age). But in Q2, the wellbeing gap between older Australians (74.4 pts) and younger Australians (59.9 pts) fell to 14.6 pts (16.9 pts in Q1), though the “anxiety gap” remained very wide (72.9 pts vs. 45.6 pts).

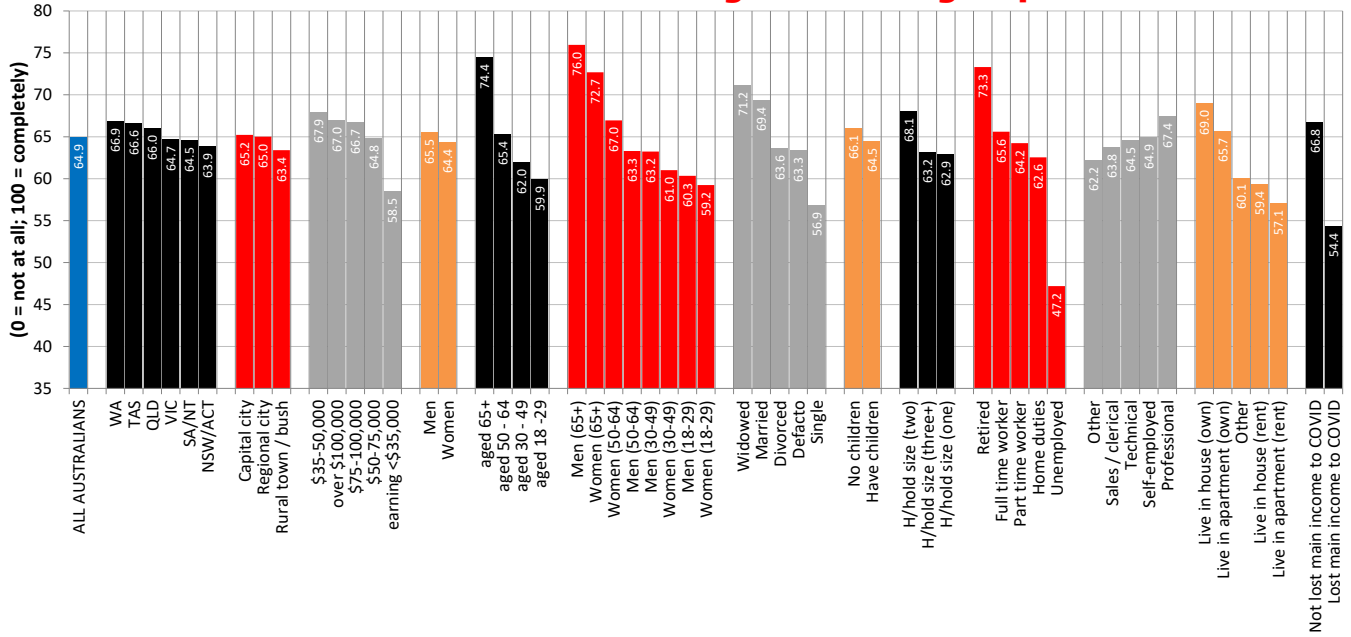
Men (65.5 pts) reported higher overall wellbeing than women (64.4 pts) in Q2, though the “wellbeing gap” eased slightly to 1.1 pts (1.4 pts in Q1). Men reported higher wellbeing scores for all measures except life worth. Men also reported higher wellbeing than women in most age groups. The 50-64 group was the exception (women 67.0 pts; men 63.3 pts), with men in this age group reporting much lower life worth and happiness scores. The “wellbeing gap” by age and gender was highest in the over 65 group, where men reported significantly lower levels of anxiety than women.

For the second consecutive quarter, Australians earning \$35-50,000 p.a. rated their wellbeing highest (67.9 pts) of all income groups, ahead of those earning over \$100,000 p.a. (67.0 pts). Wellbeing however remained lowest in the lowest income group earning less than \$35,000 p.a. and also fell sharply during the quarter (down 3.2 pts to 58.5 pts) to sit at its lowest level since Q4 2018. The wellbeing gap between the highest and lowest income groups also widened 8.5 pts (3.9 pts in Q1).

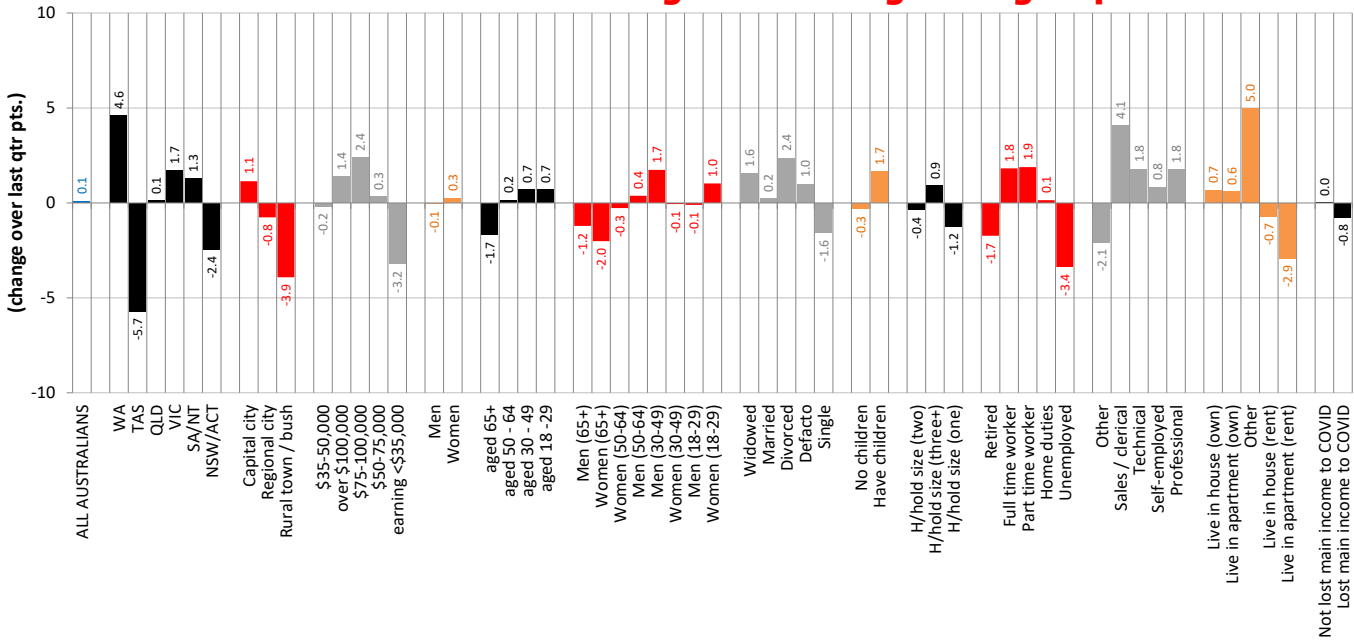
Home ownership was also a significant differentiator, with people who own and live in their house (69.0 pts) or apartment (65.7 pts) rating their personal wellbeing much higher than those who have “other” living arrangements (60.1 pts), rent a house (59.4 pts) or apartment (57.1 pts). House owners reported substantially higher wellbeing scores than apartment owners for all measures, and remain far less anxious.

In other key findings, wellbeing fell noticeably in rural areas (down 3.9 pts to 63.4 pts) and was somewhat lower than in capital cities where it increased (65.2 pts) and regional cities (65.0 pts). People in rural areas also scored their wellbeing lowest for all survey wellbeing measures, except anxiety which was highest in capital cities.

## NAB Australian Wellbeing Index - all groups



## NAB Australian Wellbeing Index change - all groups



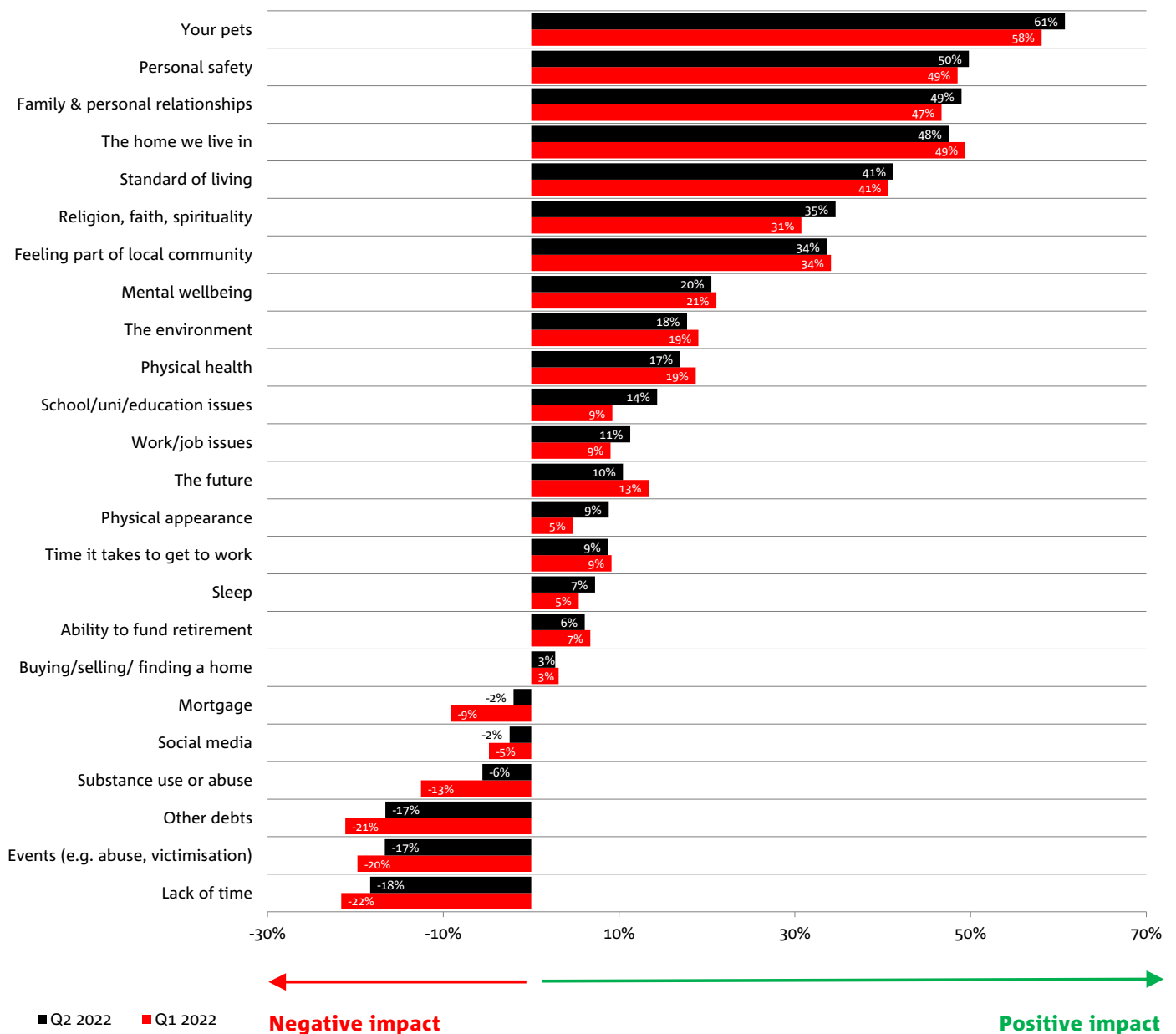
### What is driving wellbeing?

Since 2015, NAB has been asking Australians what impact (positive or negative) several key factors have on their ratings of personal wellbeing.

Pets again continue to positively impact the personal wellbeing of most Australians - and in Q2 the net number who said it contributed positively increased to +61% (+58% in Q1). Other areas that made a positive difference for most people included their personal safety (+50% vs. +49% in Q1), family & personal relationships (+49% vs. +47% in Q1), the homes they live in (+48% vs. +49% in Q1), their standard of living (unchanged at +41%), religion, faith, or spirituality (+35% vs. +31% in Q1) and feeling part of their local community (unchanged at +34%). We also noted a somewhat larger increase in the net number of Australians who reported positive wellbeing benefits from school, university, or education issues in Q2 (+14% vs. +9% in Q1).

It was also very encouraging to note factors that typically detract from wellbeing also had a negative impact for fewer Australians in Q2. This was most evident in relation to their mortgages (-2% vs. -9% in Q1) and substance use or abuse (-6% vs. -13% in Q1). Factors that took away from wellbeing for more people in Q2 (though for less people than in Q1) were lack of time (-18% vs. -22% in Q1), events such as abuse or victimisation (-17% vs. -20% in Q1), other debts (-17% vs. -21% in Q1), and social media (-2% vs. -5% in Q1).

### Wellbeing drivers (net balance)





But perceptions of how these things impact wellbeing continue to vary widely across key groups.

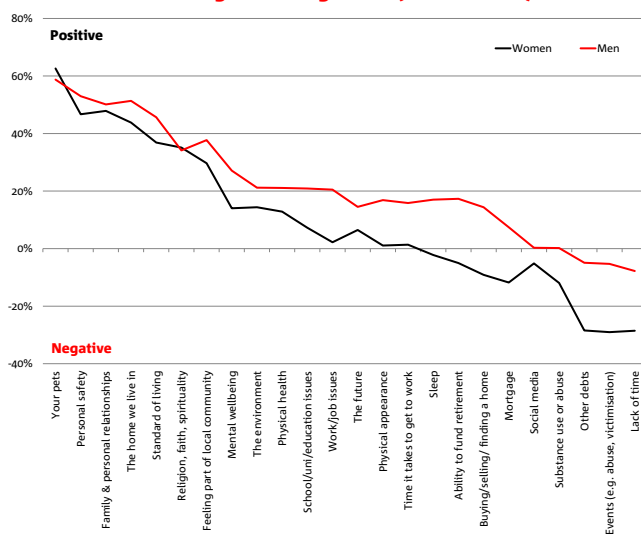
By gender, more (or less) men on balance reported a positive (or negative) contribution from most factors with few exceptions - their pets which made a positive contribution for more women (+63% women; +59% men) and religion, faith, or spirituality (+35% women; +34% men). Most apparent was the much higher number of men who said buying, selling or finding a home (+14%; -9% women), mortgages (+7% men; -12% women), sleep (+17% men; -2% women), work or job issues (+20% men; +2% women), education (+21% men; +7% women) and mental wellbeing (+27% men; +14% women) added to their overall wellbeing. Also obvious was the much lower number of men who also said events such as abuse or victimisation (-5% men; -29% women), other debts (-5% men; -28% women) and lack of time (-8% men; -29% women) detracted from their wellbeing than did women.

By age, noticeably more people in the over 65 group associated positive wellbeing benefits from their personal safety (+59%), family & personal relationships (+61%), their homes (+61%), feeling part of their local community (+49%), mental wellbeing (+39%) and ability to fund retirement (+21%). Physical health (+31%) and sleep (+17%) contributed positively to noticeably more people in the 18-29 age group, and school, university, or education issues (+23%) and time it takes to get to work (+14%) for more in the 30-49 age group. In contrast, a lot more people in the 50-64 age group said that events such as abuse or victimisation (-22%) detracted from their overall wellbeing than in any other age group.

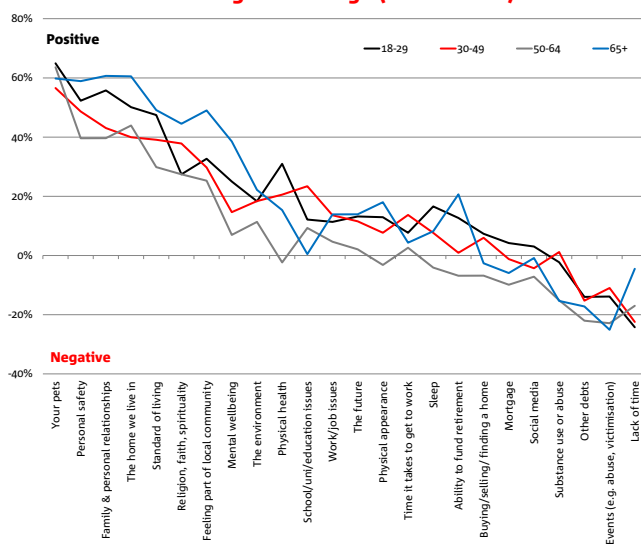
Income levels also played a key role, with more Australians in net terms in the highest income group (\$100,000+ p.a.) deriving positive (or less negative) benefits from all wellbeing drivers than those in the lowest income group (less than \$35,000 p.a.) for nearly all wellbeing drivers. The exception was lack of time where it detracted from the wellbeing of significantly more people in the highest income group (-27% high income; -12% low income).

Areas where the divide between the highest and lowest income groups was greatest in Q2 included their standard of living (+61% high income; -1% low income), physical health (+31% vs. -19%), retirement funding (+16% vs. -38%), the future (+23% vs. -18%), the homes they live in (+58% vs. +21%), buying selling or finding a home (+16% vs. -21%), work or job issues (+18% vs. -17%), mental wellbeing (+28% vs. -4%), family & personal relationships (+56% vs. +25%) and personal safety (+60% vs. +29%).

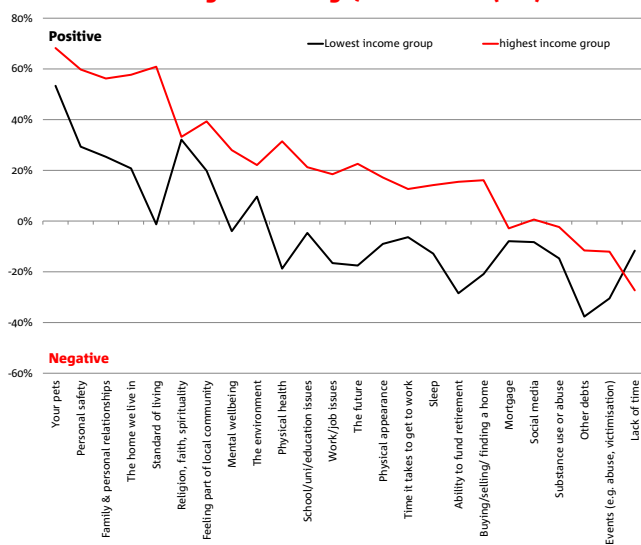
**Wellbeing drivers: gender (net balance)**



**Wellbeing drivers: age (net balance)**



**Wellbeing drivers: high/low income (net)**



# Our emotional/mental, physical and social health

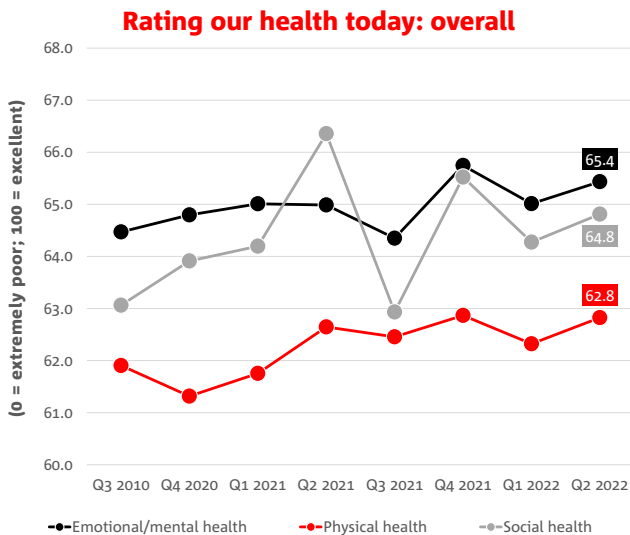
On average, Australians consider themselves “moderately” healthy across all aspects of their health - emotional or mental (the ability to cope with normal stresses of life and take pleasure and satisfaction from life), physical (soundness of the body and freedom from disease and abnormality) and social (quality of interactions and meaningful relationships with others).

In Q2, self-reported health outcomes improved in all areas.

Overall, Australians rated their emotional and mental health highest at 65.4 pts (65.0 pts in Q1), followed by their social health at 64.8 pts (64.3 pts in Q1). They also said their physical health improved to 62.8 pts (62.3 pts in Q1), but still self-identified as the weakest aspect of their overall health.

Health outcomes varied by gender and age. In Q2, men again reported better health outcomes than women in all areas. The gap was biggest for emotional/mental health (66.3 pts men; 64.6 pts women). It was smallest for social health (64.9 pts men; 64.7 pts women). But whereas women rated all aspects of their health higher relative to the previous quarter, men rated their emotional/mental and physical health lower..

People over the age of 65 self-reported the highest health outcomes in all areas in Q2 of all age groups, particularly their emotional/mental health (76.2 pts) and social health (73.9 pts). They also rated their physical health highest (65.0 pts) just ahead of the 18-29 age group (64.8 pts). Older Australians however rated mental and social health lower relative to Q4, and physical health a little better. Health was rated higher across all aspects in the 18-29 and 30-49 age groups, but the 50-64 group reported worse outcomes in all areas. Emotional/mental health continued to be rated lowest in the 18-29 age group (60.7 pts). Physical health was rated lowest in the 50-64 group (57.4 pts) by some margin, along with social health (61.4 pts).



## Rating our health today: gender and age

	All	Women	Men	18-29	30-49	50-64	65+
<b>Emotional/mental health</b>							
- Q2 2022	65.4	64.6	66.3	60.7	63.0	63.3	76.2
- Q1 2022	65.0	62.8	67.3	59.1	61.6	64.7	76.9
- Q4 2021	65.7	63.8	67.8	60.6	63.4	63.9	76.7
- Q3 2021	64.5	63.1	65.8	60.8	60.2	61.9	77.8
- Q2 2021	64.8	62.1	67.6	62.2	60.4	64.3	75.3
<b>Physical Health</b>							
- Q2 2022	62.8	62.3	63.4	64.8	63.4	57.4	65.0
- Q1 2022	62.3	60.6	64.1	62.6	62.1	60.1	64.6
- Q4 2021	62.9	60.8	65.0	64.3	63.4	57.8	65.6
- Q3 2021	61.9	60.8	63.0	65.4	60.3	56.8	66.1
- Q2 2021	61.3	58.9	63.8	64.3	59.9	57.1	64.8
<b>Social Health</b>							
- Q2 2022	64.8	64.7	64.9	62.5	62.6	61.4	73.9
- Q1 2022	64.3	62.9	65.7	61.4	60.8	62.5	74.6
- Q4 2021	65.5	64.9	66.2	62.3	63.6	62.6	74.7
- Q3 2021	63.1	63.4	62.7	61.5	59.1	60.9	73.4
- Q2 2021	63.9	62.6	65.3	61.7	60.8	61.8	73.4



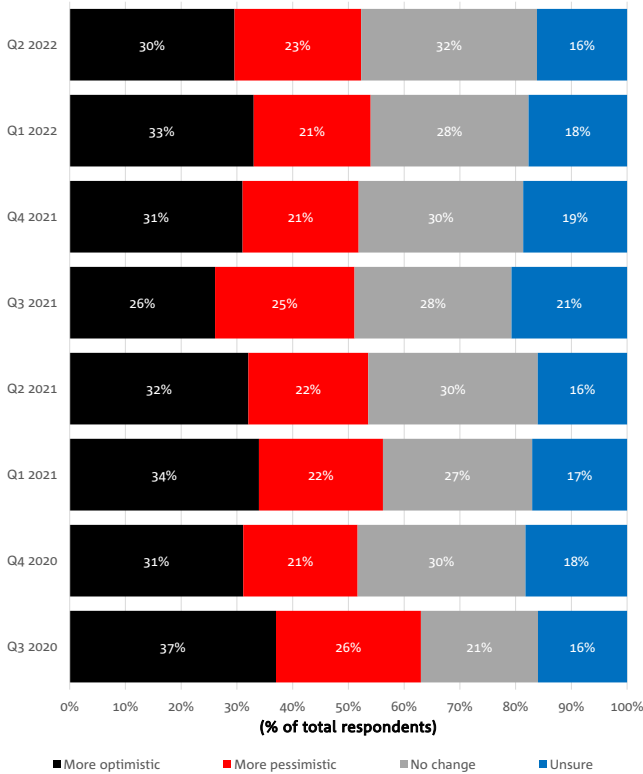
# Are we optimistic about the future?

Psychologists believe optimism helps us cope with stressors in the present, because it helps us expect a better future at some point. Even if the future does not take place as planned, it helps us bounce back from disappointments as there is an ongoing expectation things will get better eventually.

When asked how Australians felt when thinking about the future, optimism receded in Q2, with the number of optimists falling to 30% (33% in the previous quarter and 32% at the same time last year). Almost 1 in 4 (23%) people were more pessimistic (up slightly from 21% in the previous quarter), but almost 1 in 3 (32%) saw no change (up from 28% in Q1).

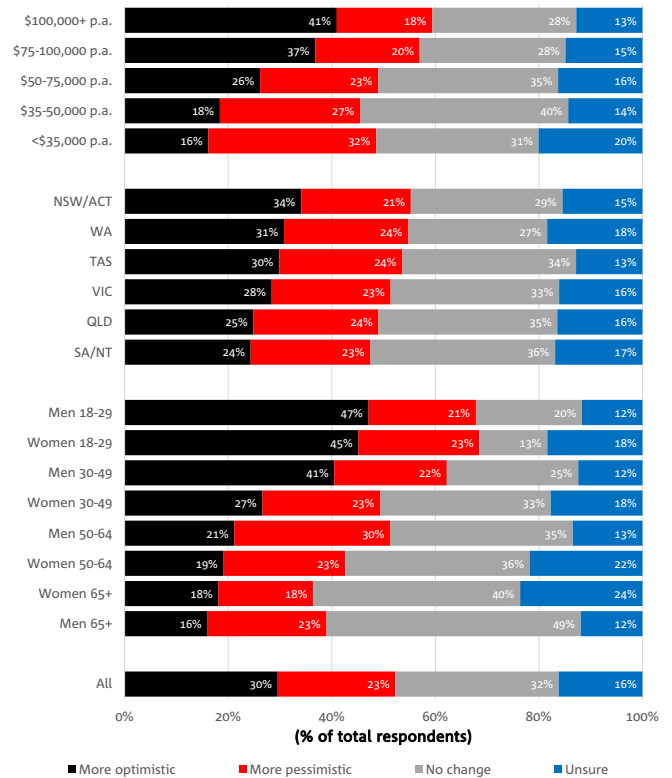
Around 16% of Australians were unsure about the future (18% in Q1).

## How does thinking about the future in general make you feel?



Optimism varied quite widely by gender and age. Young men remain by far the most optimistic about the future, with over 47% optimistic (though down from 52% in Q1). Women in the 18-29 age group were the next most optimistic (45%), but also slightly less so than in Q1 (44%), followed by men aged 30-49 (41%) but up from 37% in Q1.

## How does thinking about the future in general make you feel?



Men over the age of 65 (16%) replaced women over the age of 65 (18%) with the least number of optimists, while men in the 30-49 age group had the highest number of pessimists (30%). Around 1 in 2 (49%) people over the age of 65 saw no change, compared to just 13% of women in the 18-29 age group.

NSW/ACT (34%) was the most optimistic state in the country in Q2 and SA/NT (24%) and QLD (25%) the least optimistic. The number of pessimists was broadly similar in all states at around 1 in 4, with NSW/ACT the exception (21%). Whereas almost 4 in 10 (36%) in SA/NT saw no change in how they feel about the future, this fell to 27% in WA. Uncertainty was marginally higher in WA (18%) and SA/NT (17%) and lowest in TAS (13%).

Income was important, with a clear relationship with number of optimists stepping up in each successive income group from 16% in the lowest income group to 41% in the highest income group. The lowest income group earning less than \$35,000 p.a. was the most pessimistic (32%), with the highest number who saw no change in the \$35-50,000 p.a. group (40%). Uncertainty was also highest in the lowest income group (20%).

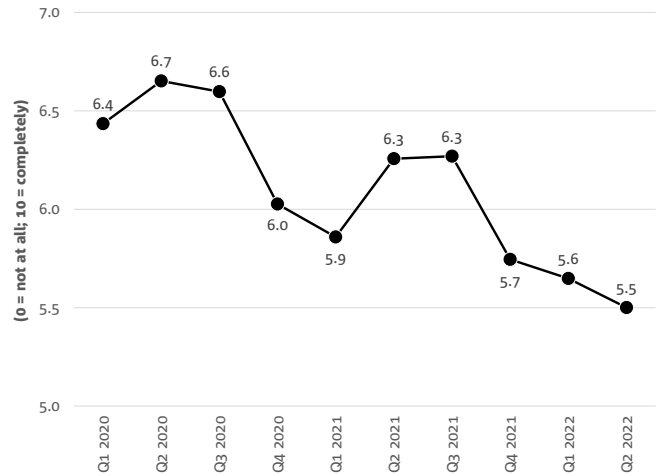
# Coronavirus concerns

The level of concern about Coronavirus fell for the fourth straight quarter to a low of 5.5 pts in Q2 (5.6 pts in Q1 and 6.3 pts at the same time last year).

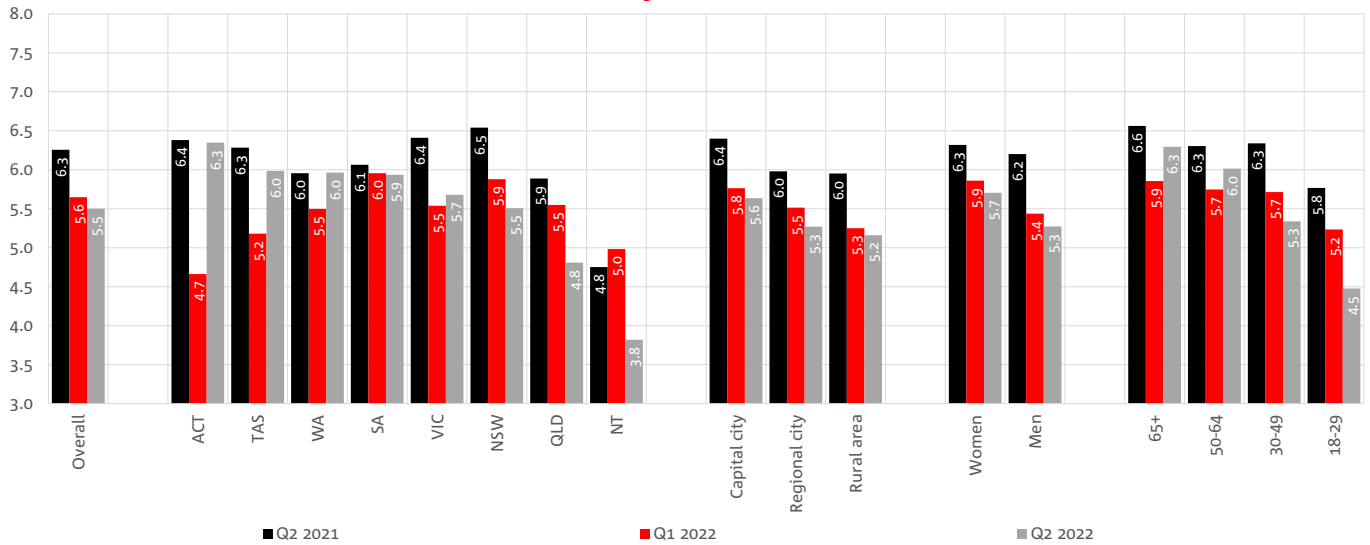
Concern however, rose sharply in the ACT to 6.3 pts (4.7 pts in Q1) and was highest in the country, followed by TAS (6.0 pts) and WA (6.0 pts) where it was also somewhat higher. It was unchanged in SA (5.9 pts), but rose a little in VIC to 5.7 pts (5.5 pts in Q1). Concern fell sharply in the NT (3.8 pts vs. 5.0 pts in Q1) and QLD (QLD (4.8 pts vs. 5.5 pts in Q1), and more moderately in NSW (5.5 pts vs. 5.9 pts in Q1) - see chart below.

Concern moderated in all regions but was still a little higher in capital cities (5.6 pts) than regional cities (5.3 pts) and rural areas (5.2 pts). Women (5.7 pts) continue to worry than men (5.3 pts), but concern fell for both genders. By age, concern increased and was highest in the over 65 (6.3 pts) and 50-64 (6.0 pts) age groups. It fell noticeably and was lowest in the 18-29 (4.5 pts) and 30-49 (5.3 pts) age groups.

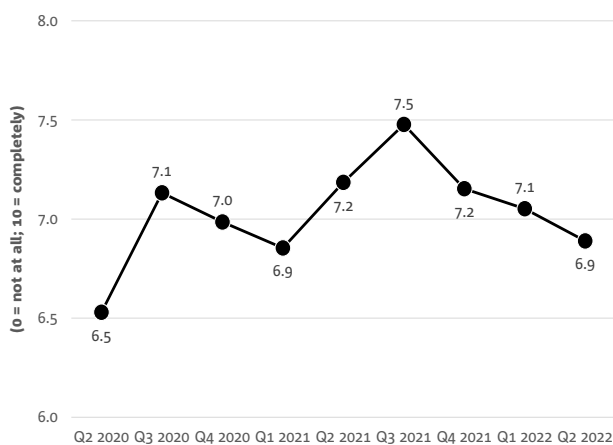
**How concerned are you about Coronavirus?**



**How concerned are you about Coronavirus?**



**Extent of agreement with statement: "I want my life to return to exactly how it was before the Coronavirus"**



Having lived with COVID for over 2 years, have people changed their view about their pre-COVID life? It seems so. A year ago, Australians were becoming keener to return to “normal” – their pre-COVID lives. Today their appetite to revert to their old lives continue to wane (and for the third quarter in a row). When asked to rate the extent they agreed with the statement “I want my life to return to exactly how it was before the COVID-19 pandemic”, they scored 6.9 pts (7.1 pts in Q1 and down from a high of 7.5 pts in Q3 2021). By state, agreement was highest TAS (7.1 pts), VIC (7.0 pts) and QLD (7.0) pts but was somewhat lower in the NT (6.3 pts) and TAS (6.6 pts). By gender, men (7.0 pts) were still slightly keener to return to their old lives than women (6.8 pts), though the appetite to do softened a little softer for both genders. By age, people over 65 (7.4 pts) were keenest to return to their old ways, and those in the 18-29 (6.5 pts) the least keen to do so - see table below.

	Overall	NSW	VIC	QLD	SA	ACT	WA	TAS	NT	Men	Women	18-29	30-49	50-64	65+
Q2 2022	6.9	6.8	7.0	7.0	6.7	6.7	7.1	6.6	6.3	7.0	6.8	6.5	6.8	7.0	7.4
Q1 2022	7.1	7.2	6.9	6.8	7.6	6.6	7.2	7.5	7.1	7.2	6.9	6.8	6.9	7.0	7.6
Q4 2021	7.2	7.3	7.3	7.0	7.3	6.7	6.7	7.4	6.3	7.3	7.1	7.1	6.9	7.0	7.7
Q3 2021	7.5	7.7	7.6	7.1	7.5	6.6	7.3	6.9	7.4	7.7	7.3	7.2	7.3	7.4	8.0

Australians also indicated they were less likely to be avoiding people or places in Q2. When asked to rate the extent they agreed with the statement “I am avoiding places and people as much as possible because of COVID - a self-imposed lockdown”, on average they scored a “quite moderate” 5.1 pts out of 10, down from 5.3 pts in Q1.

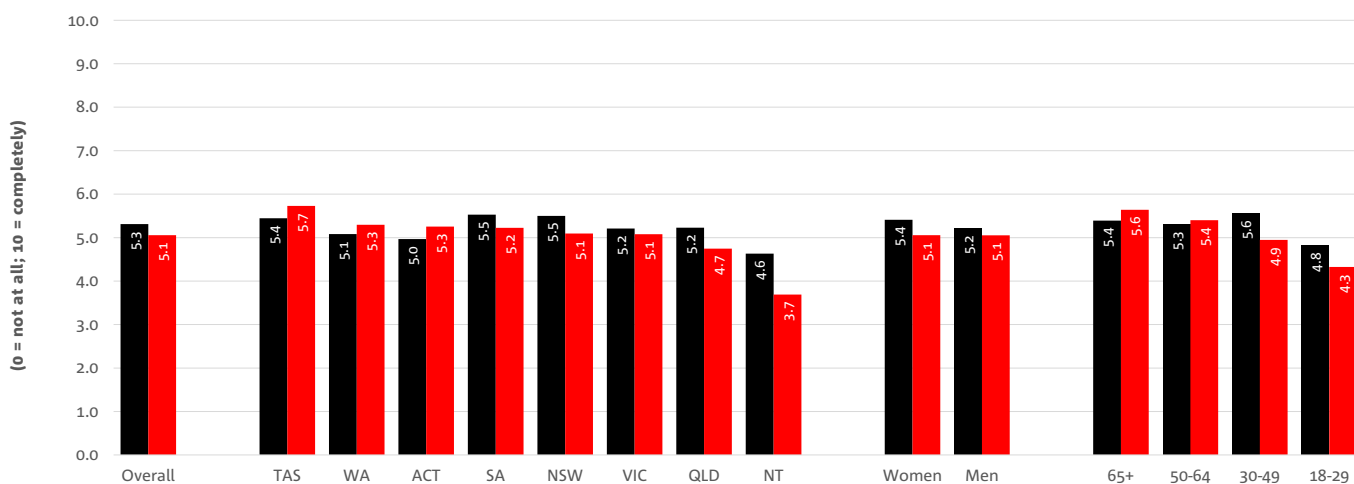
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By state, avoidance was highest (and increased) in TAS (5.7 pts vs. 5.4 pts in Q1). Avoidance also increased in WA (5.3 pts vs. 5.1 pts in Q1) and the ACT (5.3 pts vs. 5.0 pts), but moderated in all other states and territories with avoidance behaviour lowest in the NT (3.7 pts vs. 4.6 pts) and QLD (4.7 pts vs. 5.2 pts in Q1).

Avoidance behaviours moderated for men and women in Q2 and was rated similarly (5.1 pts). By age however, agreement with the avoidance statement was highest and increased in both the over 65 (5.6 pts vs. 5.4 pts in Q1) and 50-64 (5.4 pts vs. 5.3 pts in Q1) age groups. It was lowest and fell in both the 18-29 (4.3 pts vs. 4.8 pts) and 30-49 (4.9 pts vs. 5.6 pts) age groups.

Though the average score suggests Australians exhibited relatively moderate avoidance behaviours in Q2, it is important to note that around 1 in 4 (27%) Australians were in “high” agreement, with this statement (i.e. scored 8+ pts). This ranged from 40% in TAS to just 4% in the NT, with a large gulf also apparent between the oldest (36%) and youngest (17%) Australians.

### Extent of agreement with statement: "I am avoiding places and people as much as possible because of Covid - a self-imposed lockdown"

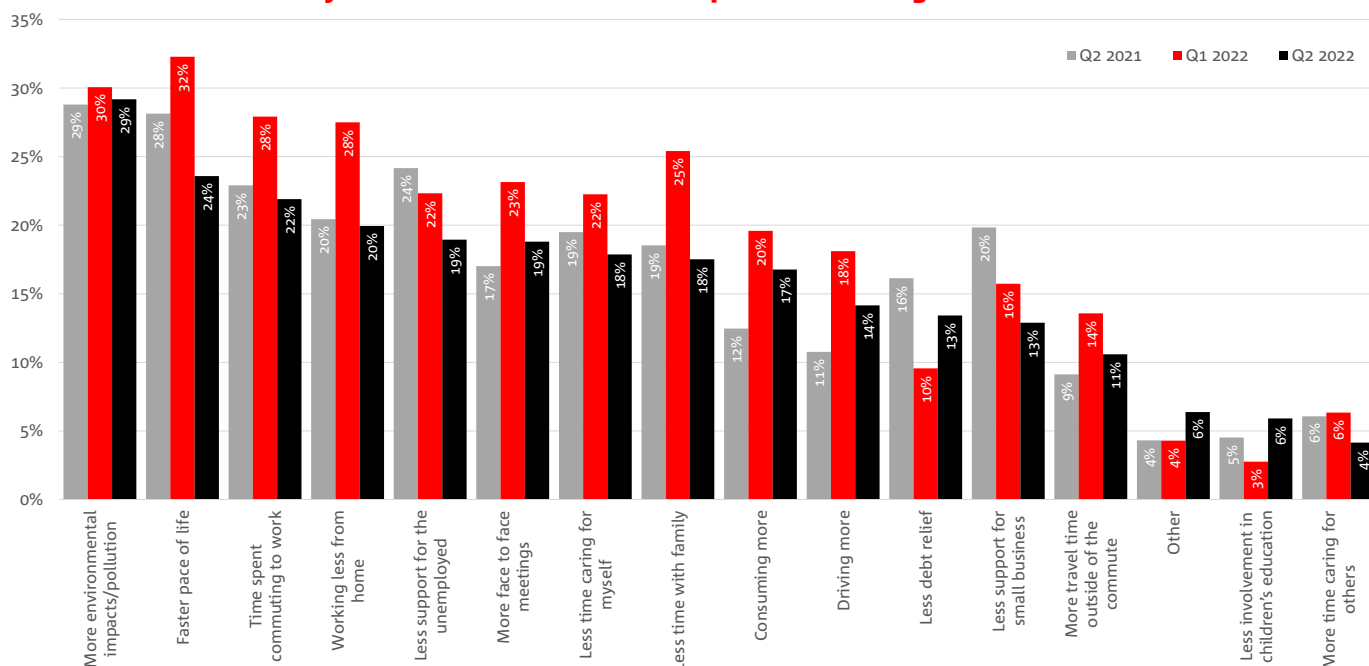


When Australians who had a low desire to return to life as it was before the pandemic (i.e. scored 4 pts or lower), what they feared most, the main reason was more environmental impacts/pollution (broadly unchanged at 29%). It also replaced returning to a faster pace of life as the biggest concern - though the number citing this concern fell to 24% from 32% in Q1. The next biggest areas of concern were time spent commuting to work (22% vs. 28% in Q1), working less from home (20% vs. 28% in Q1), support for the unemployed (19% vs. 22% in Q1), more face-to-face meetings (19% vs. 23% in Q1), less time caring for themselves (18% vs. 22%), and less time with family (18% vs. 25% in Q1) - though noticeably fewer people expressed concerns in all of these areas than in Q1 (especially faster pace of life, working less from home and less time with family).

More Australians were however, concerned about less debt relief post Covid restrictions (13% vs. 10% in Q1) and less involvement in their children’s education (6% vs. 3% in Q1).



### What are you most concerned about post the easing of Covid restrictions?

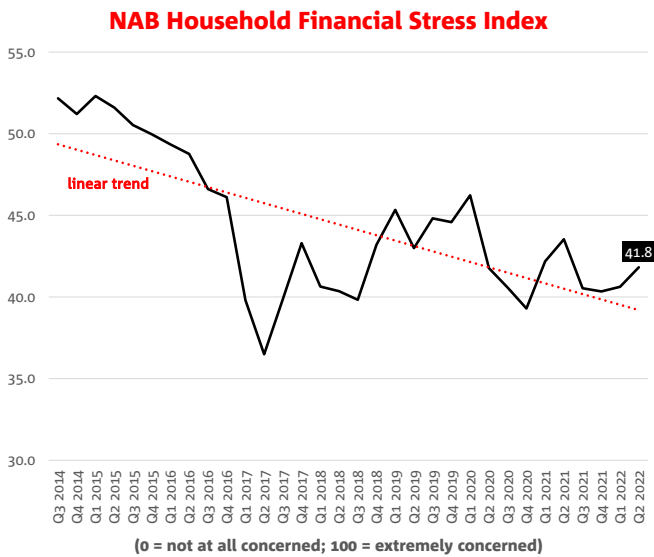


Noticeably more women worried about environmental impacts/pollution (33% women; 26% men), faster pace of life (26% women; 20% men), and less time with family (20% women; 15% men). Men however were somewhat more concerned about time spent commuting to work (25% men; 18% women), and less support for the unemployed (21% men; 15% women). There were also some key differences by age. These included the much higher number in the 30-49 age group concerned about the faster pace of life (34%), time spent commuting to work (29%), less time caring for themselves (25%) and less time with family (26%). Noticeably more people in the 18-29 age group worried about consuming more (25%) and less debt relief, and in the 50-64 age group less support for the unemployed (26%) - see table below.

### Concerns post easing of COVID restrictions: gender & age?

	Overall	Men	Women	18-29	30-49	50-64	65+
More environmental impacts/pollution	29%	26%	33%	21%	29%	34%	39%
Faster pace of life	24%	20%	26%	18%	34%	21%	10%
Time spent commuting to work	22%	25%	18%	24%	29%	19%	4%
Working less from home	20%	18%	21%	27%	28%	5%	4%
Less support for the unemployed	19%	21%	15%	18%	15%	26%	21%
More face to face meetings	19%	18%	20%	16%	23%	22%	8%
Less time caring for myself	18%	17%	18%	19%	25%	8%	8%
Less time with family	18%	15%	20%	18%	26%	9%	7%
Consuming more	17%	16%	18%	25%	16%	14%	6%
Driving more	14%	14%	15%	12%	19%	15%	6%
Less debt relief	13%	13%	14%	19%	12%	12%	9%
Less support for small business	13%	11%	15%	7%	13%	19%	17%
More travel time outside of the commute	11%	12%	10%	10%	14%	9%	6%
Other	6%	6%	6%	3%	4%	9%	15%
Less involvement in children's education	6%	8%	4%	8%	8%	2%	2%
More time caring for others	4%	4%	5%	3%	3%	4%	8%

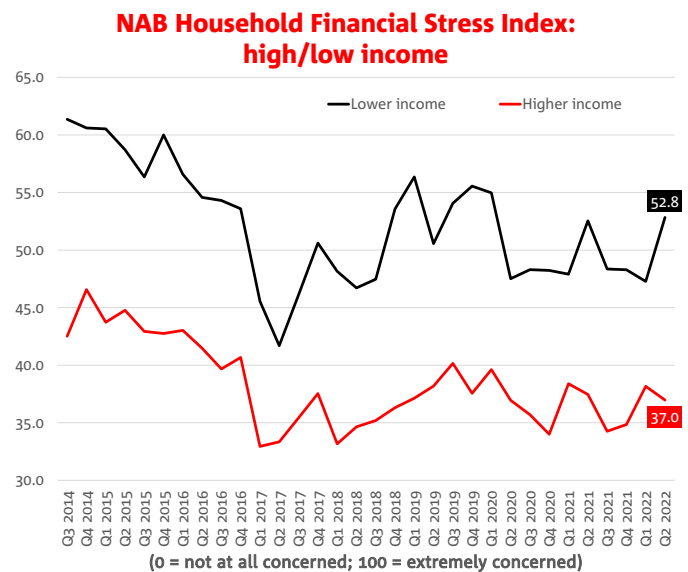
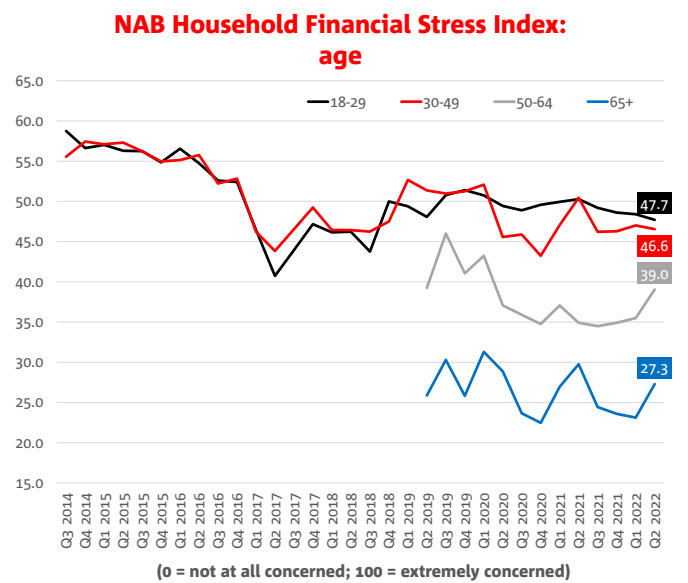
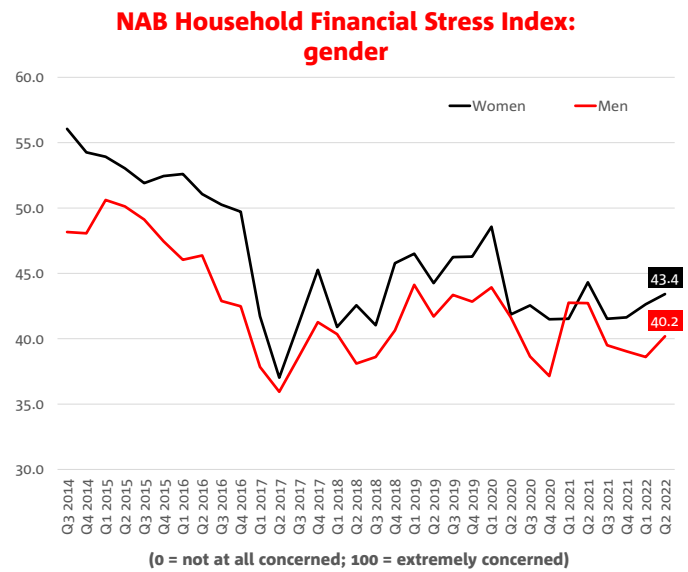
# Household financial stress and hardship



Anxiety is the biggest detractor from overall emotional wellbeing and financial stress can be a key contributing cause. The NAB Household Financial Stress Index looks at the role our finances have on our wellbeing. This comprehensive measure of financial anxiety is derived from a number of key potential household pressures (including meeting the costs of healthcare, mortgage repayments, rent, credit cards, education, food & basic necessities, utility bills, insurances, holidays, entertainment, unexpected expenses, financing retirement, major household items, home improvements & maintenance).

In Q2 2022, the NAB Household Financial Stress Index crept up further to 41.8 pts from 40.6 pts in the previous quarter but continued to trend well below the survey average (44.3 pts). Moreover, the level of stress associated with each component of NAB's Financial Stress index increased in Q2.

Not having enough to finance retirement is still the biggest driver of financial stress, and the level of stress rose further in Q2 to 52.4 pts (51.3 pts in Q1). It also continued to cause the most stress by some margin than the next biggest drivers - providing for our family's future (45.6 pts up from 44.6 pts in Q1), medical bills & healthcare (44.2 pts up from 43.2 pts in Q1), non-essentials (44.2 pts up from 42.6 pts in Q1) and home improvements & maintenance (44.1 pts up from 43.1 pts in Q1). Having enough money to meet minimum credit card payments again caused the least stress (32.1 pts but up from 30.6 pts in Q1), followed by having enough for food and basic necessities (36.3 pts also up from 34.5 pts in Q1).



Both men (up 1.6 pts to 40.2 pts) and women (up 0.8 pts to 43.4 pts) reported higher financial stress in Q2. Men reported higher stress for all measures (particularly food & basic necessities and home improvements & maintenance). Women also reported higher stress for most categories except home improvements & maintenance, major household items and providing for their family's future. Relative to men, women reported higher stress for all index components particularly financing retirement (55.1 pts women; 49.6 pts men), raising \$2,000 for an emergency (42.4 pts women; 37.5 pts men) and medical bills & healthcare (46.5 pts women; 41.8 pts men) - see table below.

Financial stress continues to fall with age. It was highest in the 18-29 age group (47.7 pts) but stepped down in each age group to 27.3 pts in the over 65 age group. But whereas financial stress moderated a little in the 18-29 (down 0.7 pts) and 30-49 (down 0.4pts) age groups in Q2, it increased noticeably in the 50-64 (up 3.5 pts) and over 65 (up 4.2 pts) groups. Financial stress was highest in the 18-29 age group for most drivers, except retirement financing, children's education and credit card repayments which caused the most stress in the 30-49 age group.

Financial stress climbed steeply in the lowest income group in Q2 (up 5.5 pts to 52.8 pts), but eased for the highest income earners (down 1.2 pts to 37.0 pts). This caused the "stress gap" to widen to a 3½ year high 15.9 pts (9.1 pts in Q1). Lower income earners reported higher stress for all metrics, especially raising \$2,000 for an emergency (54.1 pts low income; 32.9 pts high income), "other" monthly household expenses (53.4 pts low income; 33.5 pts high income) and medical bills & healthcare (56.7 pts low income; 37.5 pts high income).

Financial stress increased in most states in Q2, with the exceptions of SA/NT (down 3.0 pts to 40 pts) and VIC (down 0.3 pts to 39.8 pts). It rose most in NSW/ACT (up 2.7 pts to 43.9 pts) and was also highest in the country. TAS again reported the lowest levels of household financial stress (up 0.4 pts to 37.4 pts). Financing retirement continues to cause the most stress for Australians in all states, with self-reported stress levels ranging from 53.7 pts in QLD to 46.7 pts in TAS. NSW/ACT reported higher stress for most measures except financing retirement (QLD), medical bills & healthcare (QLD), home improvements & maintenance (SA/NT) and their children's education (QLD). Credit card repayments continues to cause the least stress in all states, though stress levels ranged from 35.5 pts in NSW/ACT to 20.5 pts in TAS - see Appendix 2 for historical data.

## NAB household financial stress index: key groups (Q2 2022)

	All	Women	Men	18-29	30-49	50-64	65+	Low income	High income
Financing retirement	52.4	55.1	49.6	52.6	57.1	56.5	39.7	61.5	48.7
Providing for family's future	45.6	47.1	44.2	52.3	51.3	42.8	28.7	54.0	42.5
Medical bills/healthcare	44.2	46.5	41.8	48.4	48.1	44.4	33.3	56.7	37.5
Non-essentials (holidays, eating out)	44.2	46.3	42.0	52.1	48.4	41.2	31.2	53.8	40.0
Home improvements & maintenance	44.1	46.2	41.9	49.5	48.0	41.9	33.8	55.1	39.9
Major household items	42.6	44.2	41.0	47.4	46.8	41.5	31.6	55.4	37.4
Mortgage, rent, housing costs	42.2	43.6	40.8	49.3	45.3	38.8	25.5	51.1	36.9
Children's education	41.4	41.8	41.2	45.2	46.6	31.7	16.5	49.0	38.9
Personal loan repayments	40.8	41.5	40.2	47.8	44.3	36.3	21.8	52.7	36.1
Raising \$2,000 in an emergency	40.0	42.4	37.5	49.8	44.6	36.6	25.7	54.1	32.9
Other monthly household expenses	39.8	42.0	37.4	46.2	44.7	38.0	27.0	53.4	33.5
Normal monthly utility bills	39.7	41.9	37.5	47.0	45.1	36.7	26.6	52.5	33.9
Food/basic necessities	36.3	36.8	35.8	42.4	41.6	34.1	23.4	48.5	30.4
Credit card repayments	32.1	32.5	31.8	37.8	39.9	26.1	17.3	41.4	28.9
<b>NAB Financial Anxiety Index</b>	<b>41.8</b>	<b>43.4</b>	<b>40.2</b>	<b>47.7</b>	<b>46.6</b>	<b>39.0</b>	<b>27.3</b>	<b>52.8</b>	<b>37.0</b>

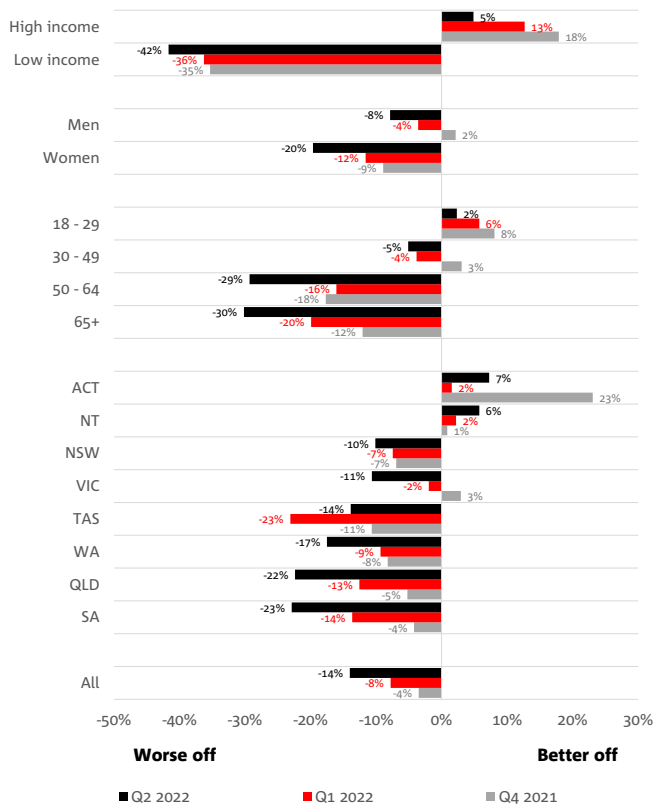


## NAB household financial stress index: states (Q2 2022)

	AUS	NSW/ACT	VIC	QLD	WA	SA/NT	TAS
Financing retirement	<b>52.4</b>	53.6	49.9	53.7	52.8	53.1	46.7
Providing for family's future	<b>45.6</b>	48.1	42.9	46.4	44.4	43.1	44.6
Medical bills/healthcare	<b>44.2</b>	45.5	42.1	45.8	42.5	44.5	41.8
Non-essentials (holidays, eating out)	<b>44.2</b>	46.7	42.6	42.5	44.3	44.5	36.1
Home improvements & maintenance	<b>44.1</b>	45.5	42.4	43.7	44.7	45.7	37.6
Major household items	<b>42.6</b>	44.6	40.6	41.7	42.7	43.8	37.9
Mortgage, rent, housing costs	<b>42.2</b>	45.0	39.9	42.0	41.6	38.8	37.0
Children's education	<b>41.4</b>	41.8	42.4	42.8	39.5	35.3	39.4
Personal loan repayments	<b>40.8</b>	44.5	37.3	41.5	40.1	32.9	36.9
Raising \$2,000 in an emergency	<b>40.0</b>	42.1	37.4	40.4	40.0	38.3	38.7
Other monthly household expenses	<b>39.8</b>	41.4	37.5	39.9	40.0	39.9	37.7
Normal monthly utility bills	<b>39.7</b>	41.5	37.5	39.3	40.5	40.8	34.4
Food/basic necessities	<b>36.3</b>	38.6	33.7	37.2	35.2	34.6	34.7
Credit card repayments	<b>32.1</b>	35.5	30.3	32.3	31.5	24.7	20.5
<b>NAB Financial Anxiety Index</b>	<b>41.8</b>	<b>43.9</b>	<b>39.8</b>	<b>42.1</b>	<b>41.4</b>	<b>40.0</b>	<b>37.4</b>

# How do households feel they are travelling financially?

**Better or worse off financially than this time last year (net balance)**



On average the number of Australians who felt they were worse off financially in Q2 exceeded those who thought they were better off. Moreover, the net number of people in this position widened for the second straight quarter to -14% (-8% in Q1).

By state, the number of pessimists out-weighted optimists by big margins in most states bar the ACT (+7%) and the NT (+6%). The number of pessimists was highest and rose sharply in SA (-23% vs. -14% in Q1), QLD (-22% vs. -13%), WA (-17% vs. -5%) and VIC (-11% vs. -2%). Pessimists also out-weighted optimists in NSW/ACT (-10% vs. -7%) and TAS (-14% vs. -23% in Q1).

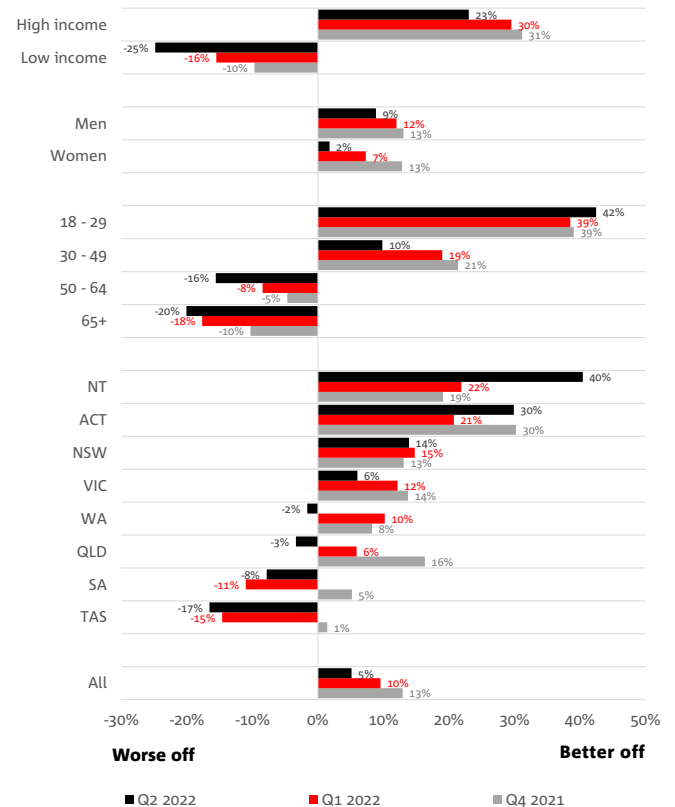
Australians in the 18-29 age group were on balance still positive at +2% (+6% in Q1). However, the number of pessimists out-weighted optimists in all other age groups, with particularly big rises in the 50-64 (-29% vs. -10%) and over 65 (-30% vs. -20% in Q1) age groups.

Though pessimists out-weighted optimists for both genders, women were much more pessimistic than men. In Q2, the net number of women indicating they were worse off lifted to -20% (-12% in Q1). In contrast, a net -8% of men said they were worse off (-4% in Q1).

More high income earners believe they are better than worse off, though the number who thought so fell for the second straight

quarter to +5% (+13% in Q1). In the lowest income group, the net number who said they were worse off reached -42% (-36% in Q1).

**Better or worse off financially in a year from now (net balance)**



Australians were also asked if they thought they would be better or worse off financially in a year from now. Clearly, confidence is waning with the net number expecting to be better off falling for the second consecutive quarter to +5% (from 10% in Q1 and +13% in Q4 21).

Optimists strongly out-weighted pessimists in the NT (+40% vs. +22% in Q1) and ACT (+30% vs. +21%). It was steady in NSW (+14%) but fell to +6% in VIC (+12% in Q1). Pessimists out-weighted optimists in all other states, with TAS the most negative state (-17% vs. -15% in Q1), followed by SA (-8% vs. -11%), QLD (-3% vs. +6%) and WA (-2% vs. +10%).

Australians in the 18-29 age group were by far the most optimistic about their financial position in the next year (+42%), with the number of optimists also exceeding pessimists in the 30-49 group though falling to +10% (+19% in Q1). However, more Australians over 65 (-20% vs. -18%) and in the 50-64 (-16% vs. -8%) age groups now expect their situation to worsen.

More men (+9% vs. +12% in Q1) remain optimistic about their financial position in the next 12 months than women (+2% vs. +7% in Q1). A much lower number of high income earners now also believe they will be better off (+23% vs. +30% in Q1), with more people in the low income group also expecting to be worse off financially (-25% vs. -16% in Q1).

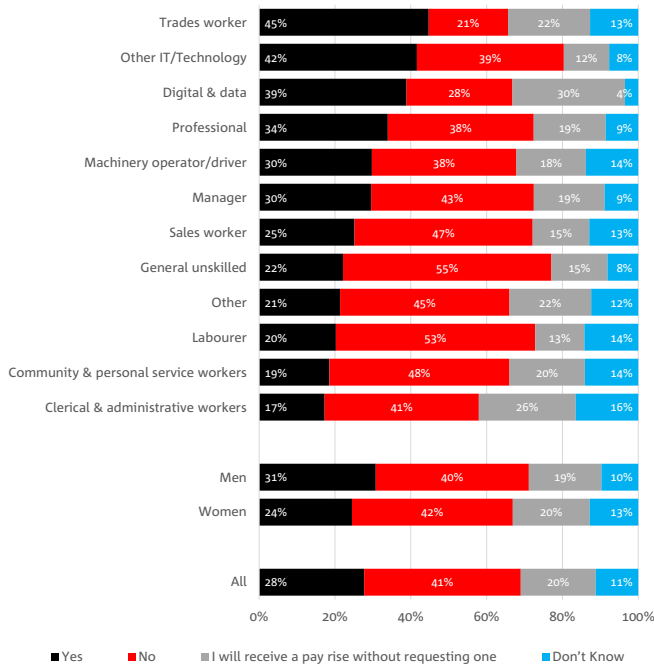
# The impact of income, savings and debt

Employment growth slowed further in April, but hours worked rebounded from the flood-affected March numbers. Participation also declined slightly but remains near record highs. That left the unemployment rate at 3.9% (unchanged after a downward revision to March) - the lowest since 1974. NAB believes that strong labour demand should see unemployment fall further, reaching 3.5% later in 2022, though we expect unemployment back around 4% in 2024 as the economy returns to around trend growth. A tight labour market should translate into stronger wage growth, but as expected this is proving to be a gradual process. How the Fair Work Commission’s recent minimum wage decision flows through to awards will however be closely watched.

Against this backdrop, Australians who were working full time or part time were for the first time asked if they intended to request a pay rise over the next 12 months, and if so, did they expect to get a pay rise.

On average, around 3 in 10 (28%) workers said they intended to ask for a pay rise over the next 12 months. Around 4 in 10 will not, but a further 2 in 10 believe they will receive a pay rise without asking for one. This means around 1 in 2 workers overall will ask for or expect to receive a pay rise in the next 12 months. More men (31%) signalled an intent to ask for a pay rise than women (24%), with a broadly similar number (around 2 in 10) expecting to receive a pay rise without requesting one. Slightly more women (42%) than men (40%) do not expect to receive a pay increase.

## Intend to request a pay rise in the next 12 months



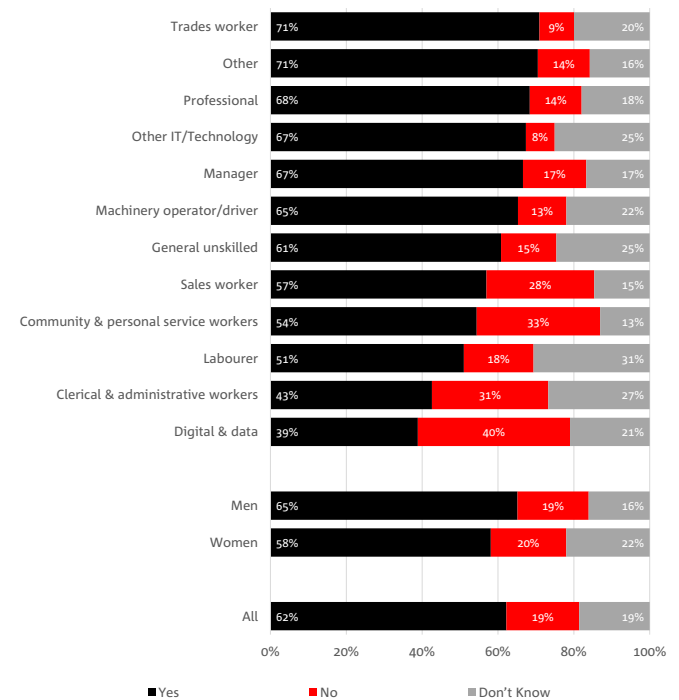
Intentions and expectations however vary more widely by job type. Almost 1 in 2 (45%) trades workers, 4 in 10 working in other IT or technology (42%) and digital & data (39%) jobs and around 3 in 10 professional (34%), machinist operators or drivers (30%) and managers intend to ask for a pay rise. This compares to just 1 in 5

clerical & admin workers (17%), community & personal services workers (19%), labourers (20%), other (21%) and general unskilled workers (22%). In contrast, more digital & data workers (30%) and clerical & admin workers (26%) believe they will receive a pay rise without asking, while over 1 in 2 (55%) general unskilled workers do not intend to ask for a pay rise.

Among those who intend to ask for a pay rise, 6 in 10 (62%) expect to get one, but 2 in 10 either don't think they will (19%) or are unsure if they will (19%). Men (65%) are somewhat more confident of receiving a pay rise than women (58%), with uncertainty somewhat higher among women (22%) than men (16%).

Trades (71%) and other (71%) workers are the most confident they will receive a pay rise if they ask for one, with this number falling to just 39% for digital & data workers where significantly more (4 in 10) don't expect to receive anything. Uncertainty is however highest among labourers (31%).

## Expect to get a pay rise

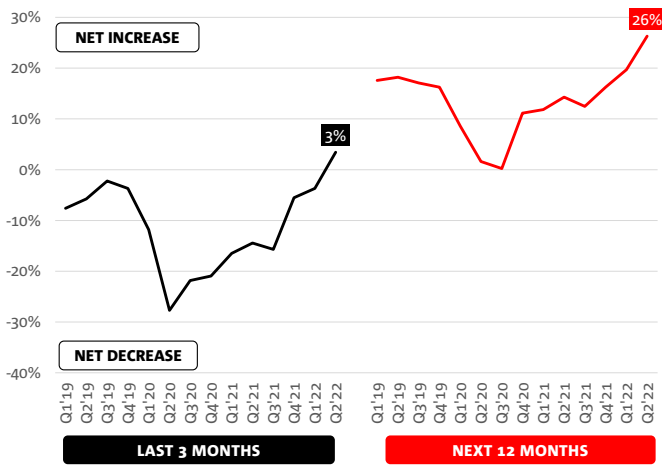


When also asked what happened to their income in the last 3 months, the number of Australians who said it had increased outweighed those who said it had decreased (+3%). This reversed the situation in the previous quarter when more on balance said it had fallen (-4%).

The net number of women who said their income increased was offset by a similar number who said it had fallen (0%) but was an improvement from the previous quarter (-5%). More men however said their incomes had increased (+7% vs. -3% in Q1). Incomes improved for more people in most age groups. It was highest in the 18-29 age group, where the net number who pointed to an improvement reached +11% (0% in Q1), followed by the 30-49 group (+5% vs. +1% in Q1). In the over 65 age group, the number that said it improved and deteriorated cancelled each other out (0%) but improved from -10% in Q1. The 50-64 age group was the only group where the net number who said their incomes fell outweighed those who said it increased (-3% but an improvement from -9% in Q1).



**What happened/will happen to you level of household income (net balance)**



Income outcomes over the last 3 months also improved for both the lowest (-1% vs. -18% in Q1) and highest (+15% vs. +7% in Q1) income earners.

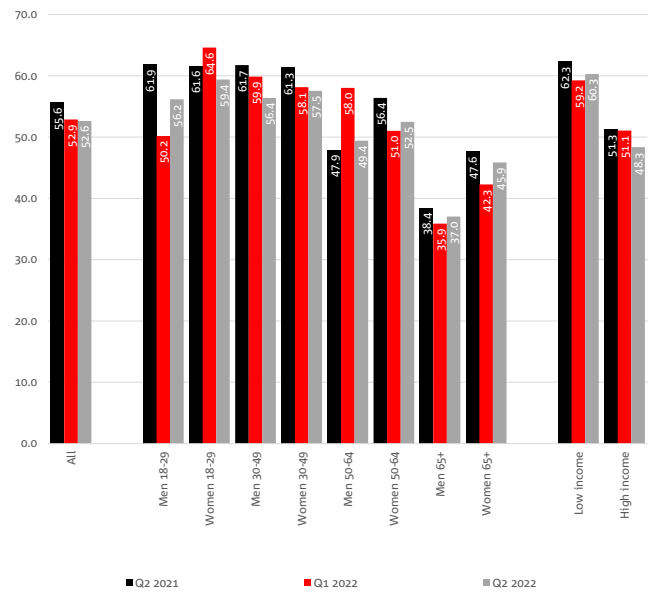
Looking forward, more Australians on balance expect their incomes to rise than fall in the next 12 months (+26% vs. +20% in Q1). Optimism lifted sharply for men (+32% vs. +22% in Q1), and they remain more optimistic than women (+21% vs. +18% in Q1). People in the 18-29 age group were the most optimistic by age, with optimists also exceeding pessimists in all other age groups. Significantly more people in the highest income group now expect their incomes to rise (+46% vs. +31% in Q1), but the number who thought so in the lowest income group fell slightly to +9% (+12% in Q1).

**What happened/will happen to your level of household income (net balance)**

	Last 3 months	Next 12 months
Women	0% (-5%)	+21% (+18%)
Men	+7% (-3%)	+32% (+22%)
Age 18-29	+11% (0%)	+47% (+36%)
Age 30-49	+5% (+1%)	+31% (+23%)
Age 50-64	-3% (-9%)	+11% (+10%)
Age 65+	0% (-10%)	+12% (+6%)
Low income	-1% (-18%)	+9% (+12%)
High income	+15% (+7%)	+46% (+31%)

\*Figures in parentheses previous quarter

**Level of concern over your income**  
(0 = not at all; 100 = extremely concerned)



Though the net number of Australians who said their incomes increased exceeded those who said it had fallen in Q2, this did not materially change their level of concern over their incomes. When asked to rate this concern, on average they scored 52.6 pts, broadly unchanged from 52.9 pts in the previous quarter, but lower than at the same time last year (55.6 pts).

Though stress levels tend to fall with age, perceived stress levels vary within age groups. In Q2, stress rose quite sharply for men in the 18-29 group (56.2 pts vs. 50.2 pts in Q1), but fell for women (59.4 pts vs. 64.6 pts). However, men in the 50-64 age group reported much lower income stress (49.4 pts vs. 58.0 pts in Q1). The survey results also showed men in all age groups experienced lower income stress than women during Q2, with the biggest gap in the over 65 age group (37.0 pts men; 45.9 pts women).

Low income earners reported higher income stress in Q2 (60.3 pts vs. 59.2 pts in Q1), but it moderated in the highest income group (48.9 pts vs. 51.1 pts).

Despite a rise in the number of Australians who expected their incomes to increase in the next year, when asked to estimate by how much their weekly income would rise they were more conservative. On average, they now expect \$168 (around \$8,740 annually), down from \$185 per week (\$9,620 annually) in Q1. Moreover, almost 1 in 2 (45%) anticipate a rise of less than \$100 (27% less than \$50 and 18% between \$50-100).

By state, average income expectations were highest TAS (\$250 and up significantly from \$108 in Q1). Expectations were next highest and broadly unchanged in NSW (\$207). Expectations lifted somewhat in the ACT to \$185 (\$166 in Q1), but were lowered in all other states and territories, particularly in the NT (\$119 vs. \$214), WA (\$131 vs. \$182), QLD (\$125 vs. \$171) and VIC (\$152 vs. \$187).

Expectations fell in all age groups and we again also saw a very strong relationship with age and expectations - they fall as we grow older. In Q2, expectations ranged from \$212 in the 18-29 age group, and stepped down progressively in each age group to \$84 in the over 65 group.

Men (\$185 vs. \$191) expect to receive slightly less, with expectations revised down much more sharply for women (\$145 vs. \$176). Expectations in the highest income group were broadly unchanged (\$191), but they fell noticeably in the lowest income group (\$111 vs. \$145).

Australians who indicated they expected their incomes to increase over the next year (around 30% of the total sample group) were also asked to estimate by how much their weekly income would rise. On average, the expectation was \$185 (or around \$9,620 annually), though this was down from \$198 per week (around \$10,300 annually) estimated in the previous quarter. More specifically, around 4 in 10 expected an increase of less than \$100 - around 23% less than \$50 and 17% between \$50-100.

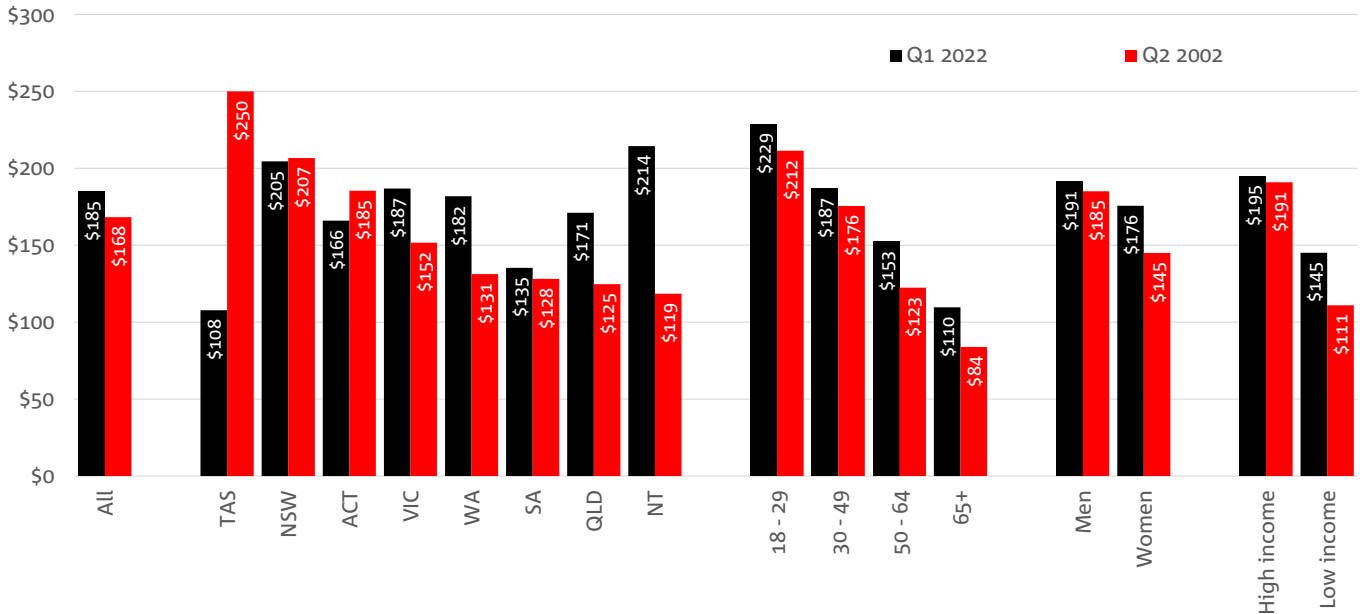
By state, average income expectations were again highest in the NT though scaled back considerably to \$214 (\$279 in Q4). Expectations were next highest and broadly unchanged in NSW (\$205) and VIC though also scaled back to \$187 (\$218 in Q4). Expectations were lowest in TAS and cut back substantially to

\$108 (\$245 in Q4), with large downward revisions also noted in the ACT to \$166 (\$265 in Q3) and SA to \$135 (\$202). They were however a little higher in WA (\$182 vs. \$165 in Q4) and QLD (\$171 vs. \$161 in Q4)

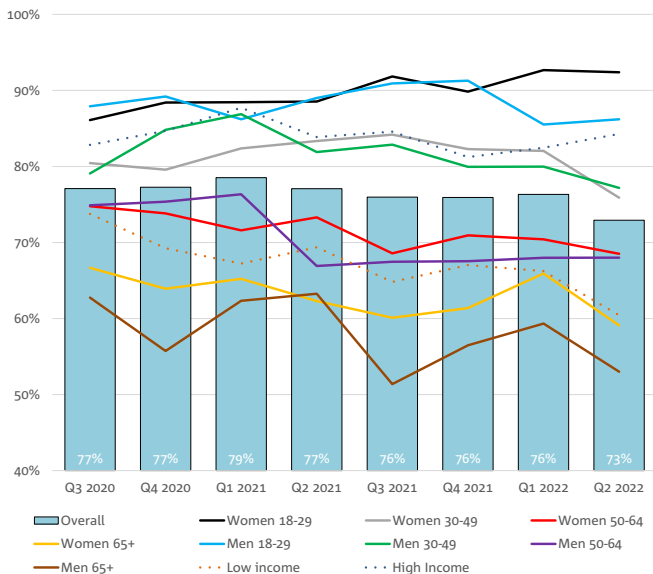
By age, the 18-29 group were the most optimistic and expected incomes to increase \$229 (\$203 in Q4). People over 65 also expected a better outcome (\$110 vs. \$94 in Q4) though lowest overall. Expectations in the 30-49 (\$187 vs. \$223 in Q4) and 50-64 (\$153 vs. \$194 in Q4) groups were however revised down.

Men still (\$191) expect expected bigger gains than women (\$176), though their expectations were revised down from \$215 in Q4, while those of women increased slightly from \$173 to \$176. People in the highest income groups also revised down their expectations (\$195 vs. \$216 in Q4), while those in the lowest income group had higher expectations (\$145 vs. \$131 in Q4).

## How much extra money per week are you expecting?



## Percentage of Australians trying to save



Savings aspirations among Australians remain very high, though the number of people trying to save fell to a survey low 73% in Q2 - the lowest number since we first started compiling this data in Q3 2020.

Savings aspirations remain strongest in the 18-29 age group and was broadly unchanged for women (92%) and men (86%).

We did however note substantial declines in the number of people in the 30-49 age group who said they were trying to save, particularly women (76% vs. 82% in Q1), with the number of men in this age group trying to save also falling to 77% (80% in Q1).

It also fell considerably over the quarter in the over 65 age group for both women (59% vs. 66%) and men (59% vs. 53%). The number of people trying to save in the 50-64 age group was however broadly unchanged (69% women; 68% men)

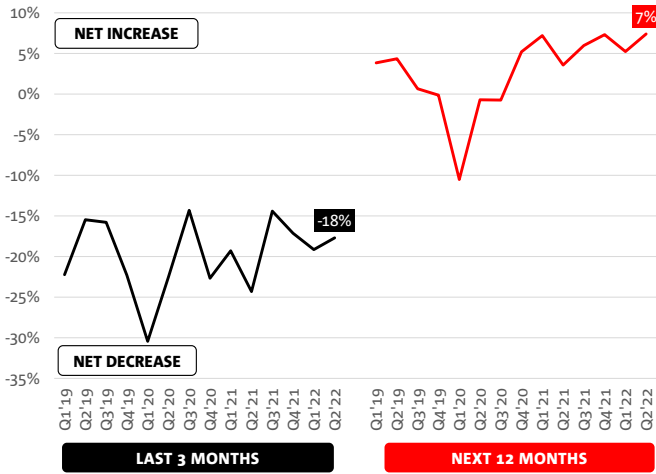
Savings aspirations fell sharply in the lowest income group to 60% (66% in Q1) but rose in the highest income group to 82% (80% in Q1).

Savings remained under pressure in Q2. In net terms, the number of Australians whose level of savings fell in the last 3 months continued to outweigh those who indicated they had increased, though the net number reporting a decrease improved marginally to -18% (-19% in Q1).

By gender, the net number who reported a decline in their savings eased slightly to -25% for women (-28% in Q1) and was unchanged at -10% for men. By age, we noted a sharp improvement (though still negative) in the 18-29 group (-8% vs. -20% in Q1) and 30-49 (-11% vs. -17% in Q1) groups. In contrast, the net number who said their level of household savings decreased worsened to -28% in the 50-64 age group (-24% in Q1) and to -28% in the over 65 group (-18% in Q1). Household savings fell for significantly more Australians in the lowest income group (-39% vs. -43% in Q1), with the number of people in the highest income group who said their savings increased were cancelled out by those who said it fell (0%).

The outlook for savings remains mixed. While fewer women (+1% vs. +4% in Q1) on balance expect savings to rise, more men do (+14% vs. +7% in Q1). Expectations improved and were highest in the 18-29 (+40% vs. +37%), and in the 30-49 (+12% vs. +6%) age groups. More Australians in the 50-64 (-8%) and over 65 (-18%) age groups expect their savings to fall. Significantly, more low income earners also expect their savings to fall than increase (-24% vs. -7% in Q4), with expectations more positive in the highest income group (+29% vs. +24% in Q1).

**What happened/will happen to you level of household savings (net balance)**



Australians on average rated their concern over their level of savings slightly lower in Q2 at 53.7 pts (54.2 pts in Q1), and higher than income stress (52.6 pts).

Though savings stress fell with age, women reported higher stress than men in all age groups. Savings stress fell for both men (58.7 pts) and women (63.1 pts) in the 18-29 age group. It also fell for men in the 30-49 group (56.3 pts) but increased for women (60.5 pts). Both men (49.9 pts) and women (53.2 pts) in the 50-64 age group reported higher savings stress in Q2, as did men (36.3 pts) and women (44.6 pts) in the over 65 age group, where the “savings stress gap” was also widest of all age groups (8.3 pts).

Savings stress was largely unchanged in the lowest income group in Q2 (60.5 pts vs. 60.2 pts in Q1) but was somewhat lower in the highest income group (49.9 pts vs. 51.8 pts). As a result, the “savings stress gap” between the lowest and highest income earners widened to 10.6 pts.

Fewer Australians also made inroads into reducing household debt levels in Q2. When asked how it had changed over the past 3 months, in net terms more people said it decreased than increased (-7%) - i.e., the number who said it decreased outweighed the number who said it increased - down from -9% in the previous quarter. Fewer men (-8%) and women (-6%) said they made inroads into reducing their household debt levels. By age, fewer people over the age of 65 reduced household debt levels compared to the previous quarter, with the number of people doing so under the age of 50 largely unchanged. Fewer high income earners also reduced debt levels in Q2 (-15% vs. -19% in Q1), but the net number of low income earners who said their debt levels rose exceeded those who said it fell at an unchanged +3%.

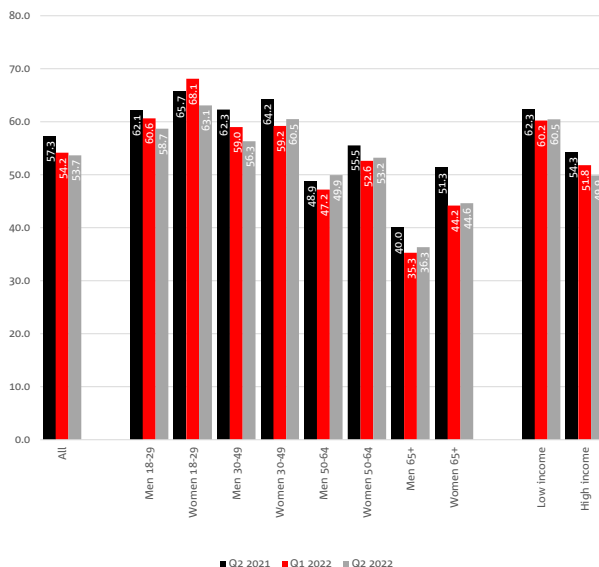
When asked what they expect to happen to household debt levels in the next 12 months, the net number who expect it to fall moderated to -17% (-22% in Q1). Expectations were weaker for both men (-18% vs. -22%) and women (-16% vs. 21%). Fewer people in all age groups also expect to reduce household debt levels relative to Q1, except in the over 65 group (basically unchanged at -9%). By income, fewer Australians in the lowest income group anticipate their debt levels falling compared to Q1 (-2% vs. -8%), with expectations largely unchanged in the highest income group (-29% vs. -30% in Q1).

**What happened/will happen to your level of household savings (net balance)**

	Last 3 months	Next 12 months
Women	-25% (-28%)	+1% (+4%)
Men	-10% (-10%)	+14% (+7%)
Age 18-29	-8% (-20%)	+40% (+37%)
Age 30-49	-11% (-17%)	+12% (+6%)
Age 50-64	-28% (-24%)	-8% (-1%)
Age 65+	-28% (-18%)	-18% (-21%)
Low income	-39% (-43%)	-24% (-7%)
High income	0% (-3%)	+29% (+24%)

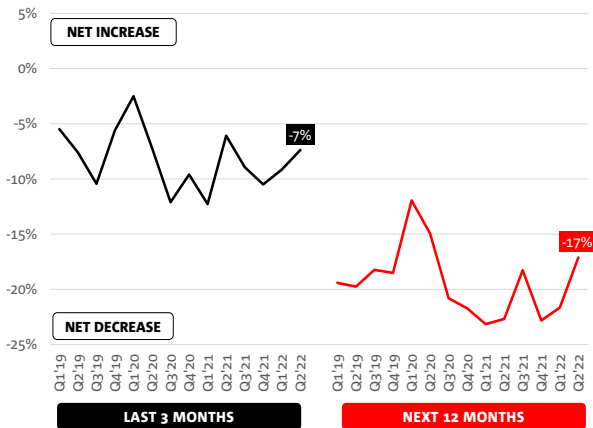
\*Figures in parentheses previous quarter

**Level of concern over your savings**  
(0 = not at all; 100 = extremely concerned)

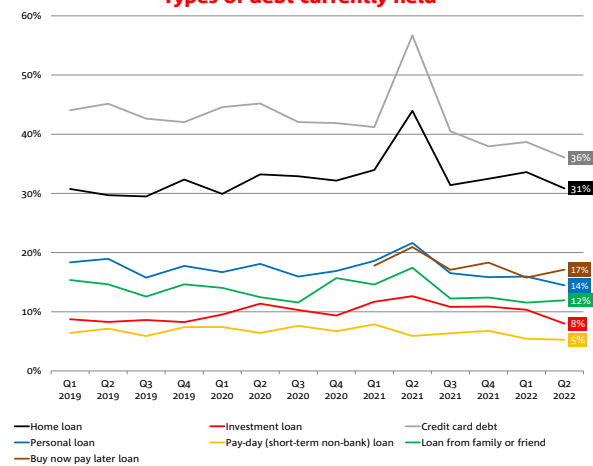




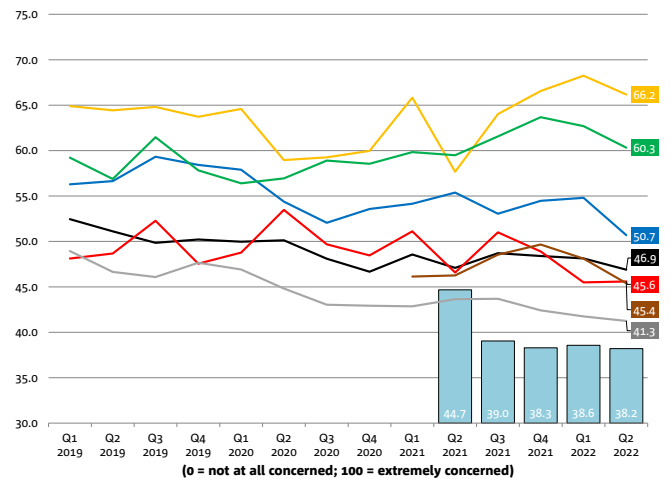
**What happened/will happen to your level of household debt (net balance)**



**Types of debt currently held**



**Level of concern over debts held**



(0 = not at all concerned; 100 = extremely concerned)

In this section, we look at the types of debt currently held by Australians, and the level of stress each of these debts cause them. Credit card debt is still the most widely held form of debt, though the overall number of Australians holding this debt fell in to 36% in Q2 (39% in Q1). The number of men (39%) with this debt remains higher than women (33%). It was much lower in the 18-29 age group (26%) relative to other age groups where it ranged from 36% in the 30-49 group to 42% in the over 65 group. Credit card debt was also much more common among people in the highest income group (39%) than the lowest income group (27%).

The number of people with home loans fell to 31% (34% in Q1), and it was the most common debt held in the 30-49 (43%) and 18-29 (30%) age groups, and the highest income group (49%). Around 17% of Australians had buy now pay later (BNPL) loans, with this reaching 27% in the 18-29 age group, but just 5% in the over 65 group. The number of men and women and low and high income earners that held BNPL debt was the same (17%).

Around 14% had personal loans (17% in Q1), with this doubling in the 18-29 age group (38%), and also more common in the highest income group (20%). Overall, an unchanged 12% had a loan from family or friends, but this reached 18% and 16% among 18-29 and 30-49 year olds respectively, and 15% in the lowest income group. Less than 1 in 10 (8%) Australians had an investment loan, though it was somewhat more common among men (10%) than women (6%) and in the highest income group (14%). Only 1 in 20 (5%) Australians held loans from a pay day lender (unchanged from Q1), but this was over twice as high (11%) in the 18-29 age group.

**What happened/will happen to your level of household debt (net balance)**

	Last 3 months	Next 12 months
Women	-8% (-7%)	-18% (-22%)
Men	-6% (-11%)	-16% (-21%)
Age 18-29	-3% (-3%)	-20% (-25%)
Age 30-49	-11% (-12%)	-20% (-27%)
Age 50-64	-10% (-13%)	-18% (-23%)
Age 65+	-3% (-6%)	-9% (-8%)
Low income	+3% (+3%)	-2% (-8%)
High income	-15% (-19%)	-29% (-30%)

\*Figures in parentheses previous quarter

## Type of debts held: gender, age and high/low income

	All	Women	Men	18-29	30-49	50-64	65+	Low income	High income
Credit card debt	<b>36%</b>	33%	39%	26%	36%	40%	42%	27%	39%
Home loan	<b>31%</b>	31%	31%	30%	43%	34%	9%	13%	49%
Buy now pay later loan	<b>17%</b>	17%	17%	27%	21%	13%	5%	17%	17%
Personal loan	<b>14%</b>	13%	16%	28%	17%	8%	3%	10%	20%
Loan from family or friend	<b>12%</b>	13%	11%	18%	16%	9%	3%	15%	10%
Investment loan	<b>8%</b>	6%	10%	9%	11%	8%	2%	1%	14%
Pay-day (short-term non-bank) loan	<b>5%</b>	5%	6%	11%	7%	3%	0%	5%	5%

Overall debt stress eased slightly to 38.2 pts in Q2 (38.6 pts in Q1 - well below stress associated with savings (53.7 pts) and income (52.6 pts). Though falling over the quarter, women (39.2 pts vs. 40.5 pts) still reported higher stress than men whose stress rose to 37.2 pts (36.7 pts in Q1). By age, the 30-49 (45.5 pts) and 18-29 (44.1 pts) groups had the highest stress, though somewhat lower than in the last quarter (47.1 pts respectively). Debt stress remains by far lowest in the 65+ group at 22.5 pts (but up from 19.3 pts in Q1). Debt stress climbed sharply in the lowest income group (43.7 pts vs. 38.0 pts), but eased in the highest income group (37.3 pts vs. 39.3 pts in Q1).

When people who held each type of debt were specifically asked how much stress it caused them, pay day loans caused the most (66.2 pts vs. 68.2 pts in Q1). It was also the biggest cause of stress in most groups except the 50-64 group and the lowest income earners. The next biggest cause of stress came from loans from family and friends (60.3 pts vs. 62.7 pts in Q1). This also caused the most stress in the 50-64 age group (66.9 pts) and in the lowest income group (68.2 pts). Personal loans were the next biggest driver of debt stress, but it moderated somewhat to 50.7 pts in Q2 (54.8 pts in Q1). Stress arising from personal loans was noticeably higher in the 30-49 age group (55.8 pts) and in the lowest income group (60.1 pts). Home loans stress eased to 46.9 pts (48.1 pts in Q1), and was most stressful in the lowest income group (61.3 pts) and in the 18-29 age group (51.3 pts).

In other key findings, women reported much higher levels of stress associated with investment loans (50.8 pts) than men (42.3 pts). Investment loan stress was also significantly higher in the 18-29 age group (51.3 pts). BNPL loans caused much more stress in the 30-49 age group (50.0 pts), as did credit cards in the 30-49 (49.6 pts) and 18-29 (49.0 pts) age groups, and for Australians in the lowest income group (48.9 pts).

## Level of concern over debts held: gender, age and high/low income

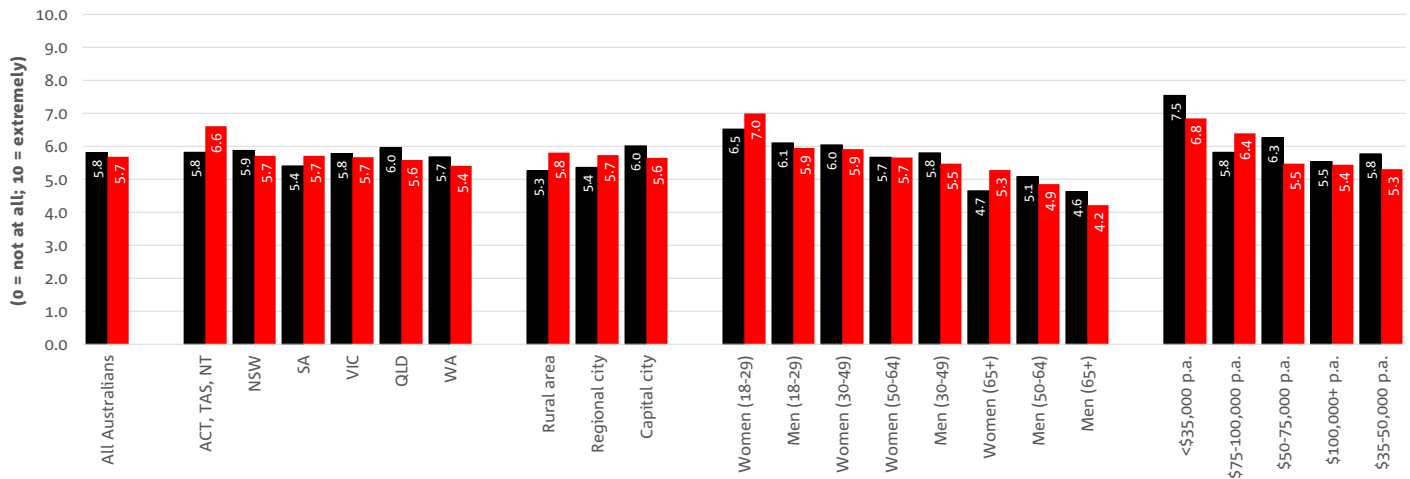
	All	Women	Men	18-29	30-49	50-64	65+	Low income	High income
Pay-day (short-term non-bank) loan	<b>66.2</b>	64.8	67.3	61.7	72.0	57.9	100.0	65.8	66.2
Loan from family or friend	<b>60.3</b>	61.3	59.2	53.0	62.8	66.9	63.1	68.2	56.1
Personal loan	<b>50.7</b>	49.6	51.7	52.5	55.8	32.5	33.3	60.1	48.1
Home loan	<b>46.9</b>	47.4	46.3	51.3	47.8	42.8	39.8	61.9	44.1
Investment loan	<b>45.6</b>	50.8	42.3	54.4	48.5	35.5	11.2	38.9	42.4
Buy now pay later loan	<b>45.4</b>	44.0	46.8	45.1	50.0	36.9	38.2	47.6	43.1
Credit card debt	<b>41.3</b>	44.0	38.9	49.0	49.6	34.7	30.7	48.9	41.2
<b>Overall</b>	<b>38.2</b>	<b>39.2</b>	<b>37.2</b>	<b>44.1</b>	<b>45.5</b>	<b>34.8</b>	<b>22.5</b>	<b>43.7</b>	<b>37.3</b>

# Interest rates & mortgage stress

NAB Economics recently upped its inflation outlook for Q2 and Q3 on the back of the unfolding energy price shock and greater downstream impacts of floods on food production, while the impact of the reduction in fuel excise no longer expected to be as large. That sees headline inflation peak above 6% year-on-year in Q3 and underlying inflation at very high 5% year-on-year. In this context, and with the RBA signalling its intent to quickly move rates closer to neutral, we expect a third consecutive 50 bps rise in August and a further 25 bps rise in November on the back of the next two CPI releases, taking the cash rate to 2.10% by year-end. We see two more 25 bps hikes in 2023, taking the target rate to a roughly neutral 2.60%. We also expect some supply side pressures to ease through this period, helping bring inflation back to the top of the RBA’s target band. We expect rates to stay around that level through 2024 with GDP growth around or slightly below trend.

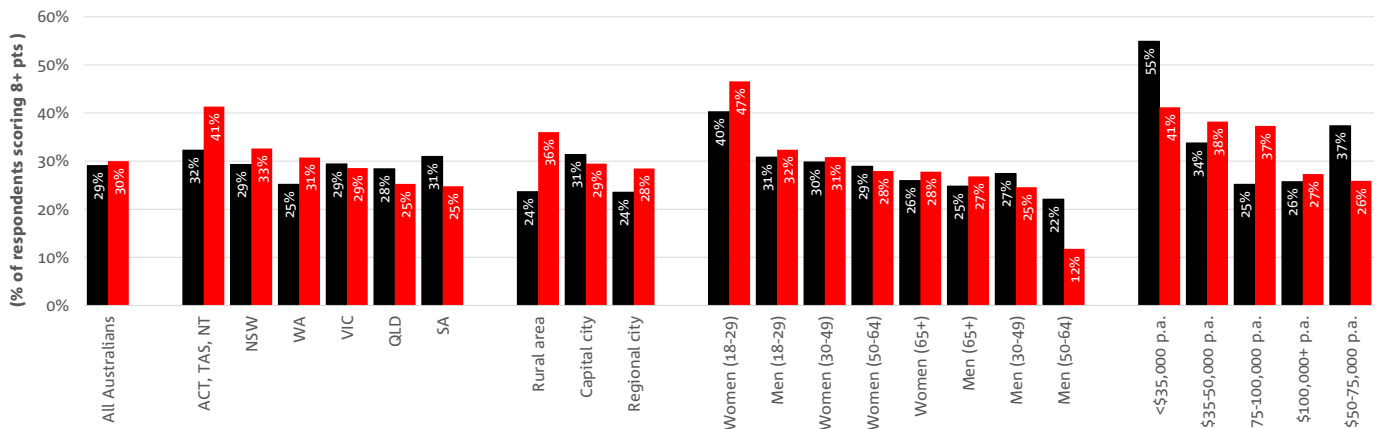
Despite the prospect of higher rates, Australians with home loan debt continued to express only “moderate” concern over their home loan debt. When asked to rate their concern over home loan debt if interest rates rise, they scored 5.7 pts out of 10, (unchanged from 5.8 pts in Q1). By state, concern ranged from 6.6 pts in ACT, TAS, NT (combined) to 5.4 pts in WA, and 5.8 pts in rural areas to 5.6 pts in capital cities. Stress grew with age, with women in all age groups more worried than men (particularly the 18-29 and over 65 groups). Income was not influential, with stress highest for low income earners (6.8 pts) and lowest in the \$35-50,000 p.a. group (5.3 pts).

## Level of concern or stress over your home loan debt should interest rates rise



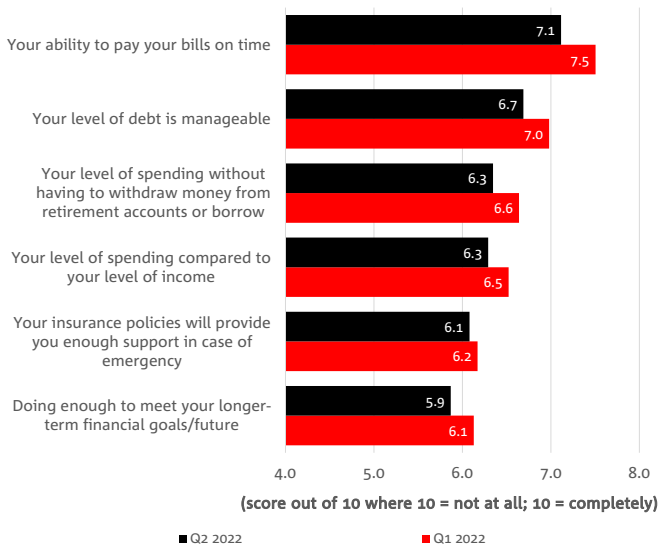
But the averages score masks very significant number of Australians who are “highly” concerned, with around 3 in 10 (30%) indicating a rate hike would result in “high” levels of stress over their home loan debt (i.e. scored 8 pts or higher). By state, responses ranged from 4 in 10 (41%) in the ACT, TAS & NT (combined) to 1 in 4 (25%) in SA and QLD. Around 36% of mortgage holders in rural areas expressed “high” stress compared to 28% in regional cities. More women than men in all age groups (bar the 30-49 group) reported “high” stress, particularly in the 18-29 (47% women; 27% men) and 65+ (groups 28% women; 12% men). By income it ranged from 41% in the lowest income group to 26% in the \$50-75,000 p.a. group.

## Percentage of Australians with "high" level of concern or stress over their home loan debt should interest rates rise



# Financial comfort levels

## Comfort levels in regard to ...



Australians were also asked to rate their comfort levels around some key things that influence their financial wellbeing - and the latest results suggest Australians have become less comfortable in all areas.

On average, they were still most comfortable about their ability to pay their bills on time (7.1 pts) but somewhat less so than in Q1 (7.5 pts). This was followed by having a level of debt that was manageable, also lower at 6.7 pts (7.0 pts in Q1), their level of spending without having to withdraw money from retirement accounts or borrow (6.3 pts down from (6.6 pts in Q1), and their level of spending relative to their level of income (6.3 pts down from 6.5 pts in Q1).

Their comfort levels were lowest for doing enough to meet their longer terms financial goals and future, with comfort levels falling to 5.9 pts (6.1 pts in Q1), and having insurance policies that will provide them with enough support in case of an emergency (also a little lower at 6.1 pts from 6.2 pts in Q1).

## Financial comfort levels: gender, age & high/low income

	Overall	Men	Women	18-29	30-49	50-64	65+	Low income	High income
Your ability to pay your bills on time	7.1	7.2	7.1	6.6	6.8	7.2	8.0	6.3	7.6
Your level of debt is manageable	6.7	6.9	6.5	6.4	6.4	6.7	7.6	5.7	7.1
Your level of spending without having to withdraw money from retirement accounts or borrow	6.3	6.5	6.2	6.0	6.3	6.3	6.9	5.2	6.9
Your level of spending compared to your level of income	6.3	6.6	6.1	5.7	6.1	6.3	7.1	5.5	6.7
Your insurance policies will provide you enough support in case of emergency	6.1	6.3	5.9	5.7	5.9	6.1	6.8	4.9	6.5
Doing enough to meet your longer-term financial goals/future	5.9	6.3	5.5	5.5	5.6	5.8	6.7	4.7	6.3

The table above shows comfort levels across key groups.

Men expressed higher levels of financial comfort than women in most areas, except their ability to pay bills on time where they were basically the same (7.2 pts men; 7.1 pts women). Financial comfort levels were however significantly higher for men when it came to doing enough to meet longer-terms financial goals (6.3 pts men; 5.5 pts women), having adequate insurance coverage (6.3 pts men; 5.9 pts women), their level of spending compared to their income (6.1 pts men; 5.7 pts women) and having manageable debt levels (3.9 pts men; 6.5 pts women).

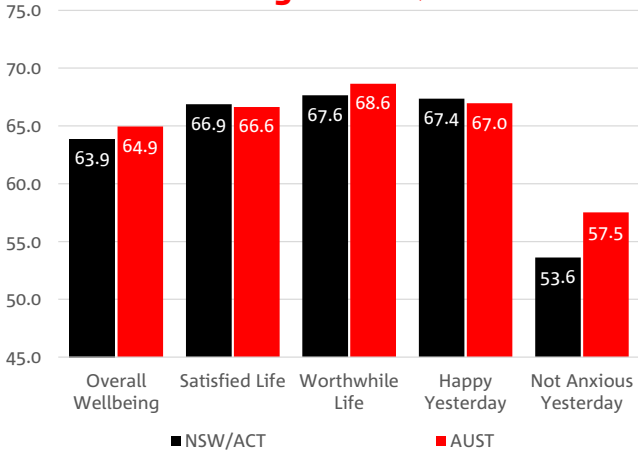
Financial comfort levels typically improved with age in most areas. It was also noticeably higher in the over 65 age group in all areas, particularly doing enough to meet their longer term financial goals and having manageable levels of debt. Comfort levels were lowest in the 18-29 age group for all measures except having manageable debt levels (on par with the 30-49 age group). Australians in the 18-29 age group were also noticeably more uncomfortable about their level of spending relative to their income than other age groups.

Not surprisingly, high income earners were much more comfortable than low income earners in all areas, especially about their level of spending without drawing down savings (6.9 pts high income; 5.2 pts low income), doing enough to meet longer-term financial goals (6.7 pts high income; 5.5 pts low income) and having enough insurance coverage (6.5 pts high income; 4.9 pts low income).

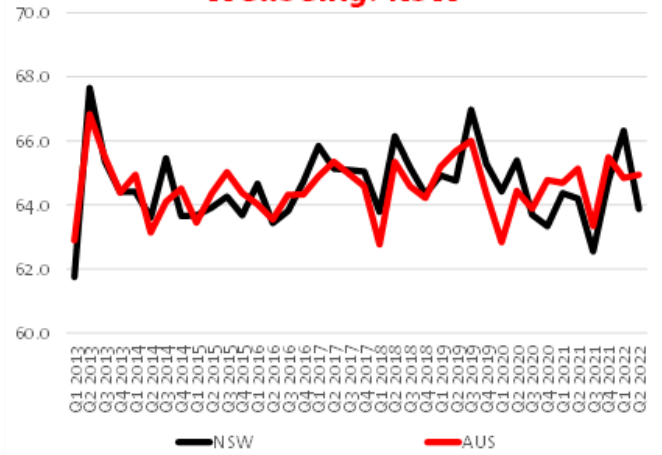


# Appendix 1: NAB Wellbeing Index: States

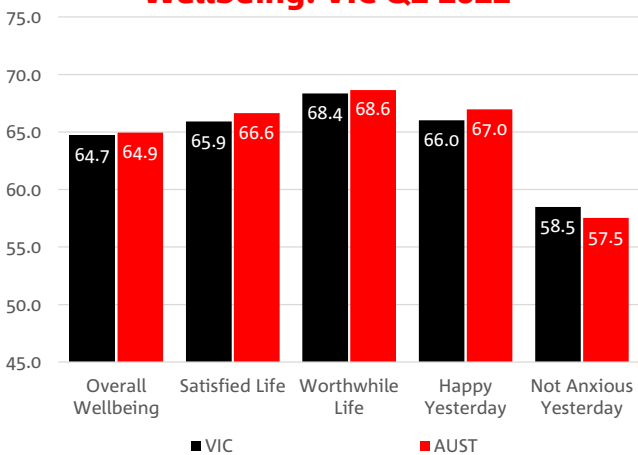
**Wellbeing: NSW Q2 2022**



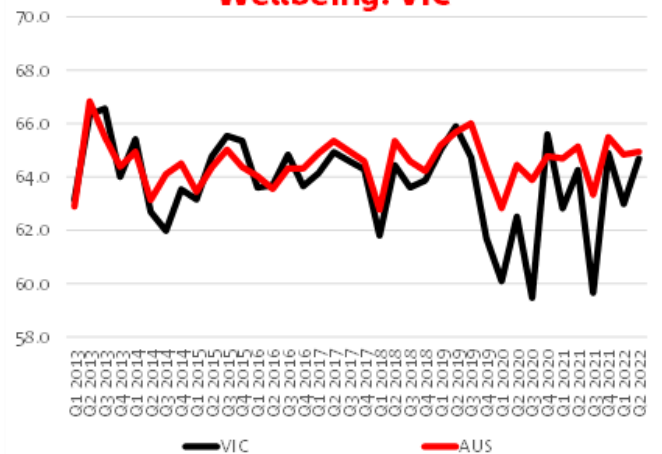
**Wellbeing: NSW**



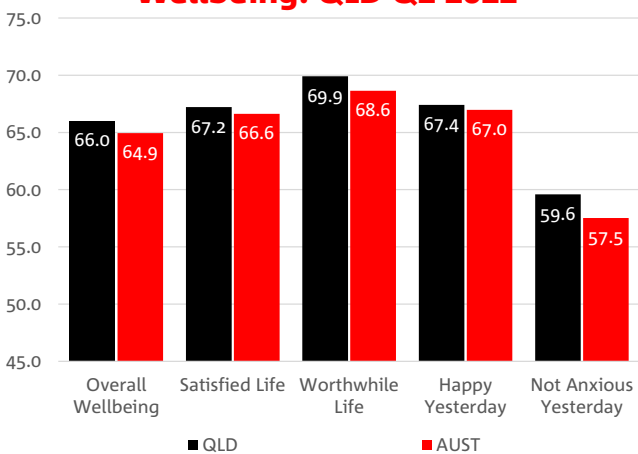
**Wellbeing: VIC Q2 2022**



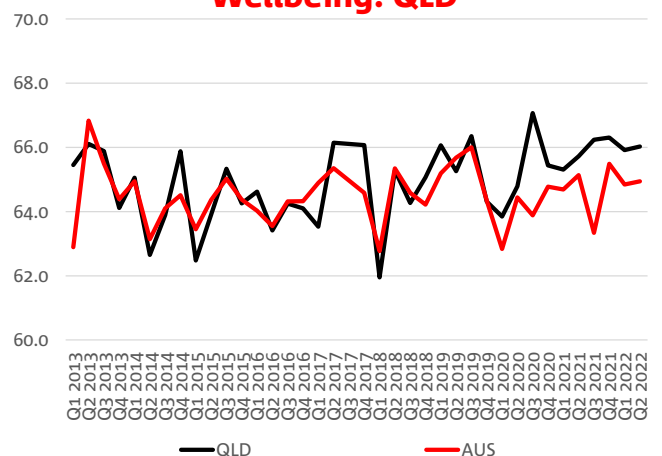
**Wellbeing: VIC**



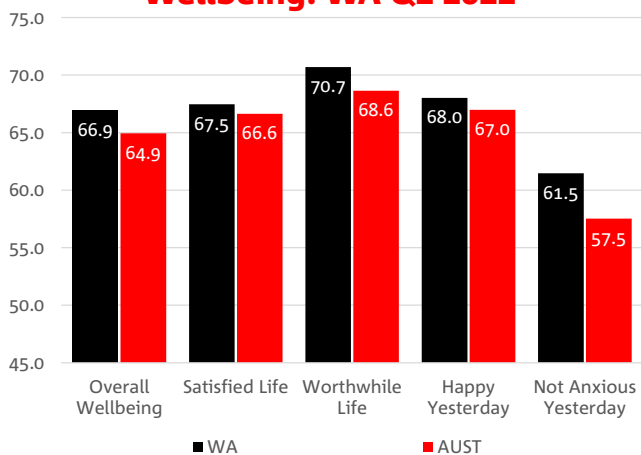
**Wellbeing: QLD Q2 2022**



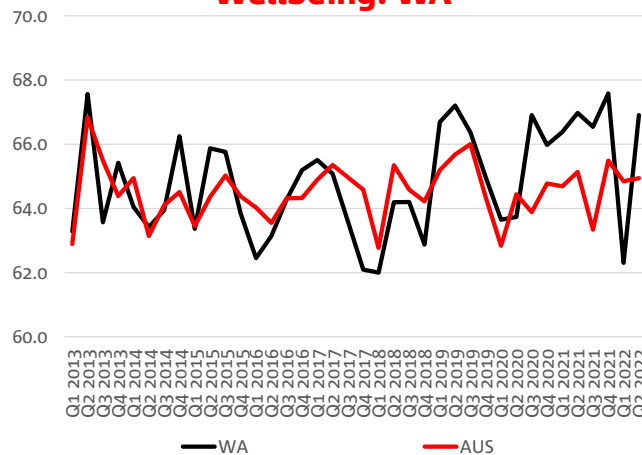
**Wellbeing: QLD**



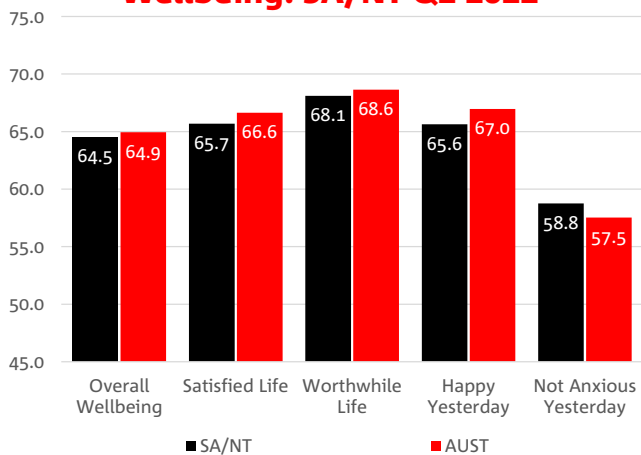
### Wellbeing: WA Q2 2022



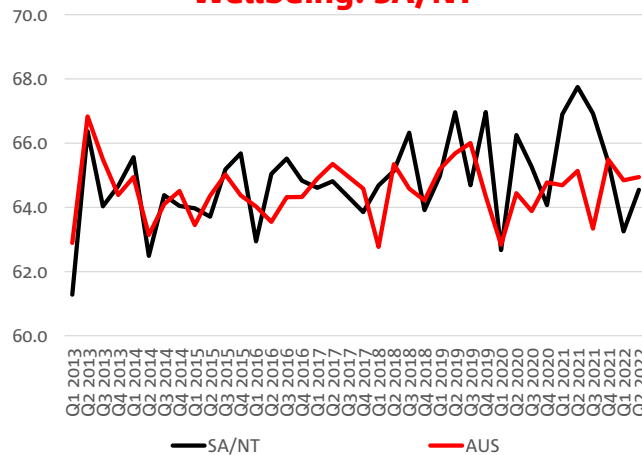
### Wellbeing: WA



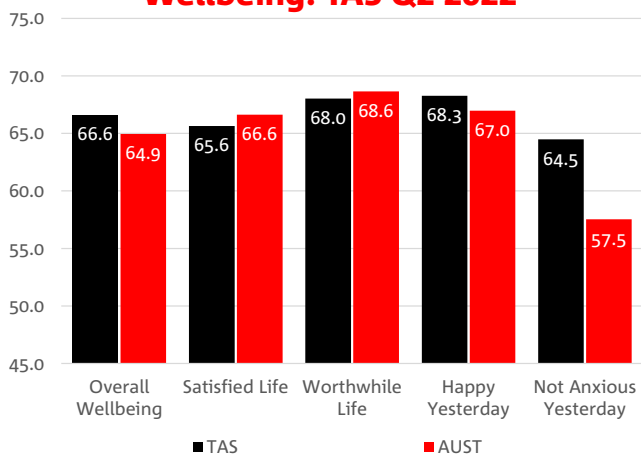
### Wellbeing: SA/NT Q2 2022



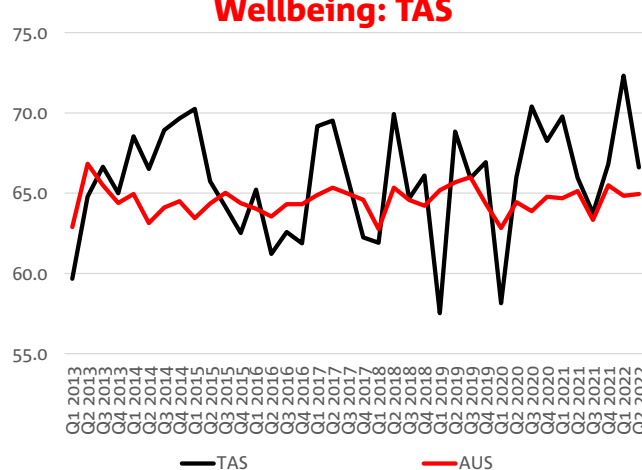
### Wellbeing: SA/NT



### Wellbeing: TAS Q2 2022

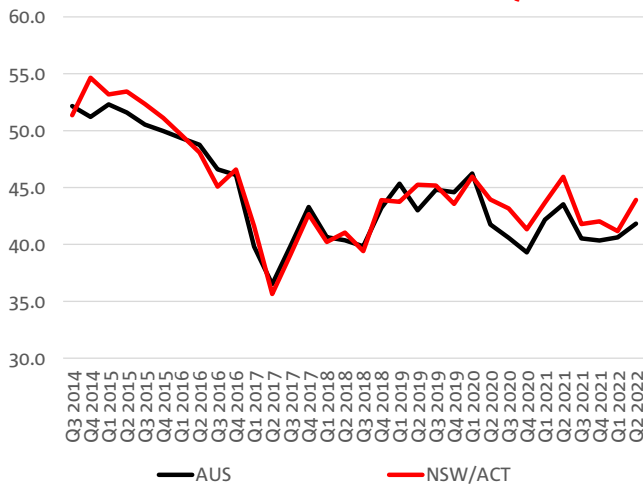


### Wellbeing: TAS

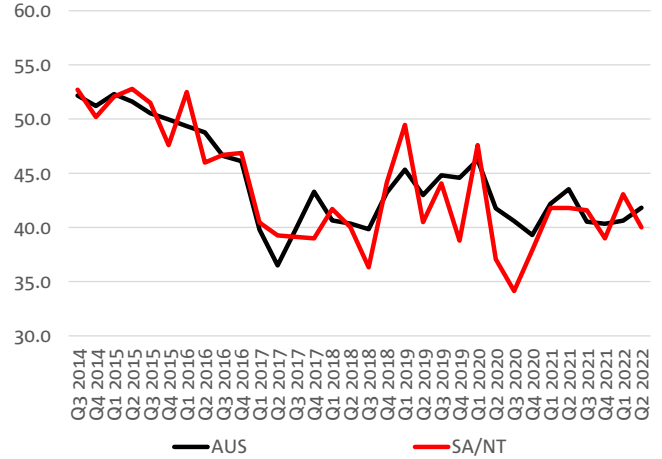


# Appendix 2: Financial Stress Index: States

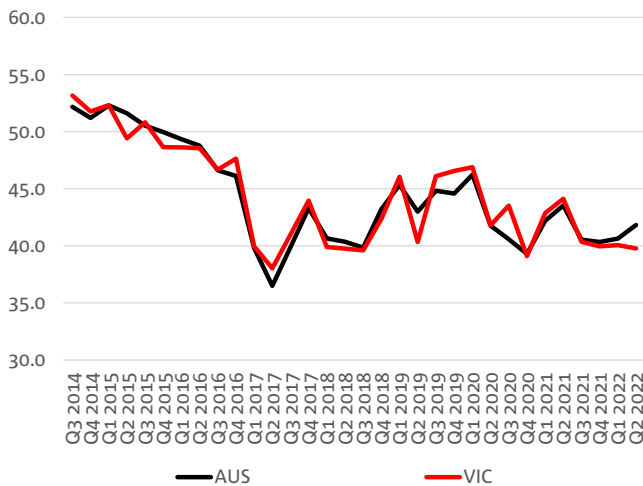
**NAB Financial Stress Index: NSW/ACT**



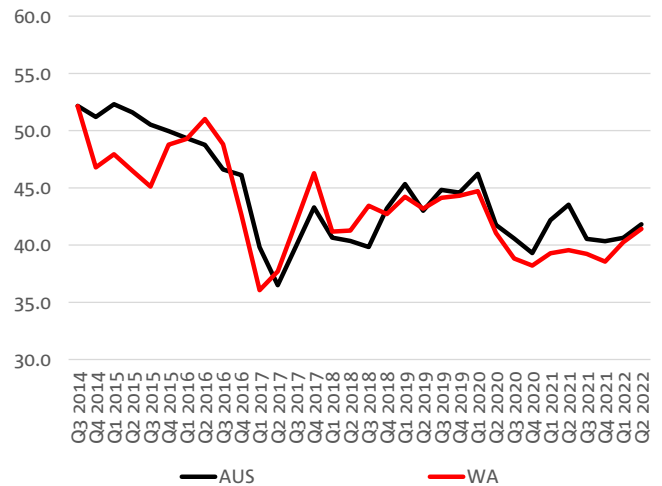
**NAB Financial Stress Index: SA/NT**



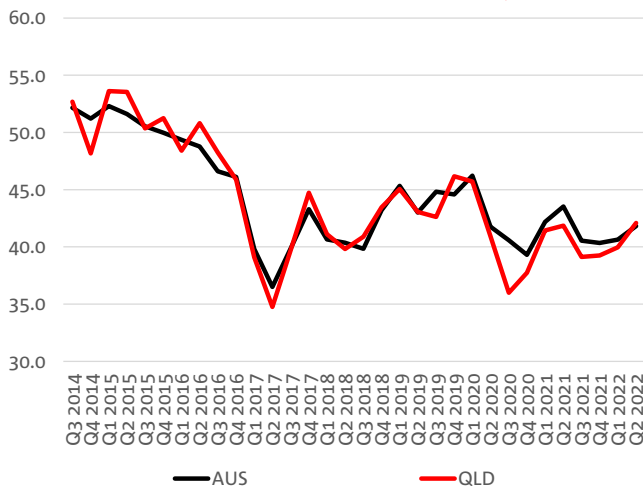
**NAB Financial Stress Index: VIC**



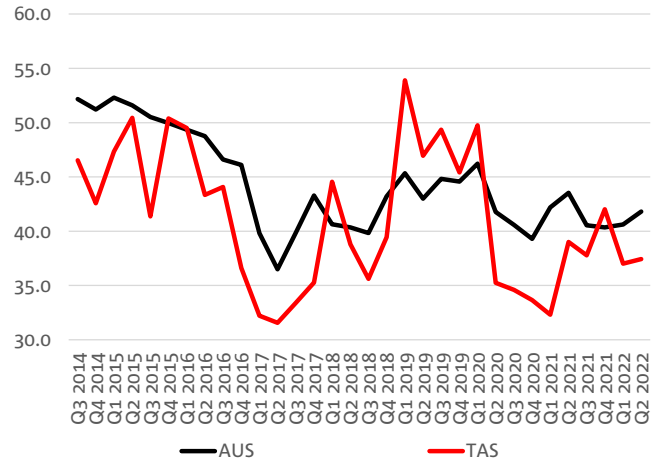
**NAB Financial Stress Index: WA**



**NAB Financial Stress Index: QLD**



**NAB Financial Stress Index: TAS**



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