

more
than
money



NAB Australian Wellbeing Survey Q4-2023



NAB Australian Wellbeing Survey

Q4-2023

Wellbeing is at its lowest point since the onset of COVID. The unemployed, renters & low income earners among the lowest. Victoria lagging other states. Household financial stress is highest since mid-2016. 1 in 3 Australians believe they are worse off financially compared to a year ago. Concern over income at a survey high.

NAB Behavioural and Industry Economics

For over a decade NAB has been tracking the wellbeing of Australians. Wellbeing is measured according to individual perceptions of happiness, life satisfaction, life worth and anxiety. These subjective factors go to the very core of how people feel about their lives as a whole. Naturally, everyone's moods and circumstances fluctuate, but there is an underlying average that can be measured over time, providing another useful measure of how we are tracking as a nation. Wellbeing is not anti-growth, but recognises the crucial importance of human flourishing, not only in and of itself, but also as a precondition for any form of economic activity. The NAB Australian Wellbeing Index fell in the final quarter of 2023, sliding to its lowest point since the onset of COVID when the Index was at an equal survey low. Australians reported lower wellbeing across most measures during the December quarter, with all indicators printing well below survey average levels. Dissatisfaction with state of the economy is also apparent. Household financial stress has also increased and is now at the highest since mid-2016. Historically when wellbeing has reached these low levels it has snapped back in the following quarter. Should these falls continue however, Australia would be in a 'wellbeing recession.'

While aggregate wellbeing is important, inequality of wellbeing is what really matters. Wellbeing was lowest among the unemployed (by a wide margin), along with those renting (particularly apartments), people aged between 18-29, (particularly women), singles, low income earners, Victorians, people living in single households, people with children, those in regional cities, and women in general. Wellbeing was highest among people over 65 (particularly men), retirees, people earning

\$200,000+, married people, people who live in a house they own, in 2-person households, residing in Western Australia and in rural areas.

Money is a key driver of financial wellbeing, but the relationship with money and emotional wellbeing is less clear cut. Though NAB's research suggests overall wellbeing improves as incomes grow, some groups buck this trend - namely the \$50-75,000 income group which reported the second highest levels of wellbeing after the \$200,000+ group. Interestingly while Australians in the \$100-150,000 and the \$150-200,000 income groups report high wellbeing, they also are the most anxious of all income cohorts - particularly when compared to the \$50-75,000 income group. Among people in the \$100,000 to \$200,000 income groups, it is their sense of life worth, life satisfaction and happiness that are having the greatest positive impact on their overall state of wellbeing. The relationship between home ownership and wellbeing is much less ambiguous. Home ownership continues to be correlated with wellbeing, with those living in their own house or apartment reporting significantly higher wellbeing than renters. And not surprisingly, those who own a home outright receive an even greater boost to wellbeing compared to those with a mortgage.

For the first time, NAB asked Australians to rate how satisfied they were with key aspects of their lives. On average, they were most satisfied with education, followed by personal safety, current housing and family life. They also scored relatively high levels of satisfaction for their community as a place to live and connect, their work-life balance, jobs or work that they do, personal health and their standard of living. They were least satisfied by a

considerable margin by Australia's economy and the way the Government is running the country, and somewhat less satisfied with their ability to fund retirement, management of the environment and their household income.

The **NAB Household Financial Stress Index** looks specifically at the role our finances play in our wellbeing. After easing a little in the previous quarter, financial stress increased in the December quarter - with financial stress levels now at their highest since mid-2016 and trending well above the survey average. Household financial stress levels increased for all index components in the December quarter, with stress levels for all components printing above survey averages - particularly not being able to meet the costs of non-essential expenses such as holidays, eating out etc., not having enough money for major household items like furniture, appliances etc., not having enough money for home improvements & maintenance, not having enough money to pay off personal loans and not being able to meet mortgage, rent & housing costs. Not having enough to finance retirement still is the biggest contributor to overall financial stress, and it increased to a 7-year high. The next biggest causes were not being able to provide for the family's future, not having enough for non-essentials, major household items, medical bills & healthcare and mortgage, rents & housing costs, with all these factors now printing at multi-year highs. Women continue to report higher financial stress than men, with the gap widening, especially raising \$2,000 for an emergency, other monthly household expenses such as car, insurances etc., and mortgage, rent & housing costs.

Financial stress levels rose in all age groups, except the 65+ group in the December quarter. Stress remained lowest by a large margin among the over 65s. Financial stress continues to be highest in the 30-49 age group. By income, financial stress levels increased in the lower income group but fell in the higher income group - though still trending well above average. People in the lower income group reported higher stress for all index components, with the biggest gap in stress levels for raising \$2,000 for an emergency, food & necessities, normal monthly utility bills and major household items. Financial stress levels increased in all states bar SA in Q4 but continued to print above average survey levels in all states. Stress was highest in TAS, followed by VIC, and lowest in WA and QLD. Financial stress was highest (and increased most) in rural areas and remained lowest in capital cities.

On balance, almost 1 in 3 Australians (31% v 27% in Q3'23 and 24% in Q4'22) believed they were worse off financially in Q4 2023 compared to a year ago. By location, the greatest share of Australians feeling worse off were in rural areas (39% v 31% in regions and 29% in capital cities). By age, the share of people feeling worse off financially increased noticeably in the 30-49 age group (28% vs 20% in Q3) and was also noticeably higher in the 65+ (45%) and 50-64 (43%) age groups. More women (33%) and men (28%) said they were worse off financially in December, with broadly unchanged numbers in both the lower (50%) and higher (16%) also worse off, though somewhat higher than at the same time last year, particularly in the higher income group. Encouragingly, slightly fewer Australians on balance expect to be

worse off financially in a year from now (4% vs. 5% in the previous quarter).

On balance the share of Australians who said their incomes or pay increased in the December quarter fell to 1% (vs. 9% in the September quarter). Looking forward, around 1 in 5 (26%) Australians on balance expect their incomes to rise in the next 12 months. Expectations were more positive in the higher income group (40% vs. 35% in Q3). With a somewhat lower number of Australians indicating their incomes increased in the December quarter, Australians on average were also more concerned over their income or pay. When asked to rate their overall level of concern or stress over their income or pay reached a survey high. Australians who expected their incomes to increase in the next year were also asked to estimate by how much they expected their weekly income would rise. On average, expectations rose quite sharply to \$200 (around \$10,400 annually) from \$147 in Q3. Expectations lifted in all regions. They were highest in capital cities (\$210 vs. \$158), lowest in regional cities (\$176 vs. \$137), and increased most in rural areas (\$184 vs. \$105).

Savings aspirations among Australians are still high, with the overall number trying to save unchanged at 77% in the December quarter. That said, household savings remained under pressure in the December quarter, with on balance 1 in 4 Australians (25%) reporting their savings fell in Q4'23 (29% in Q3). Concern over their savings rose to a survey high. Savings stress also remained higher than income stress.

Fewer Australians made inroads into reducing household debt levels in December. Australians holding debt were also asked to rate their concern for all types of debt they held. With interest rates elevated, concern over total debts rose to a survey high. Concern remains highest for those holding pay day loans (except the 18-29 and 50-64 age groups where the highest stress was associated with loans from family & friends). Around 7% of the Australian population report holding pay day loans, rising to around 10% among those aged in the 18-29 and 30-49 age groups. Women reported higher stress than men for all types of debt as did people on lower than higher incomes. Stress levels for most debt types were typically much higher for people under 50. Interestingly, when people with home loans were asked to rate the level of concern they have over this debt if rates should rise further, they scored a lower 7.1 pts (7.4 pts in the September quarter). Concern ranged from 7.5 pts in VIC to 6.5 pts in QLD. By income, concern is highest in the \$75-100,000 group (7.7 pts), and lowest in the \$50-75,000 group (6.4 pts). Stress levels were unchanged or lower in all income groups except the \$35-50,000 group where it lifted sharply (7.7 pts up from 6.7 pts).

The average score however masks a substantial number of people with "very high" levels of concern over future rate rises. Though the number of mortgage holders with very high concern (i.e., scored 8 pts or more) fell slightly to 53% (55% in Q3) it remains much higher than one year earlier (42%). Over 1 in 2 people expressed very high concern about their home loan debt should rates rise further in most groups, except QLD (39%), rural areas (44%), men 50-4 (48%), women over 65 (46%), men 18-29 (32%), men over 65 (29%) and in the \$50-75,000 income group (39%). We also recorded a much higher number of women 30-49 with very high concern (63%) than in any other group.

Part 1: NAB Australian Wellbeing Index

The NAB Australian Wellbeing Index fell to 62.9 pts in the final quarter of 2023, sliding to its lowest point since the onset of COVID in March 2020 when the Index reached an equal survey low (62.8 pts). Australians reported lower wellbeing across most measures during the December quarter, with all measures printing well below survey average levels.

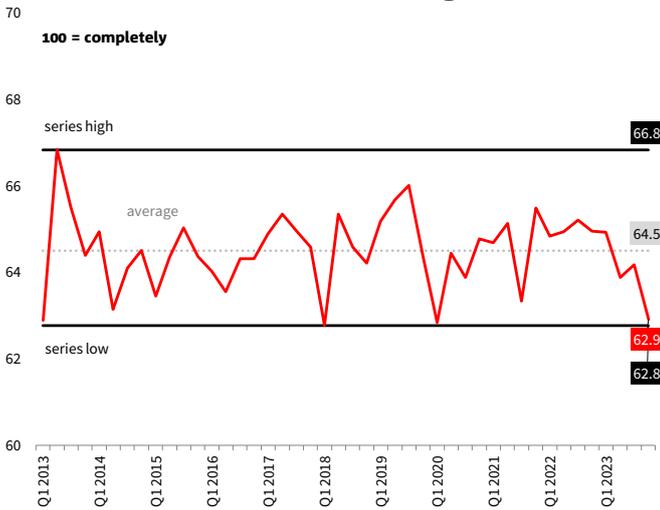
Australians' sense of life worth continues to add most to their overall wellbeing, but it fell quite sharply over the quarter (down 1.3 pts to 66.7 pts) - its weakest result in almost 6 years. Happiness levels fell more heavily (down 1.8 pts to a 64.5 pts), plumbing levels last seen at the start of COVID, with life satisfaction also printing much lower (down 1.8 pts to 63.5 pts) and falling to its lowest level in over 2 years. Anxiety however increased only modestly, with the 'not anxious yesterday' measure falling 0.1 pts to 57.0 pts (a lower score signals higher anxiety).

Wellbeing was lower in most groups watched by NAB. Wellbeing also continued to trend below survey average levels in most groups (44) - see charts below.

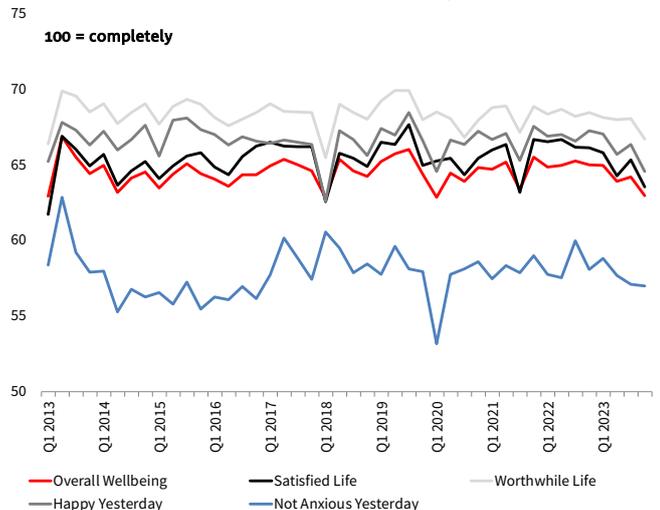
Across each group, wellbeing was highest in WA (64.6 pts), rural areas (63.4 pts), people earning \$50-75,000 (66.2 pts), men (64.2 pts), people over 65 (72.7 pts), men over 65 (73.3 pts), married people (68.4 pts), people without children (64.6 pts), in 2-person households (66.3 pts), retirees (71.8 pts) and among people who live in a house they own (67.4 pts). It was lowest in VIC (60.7 pts), regional cities (61.9 pts), the lowest income group (57.4 pts), women (61.8 pts), people in the 18-29 age group (58.2 pts), women 18-29 (57.0 pts), singles (57.1 pts), people with children (61.8 pts), people living in single households (60.9 pts), were unemployed (51.8 pts), or lived in a rented apartment (56.6 pts).

Interestingly, Australians in WA, women 65+, men 30-49, married people, with children under 18, or live in a house or apartment they own were the only groups to report higher wellbeing in December. New research shows people who own a home outright have much higher wellbeing (72.1 pts) than people who own a home with a mortgage (63.0 pts). They also report better outcomes for all measures, particularly anxiety.

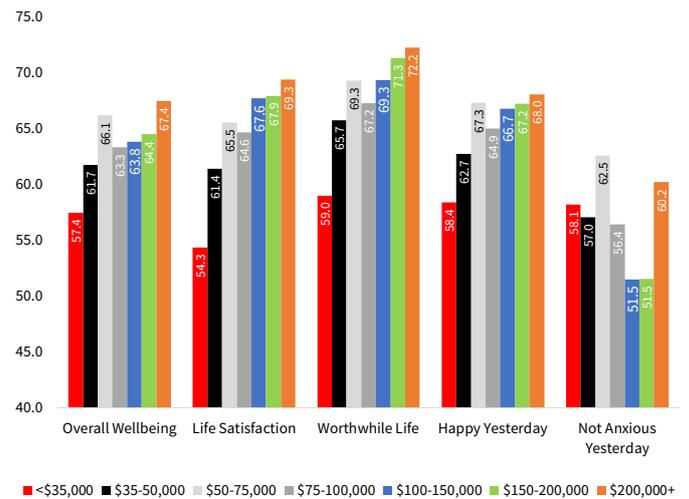
NAB Australian Wellbeing Index



NAB Australian Wellbeing Index

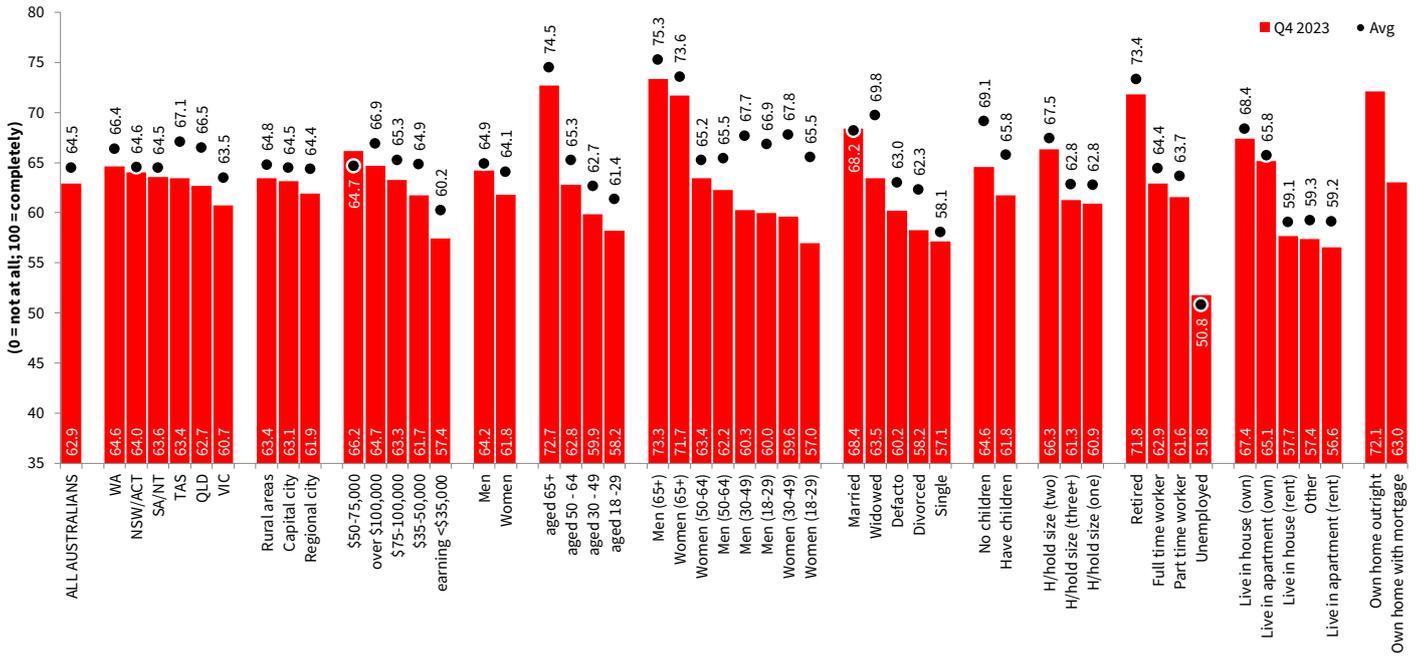


Wellbeing Index: Income Q4 2023

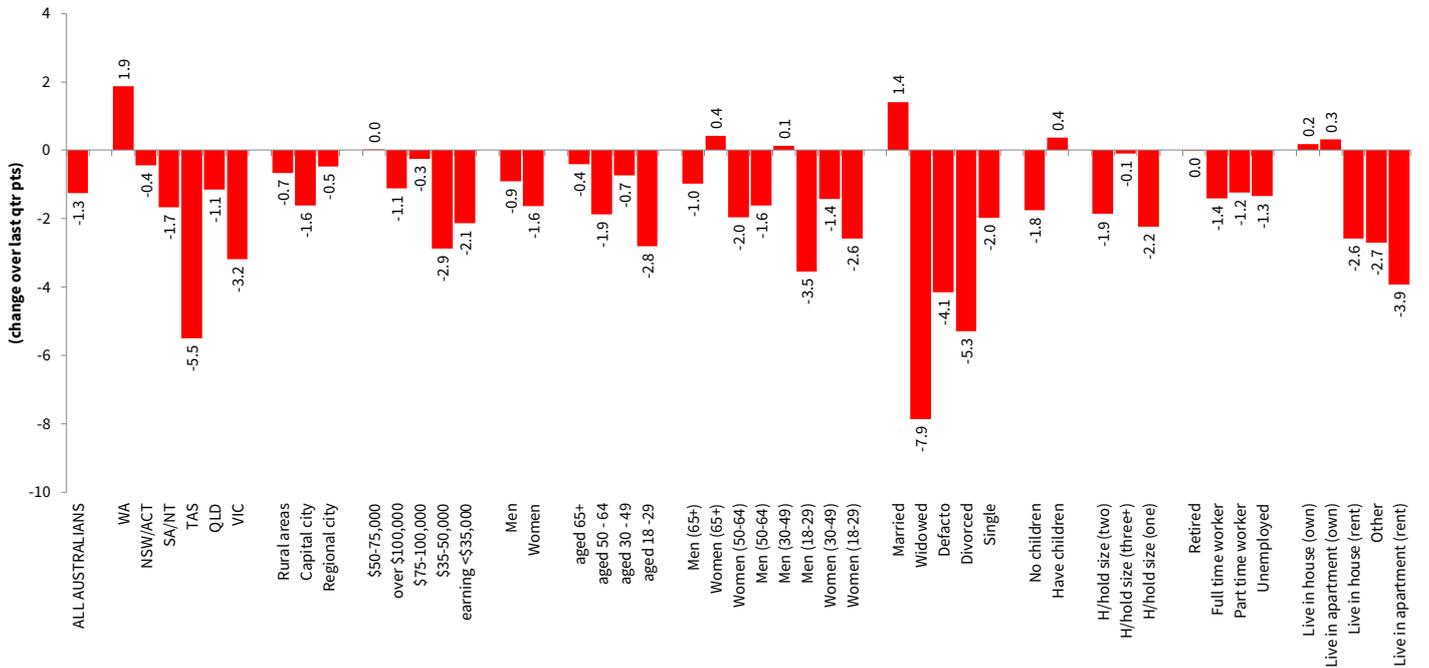


Money is a key driver of financial wellbeing, but the relationship with money and emotional wellbeing is less clear cut. Though NAB's research suggests overall wellbeing usually improves as incomes grow, some groups buck this trend - namely the \$50-75,000 (66.1 pts) income group which reported the second highest levels of wellbeing after the \$200,000+ group (67.4 pts). The biggest discrepancy however relates to anxiety. Interestingly Australians in the \$100-150,000 and the \$150-200,000 income groups reported the highest anxiety of all income cohorts (51.5 pts) in the December quarter by a considerable margin - particularly when compared anxiety levels in the \$50-75,000 income group (62.5 pts). Clearly, among people in the \$100,000 to \$200,000 income groups, it is their sense of life worth life satisfaction and happiness rather than their incomes that is having a far greater impact on their overall state of wellbeing.

NAB Australian Wellbeing Index - all groups



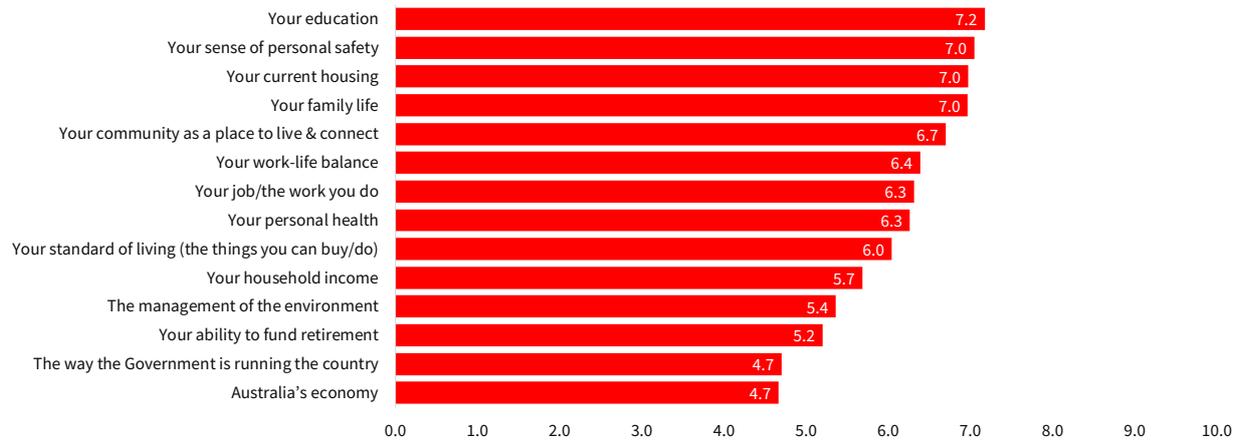
NAB Australian Wellbeing Index change - all groups



For the first time, NAB asked Australians to rate how satisfied they were with key aspects of their lives. On average, Australians were most satisfied with their education, scoring 7.2 pts out of 10 (where 10 is 'completely' satisfied). Australians were next most satisfied with their sense of personal safety, current housing and family life (7.0 pts). They also scored relatively high levels of satisfaction for their community as a place to live and connect (6.7 pts), their work-life balance (6.4 pts), jobs or work that they do (6.3 pts), personal health (6.3 pts) and their standard of living (6.0

pts). What are aspects of life are Australians least satisfied with? Australians were least satisfied (and by a considerable margin) with Australia's economy and the way the Government is running the country (4.7 pts). They were also somewhat less satisfied with their ability to fund retirement (5.2 pts), management of the environment (5.4 pts) and their household income (5.7 pts).

Satisfaction with each of the following (score out of 10)



	All	Capital city	Regional city	Rural area	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Your education	7.2	7.2	7.3	7.0	6.9	7.0	7.1	7.9	7.3	7.1	6.5	7.5
Your sense of personal safety	7.0	7.1	6.9	7.0	7.0	6.8	6.9	7.6	7.3	6.9	6.5	7.5
Your current housing	7.0	7.0	6.9	7.1	6.7	6.4	7.0	8.1	7.1	6.9	6.6	7.3
Your family life	7.0	6.9	7.0	7.1	6.8	6.7	6.7	7.7	7.0	6.9	6.1	7.3
Your community as a place to live & connect	6.7	6.8	6.6	6.6	6.5	6.4	6.6	7.4	6.8	6.6	6.1	6.9
Your work-life balance	6.4	6.4	6.3	6.2	6.1	6.3	6.4	7.3	6.6	6.2	5.4	6.8
Your job/the work you do	6.3	6.4	6.3	6.0	6.2	6.3	6.3	6.8	6.4	6.3	4.9	6.5
Your personal health	6.3	6.3	6.2	6.2	6.3	6.2	6.0	6.5	6.4	6.2	5.3	6.7
Standard of living (things you can buy/do)	6.0	6.1	6.0	5.7	6.0	6.1	5.7	6.9	6.3	5.8	4.9	6.6
Your household income	5.7	5.8	5.5	5.2	5.7	5.4	5.4	6.3	6.0	5.4	3.9	6.6
The management of the environment	5.4	5.4	5.4	5.0	5.5	5.4	5.2	5.4	5.5	5.2	4.9	5.6
Your ability to fund retirement	5.2	5.4	5.0	4.6	5.2	4.8	4.9	6.2	5.7	4.8	3.8	5.9
The way Government is running the country	4.7	4.9	4.4	4.1	4.9	5.0	4.2	4.5	4.9	4.5	4.1	5.0
Australia's economy	4.7	4.8	4.6	4.2	4.8	4.7	4.4	4.7	5.0	4.4	4.0	5.0

While it might be tempting to borrow the phrase its "the economy, stupid", coined during Bill Clinton's successful 1992 U.S. presidential election, economic factors provide only a starting point when analysing wellbeing. That said, a growing share of the population are clearly dissatisfied with the economy and more particularly the cost of living and their family's financial situation (as evidenced in NAB's Consumer Stress Index and Household Financial Stress Index - see below). In regard to satisfaction with Government, notwithstanding the fact that disposable income per capita has been falling in Australia, there are limitations to what can be done to mitigate increases in cost of living without putting additional pressure on inflation. That said, cost of living pressures remains the biggest cause of stress for consumers. On balance, 8 in 10 consumers believe living costs increased further in Q4 2023.

By region, satisfaction levels were somewhat higher in capital cities for household income (5.8 pts), ability to fund retirement (5.4 pts), the way Government is running the country (4.9 pts) and

Australia's economy (4.8 pts), and somewhat lower satisfaction in regional cities for standard of living (5.7 pts), household income (5.2 pts), ability to fund retirement (4.6 pts), the way Government is running the country (4.1 pts) and Australia's economy (4.2 pts). By age, Australians over 65 reported higher satisfaction for all things except management of the environment, the way Government is running the country and Australia's economy. They were particularly more satisfied with ability to fund retirement (6.2 pts), current housing (8.1 pts), family life (7.7 pts), and work-life balance (7.3 pts). We noted somewhat lower satisfaction in the 30-49 age group for their current housing (6.4 pts), and in the 50-64 group standard of living (5.7 pts), the way the Government is running the country (4.2 pts) and Australia's economy (4.4 pts). Interestingly, men were more satisfied than women about all these things - particularly ability to fund retirement (5.7 pts vs. 4.8 pts), Australia's economy (5.0 pts vs. 4.4 pts), household income (6.0 pts vs. 5.4 pts) and standard of living (6.3 pts vs. 5.8 pts). Satisfaction was higher in higher than lower income groups,

especially household income (6.6 pts vs. 3.9 pts), ability to fund retirement (5.9 pts vs. 3.8 pts) and standard of living (6.6 pts vs. 4.9 pts).

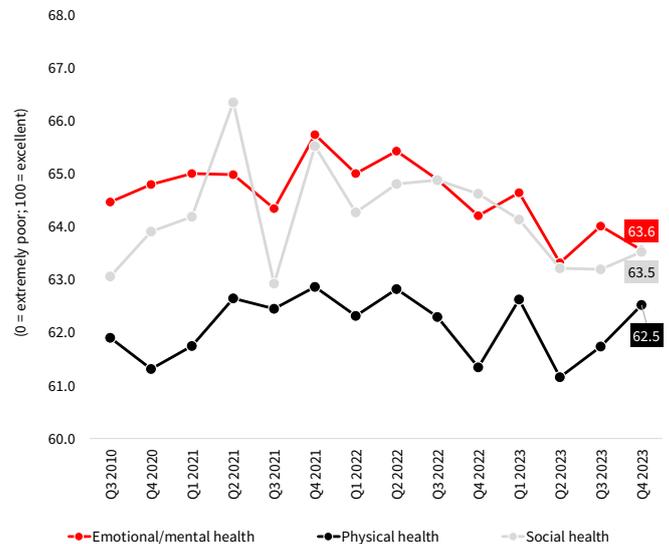
Our emotional/mental, physical & social health

Australians are “moderately” satisfied with all aspects of their health - emotional or mental (ability to cope with normal stresses of life and take pleasure and satisfaction from life), physical (soundness of body and freedom from disease and abnormality) and social (quality of interactions and meaningful relationships with others). On average, they were most satisfied with their emotional or mental health at 63.6 pts (down from 64.0 pts in the last survey), just ahead of social health where satisfaction lifted a little to 63.5 pts (63.2 pts in the previous quarter). They were also more satisfied with their physical health but still rated it lowest of all aspects of their health at 62.5 pts (61.7 pts in Q3).

Men are still more satisfied with all aspects of their health than women, especially emotional or mental health. Australians over 65 reported much higher satisfaction for their emotional or mental and social health, but the 18-29 group were most satisfied with their physical health. People in higher income groups

reported much higher levels of satisfaction for all aspects of their health than did those in the lower income group - see table below.

Satisfaction with our overall health



Rating our health today: gender and age

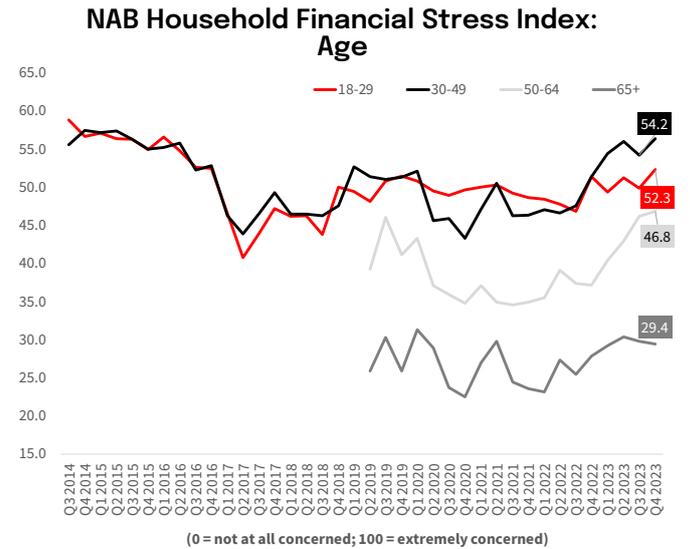
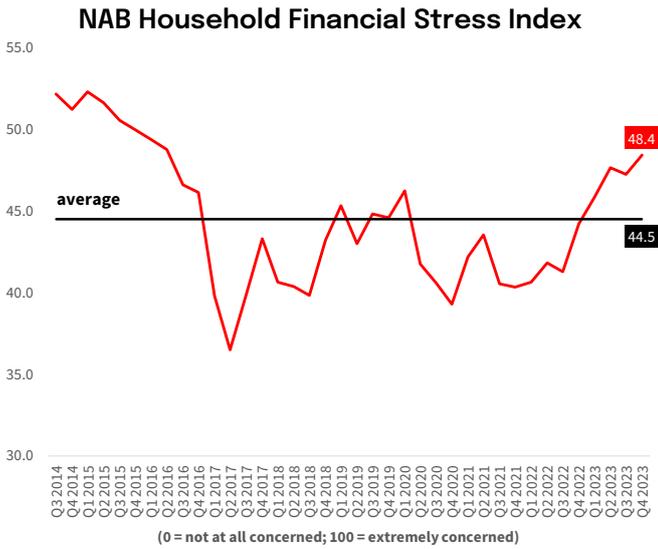
	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Emotional/mental health									
- Q4 2023	63.6	61.1	66.2	59.8	59.4	62.8	74.7	54.6	66.0
- Q3 2023	64.0	62.1	66.2	61.1	60.4	62.7	74.8	58.2	65.6
- Q4 2022	64.2	62.3	66.2	56.3	62.0	64.2	75.9	61.4	65.8
Physical Health									
- Q4 2023	62.5	61.2	64.0	65.4	61.5	60.7	63.0	52.8	66.4
- Q3 2023	61.7	60.9	62.7	63.7	61.2	59.7	62.8	56.2	64.4
- Q4 2022	61.3	59.5	63.2	61.5	61.6	58.8	63.3	53.8	65.1
Social Health									
- Q4 2023	63.5	62.5	64.9	62.1	59.2	62.5	73.0	54.7	66.6
- Q3 2023	63.2	62.3	64.3	62.0	59.4	62.3	72.0	58.7	64.9
- Q4 2022	61.3	64.3	65.0	60.5	61.5	64.4	74.4	60.3	67.1

Household financial stress

The **NAB Household Financial Stress Index** looks specifically at the role our finances play in our wellbeing. This comprehensive measure of financial anxiety is derived from several 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, and home improvements & maintenance.

After easing a little in the previous quarter, the NAB Household Financial Stress Index increased to 48.4 pts in the December

quarter - signalling that financial stress levels are now at their highest since mid-2016 and trending well above the survey average (44.5 pts) - see charts below. Household financial stress levels increased for all index components in the December quarter, with stress levels for all components printing above survey averages - particularly not being able to meet the costs of non-essential expenses such as holidays, eating out etc. (52.2 pts in Q4 vs. 45.5 pts survey average), not having enough money for major household items like furniture, appliances etc. (50.6 pts vs. 44.4 pts), not having enough money for home improvements & maintenance (51.1 pts vs. 45.5 pts), not having enough money to pay off personal loans (46.8 pts vs. 41.3 pts) and not being able to meet mortgage, rent & housing costs (49.6 pts vs. 44.3 pts).

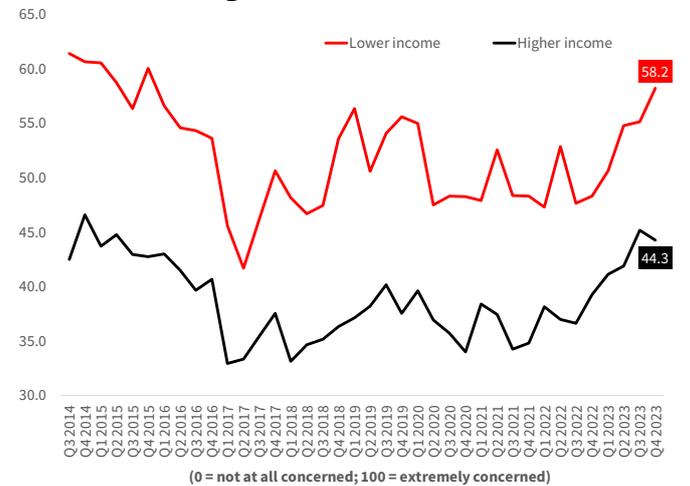


Not having enough to finance retirement still is the biggest contributor to overall financial stress, and it increased to a 7-year high 57.7 pts in the December quarter (56.1 pts in September). The next biggest causes were not being able to provide for our family’s future (52.8 pts up from 50.4 pts), not having enough for non-essentials (52.8 pts up from 50.1 pts), major household items (50.6 pts up from 48.3 pts), medical bills & healthcare (50.7 pts up from 50.1 pts) and mortgage, rents & housing costs (49.6 pts up from 48.3 pts), with all of these factors now printing at multi-year highs.

Financial stress levels eased in all age groups, except the 65+ group in the December quarter. Stress remained lowest by a large margin in the over 65 group (29.4 pts down from 29.8 pts in Q4) and was lowest for all Index measures. Stress continues to be highest in the 30-49 age group (56.3 pts up from 54.2 pts), with this group also reporting higher stress for all index components.

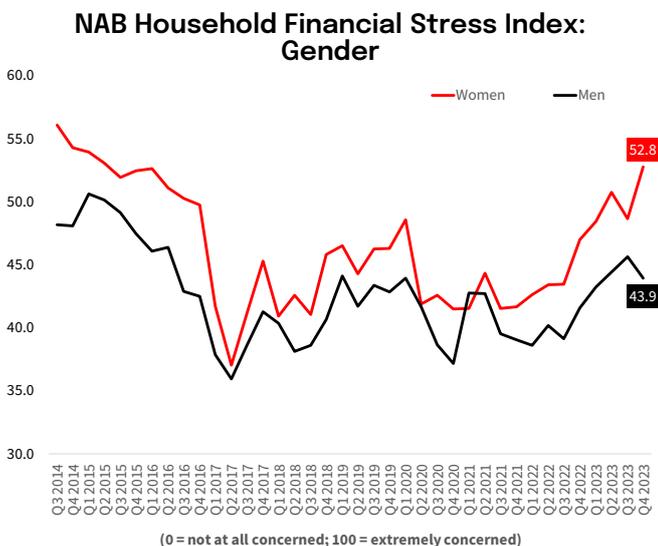
Women continue to report higher financial stress than men, with the gap widening. Stress levels in the December quarter eased for men (43.9 pts down from 45.6 pts in Q3) but increased for women (52.8 pts up from 48.6 pts). Consequently, the “stress gap” between genders widened to its highest level in over 2 years. Women also continued to report higher stress than men for all index measures, especially raising \$2,000 for an emergency (53.1 pts vs. 42.9 pts), other monthly household expenses such as car, insurances etc. (51.4 pts vs. 41.5 pts), and mortgage, rent & housing costs (54.2 pts vs. 44.5 pts).

NAB Household Financial Stress Index: Higher/Lower Income



Financial stress levels increased in the lower income group in December (58.2 pts up from 55.1 pts) but fell in the higher income group (44.3 pts vs. 45.2 pts) - though still trending well above average. As a result, the “stress gap” between lower and higher income groups widened to an above average 13.4 pts. People in the lower income group reported higher stress for all index components, with the biggest gap in stress levels for raising \$2,000 for an emergency (62.3 pts vs. 42.1 pts), food & basic necessities (55.0 pts vs. 36.8 pts), normal monthly utility bills (57.4 vs. 40.5 pts) and major household items (62.7 pts vs. 45.8 pts).

Household financial stress levels increased in all states bar SA/NT in Q4 but continued to print above average survey levels in all states. Stress was highest in TAS (51.5 pts), followed by VIC (50.4



pts), and lowest in WA (44.8 pts) and QLD (45.7 pts). Financial stress levels also increased in all regions and printed well above survey average levels in all regions. It was highest (and increased most) in rural areas (51.1 pts up from 48.4 pts) and remained

lowest in capital cities (47.2 pts up from 46.1 pts), here stress levels were also lowest for all index components - see tables below state and regional detail & Appendix 2 for historical state data.

NAB Household Financial Stress Index: Key groups (Q4 2023)

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Financing retirement	57.7	61.6	53.6	56.1	64.7	60.5	44.2	67.3	53.1
Providing for family's future	52.8	57.3	48.2	59.2	60.7	50.6	30.2	61.2	49.9
Non-essentials (holidays, eating out)	52.2	56.3	47.9	55.5	60.2	50.5	36.5	62.2	49.1
Home improvements & maintenance	51.1	55.7	46.3	54.1	58.9	50.3	35.2	61.1	48.3
Medical bills/healthcare	50.7	54.9	46.3	53.7	58.9	51.3	33.7	59.6	47.4
Major household items	50.6	54.9	46.0	53.6	58.3	50.8	34.4	62.7	45.8
Mortgage, rent, housing costs	49.6	54.2	44.5	54.9	56.3	46.1	29.0	56.6	45.2
Raising \$2,000 in an emergency	48.1	53.1	42.9	56.9	57.2	45.0	27.7	62.3	42.1
Personal loan repayments	46.8	51.3	42.4	49.4	53.2	45.0	23.5	56.1	42.4
Other monthly household expenses	46.6	51.4	41.5	51.0	54.9	45.7	29.6	57.8	41.6
Normal monthly utility bills	46.1	50.5	41.4	51.3	54.2	45.2	28.3	57.4	40.5
Children's education	45.8	50.5	41.1	47.6	53.2	38.9	15.2	49.8	43.0
Food/basic necessities	42.2	46.1	38.2	47.5	50.8	40.1	25.1	55.0	36.8
Credit card repayments	37.4	40.9	34.2	41.1	46.7	35.1	18.9	45.7	34.8
NAB Financial Stress Index	48.4	52.8	43.9	52.3	56.3	46.8	29.4	58.2	44.3

NAB Household Financial Stress Index: States (Q4 2023)

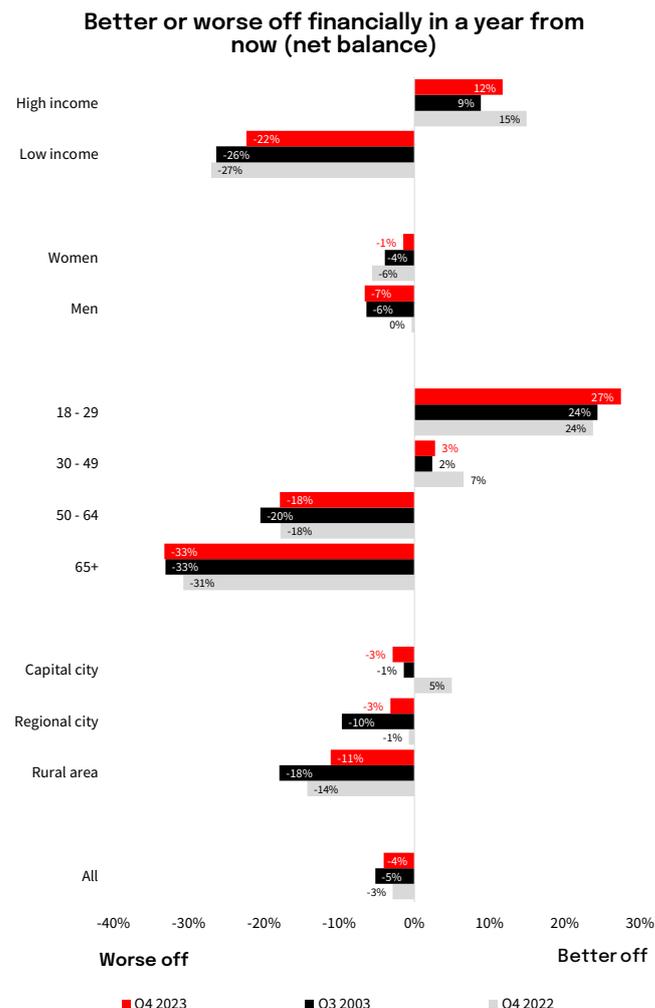
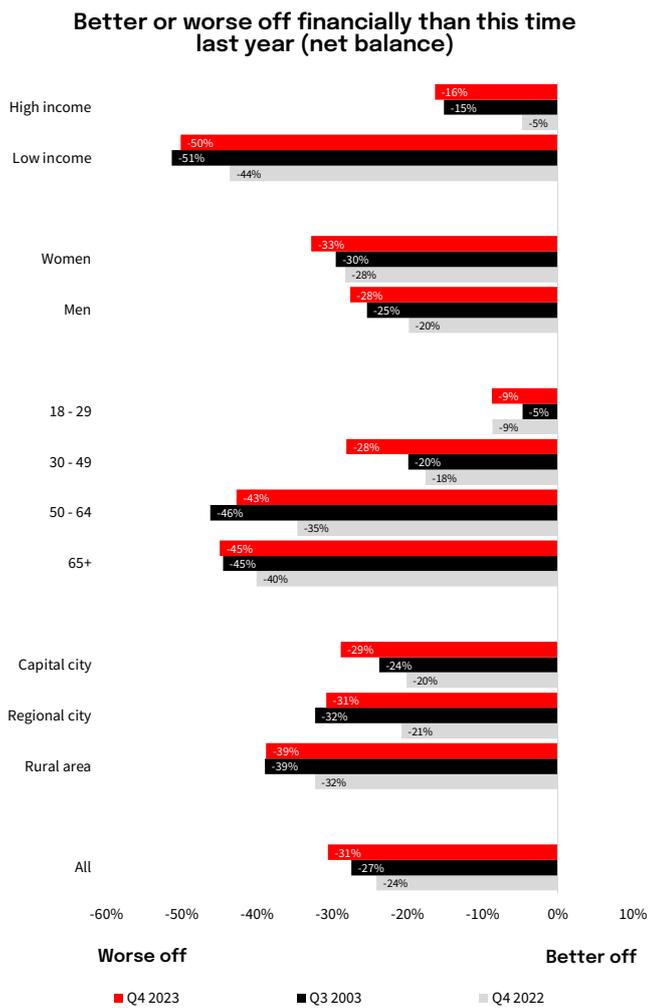
	NSW/ACT	VIC	QLD	WA	SA/NT	TAS	Capital	Regional	Rural
Financing retirement	58.2	60.5	55.7	54.3	55.1	61.7	56.7	60.0	59.3
Providing for family's future	54.0	53.6	50.9	50.6	51.1	58.6	51.9	55.2	53.9
Non-essentials (holidays, eating out)	53.0	54.4	50.0	48.6	49.9	58.7	51.4	53.5	53.9
Home improvements & maintenance	51.7	53.4	49.1	47.9	50.1	51.1	50.2	53.1	53.1
Medical bills/healthcare	52.3	52.3	48.4	48.2	46.8	52.7	49.7	52.5	53.0
Major household items	51.6	52.0	48.2	48.5	49.0	55.2	49.2	53.8	52.5
Mortgage, rent, housing costs	51.5	51.7	45.0	45.8	49.6	52.3	48.4	51.6	53.0
Raising \$2,000 in an emergency	50.1	51.0	45.2	42.6	43.3	54.7	46.0	52.5	52.1
Personal loan repayments	48.7	48.9	44.8	41.7	42.9	45.4	45.7	49.5	48.8
Other monthly household expenses	48.1	48.1	44.7	42.0	44.9	51.2	44.8	49.4	51.3
Normal monthly utility bills	47.6	47.8	43.5	42.0	44.6	50.2	44.5	48.3	50.4
Children's education	46.4	48.4	42.0	42.0	46.8	51.6	44.7	48.0	48.9
Food/basic necessities	43.6	43.4	39.3	40.4	42.1	42.4	40.5	44.9	46.9
Credit card repayments	40.2	40.7	32.8	32.5	32.8	35.9	36.7	39.5	38.2
NAB Financial Stress Index	49.8	50.4	45.7	44.8	46.4	51.5	47.2	50.8	51.1

How households feel they are travelling financially

On balance, more Australians still felt they were worse off than better off financially compared to the same time last year in the December quarter. Moreover, the net number of people that felt worse off increased (-31%) and was somewhat higher than in the

September quarter (-27%) and also higher than at the same time last year (-24%).

The net number of Australians who felt they were worse off financially outweighed those who were better off in all regions. It was highest (and unchanged) in rural areas (-39%) and fell a little in regional cities to -31% from -32% in the previous quarter but still much higher than at the same time last year (-21%). It was lowest but increased somewhat in capital cities to -29% (-24% in Q3 and -20% at the same time last year).



The net number of people worse off increased noticeably in the 30-49 age group (-28% from -20%) and was noticeably higher in the 65+ (-45%) and 50-64 (-43%) age groups. More women (-33%) and men (-28%) said they were worse off financially in December, with broadly unchanged numbers in both the lower (-50%) and higher (-16%) also worse off, though somewhat higher than at the same time last year, particularly in the higher income group.

Encouragingly, slightly fewer Australians on balance expect to be worse off financially in a year from now (-4% down from -5% in the previous quarter). Expectations however ranged cross regions. The number of pessimists out-weighted optimists in all regions but fell somewhat in rural areas (-11% from -18%) and regional cities (-3% from -10%) but rose slightly in the capitals (-3% from -1%).

People in the 18-29 age group remain most optimistic about their financial position in the next year, with the net number of optimists climbing to +27% in the December quarter (+24% in September). A basically unchanged number expect to be better off in the 30-49 age group (+3% vs. +2%), but pessimists continue to heavily out-weight optimists in the over 65 (-33%) and 50-64 (-18%) age groups. Fewer women (-1%) than men (-7%) on balance are pessimistic about their future financial position. More high income earners continue to believe they will be better off in the next 12 months (+12% vs. +9% in Q3), with fewer in the lower income group also expecting to be worse off financially in 12 months' time (-22% vs. -26%).

The impact of income, savings and debt

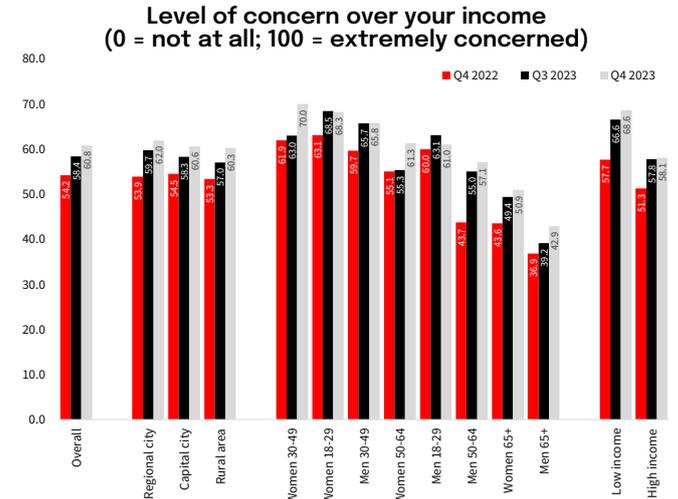
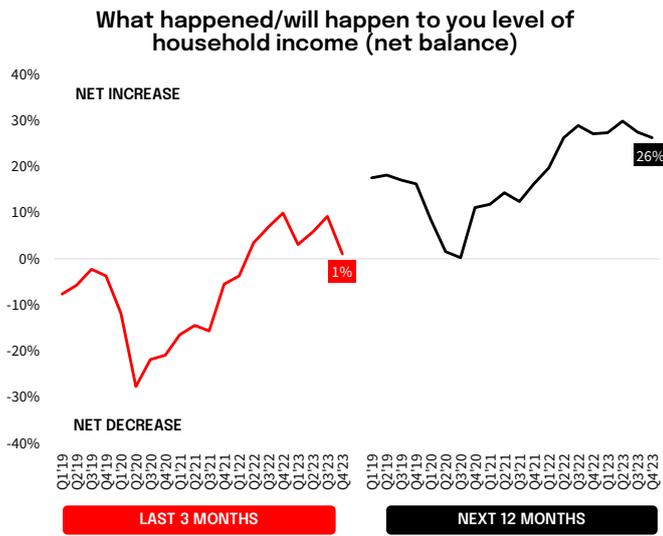
Recent data confirms the economy is growing at a well-below trend pace, while the latest NAB Consumer Stress Survey highlighted sharply rising concerns related to job security in the December quarter. Given our expectations that the unemployment rate will reach around 4.5% by end-2024 as the economy slows, consumer concern around jobs is likely to continue to rise in the coming year. Against this backdrop, the net number of Australians who said their incomes or pay increased in the December quarter fell to +1% (+9% in the September quarter).

On balance, more women said their incomes fell in the December quarter (-3% from +7% in Q3), while the net number of men who said it improved halved to +6%. Australians in all age groups reported weaker outcomes except the 50-64 group (unchanged at +2%). Noticeably less people in the higher income group said their income rose in December (+10% vs. +17% in Q3), and a higher number of people in the lower income group said their incomes fell (-5% vs. -2%) - see table below.

Looking forward, more Australians on balance still expect their incomes to rise than fall in the next 12 months, though it fell to

+26% (+27% in Q3). Expectations fell for women were unchanged (+23%) but men were less positive (+27% vs. +32%). By age, more people in the 18-29 (+45% vs. +36%) and 30-49 (+30% vs. +29%) groups expect their incomes to rise in the next 12 months, with expectations pared back noticeably in both the over 65 (+13% vs. +23%) and 50-64 (+14% vs. +20%) age groups. Expectations were also lowered in the lower income group (+14% vs. +19%) but were more positive in the higher income group (+40% vs. +35%).

pts) and was lowest for men over 65 (42.9 pts vs. 39.2 pts). Women reported higher income stress in all age groups. Income stress was higher in all groups when compared to the same period last year. It rose in the lower income group (68.6 pts vs. 66.6%), and also inched up in the higher income group (58.1 pts vs. 27.8 pts), with stress in both groups significantly above levels reported in December last year.



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

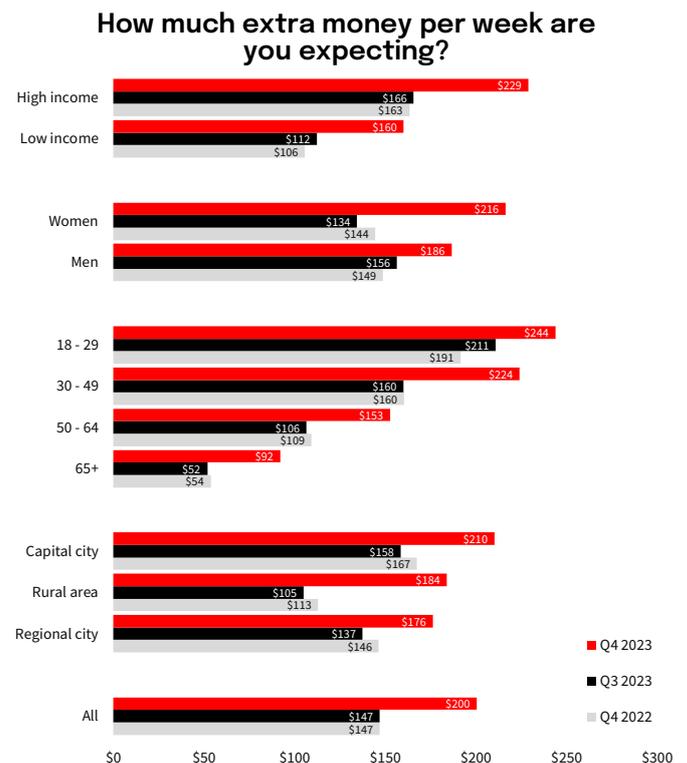
	Last 3 months	Next 12 months
Women	-3% (+7%)	+23% (+23%)
Men	+6% (+12%)	+29% (+32%)
Age 18-29	+2% (+11%)	+45% (+36%)
Age 30-49	-3% (+9%)	+30% (+29%)
Age 50-64	+2% (+2%)	+14% (+20%)
Age 65+	+6% (+15%)	+13% (+23%)
Lower income	-5% (-2%)	+14% (+19%)
Higher income	+10% (+17%)	+40% (+35%)

*Figures in parentheses previous quarter

With a somewhat lower net number of Australians indicating their incomes increased in the December quarter, Australians on average were also more concerned over their income or pay. When asked to rate their overall level of concern or stress over their income or pay, they scored a survey high 60.8 pts - down from 58.4 pts in the previous quarter and significantly higher than at the same time last year (54.2 pts).

Income stress increased in all regions, ranging from 62.0 pts in regional cities to 60.3 pts in rural areas. It increased across all age and gender groups, except for men 18-29 (61.0 pts vs. 63.1 pts) and women 18-29 (68.3 pts vs. 68.5 pts). Overall, it was highest (and increased sharply) for women aged 30-49 (70.0 pts vs. 63.0

Australians who expected their incomes to increase in the next year were also asked to estimate by how much they expected their weekly income would rise. On average, expectations rose quite sharply to \$200 (around \$10,400 annually) from \$147 in Q3.

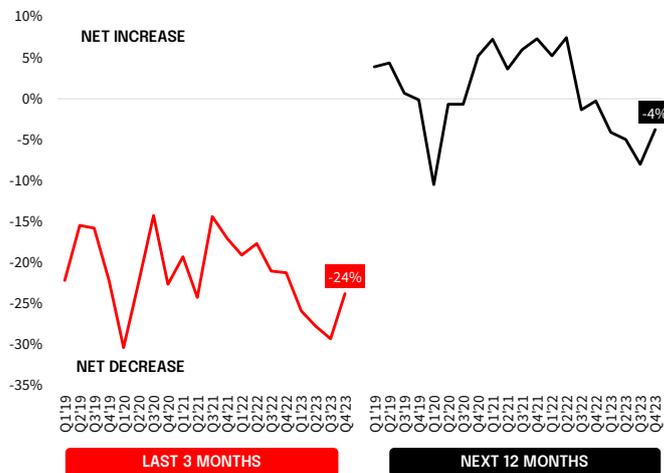


Expectations lifted in all regions. They were highest in capital cities (\$210 vs. \$158), lowest in regional cities (\$176 vs. \$137), and increased most in rural areas (\$184 vs. \$105).

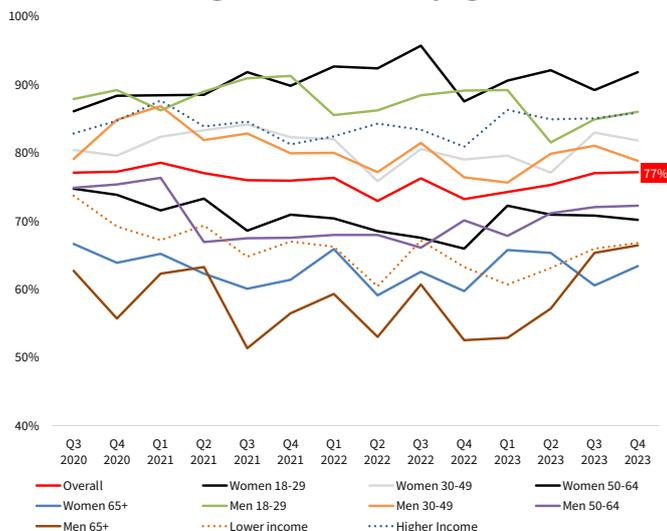
Income expectations increased in all age groups and fell with age. They were highest in the 18-29 group (\$244 vs. \$211) and stepped down in each successive age group to \$92 in the over 65 group (\$52 in Q3). Women (\$216 vs. \$134 in Q3) now expect to receive somewhat more than men (\$186 vs. \$156). Expectations were also sharply higher in both the lower (\$160 vs. \$112) and higher income (\$229 vs. \$166) groups.

vs. -40, but noticeably fewer did in the higher income group (-6% vs. -23%).

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



Percentage of Australians trying to save



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

	Last 3 months	Next 12 months
Women	-30% (-33%)	-5% (-7%)
Men	-17% (-25%)	-2% (-10%)
Age 18-29	-15% (-18%)	+31% (+21%)
Age 30-49	-23% (-31%)	-2% (-10%)
Age 50-64	-35% (-34%)	-21% (-16%)
Age 65+	-23% (-33%)	-26% (-27%)
Lower income	-42% (-40%)	-30% (-25%)
Higher income	-6% (-23%)	+16% (+2%)

Savings aspirations among Australians are still high, with the overall number trying to save unchanged at 77% in the December quarter and slightly above average (76%).

Savings aspirations remained highest in the 18-29 age group for both women (92% up from 89%) and men (86% up from 85%). Slightly more women (82%) than men (79%) in the 30-49 age group were trying to save. The number trying to save in the 50-64 age group fell a little for women (70% vs. 71%) and was unchanged for men (72%). Savings aspirations continue to be lowest by some margin in the over 65 age group but increased a little for both women (63% vs. 61%) and men (66% vs. 65%) in this age group. Savings aspirations were basically unchanged in the lower (67%) and higher (86%) income groups and trended slightly above average in both groups.

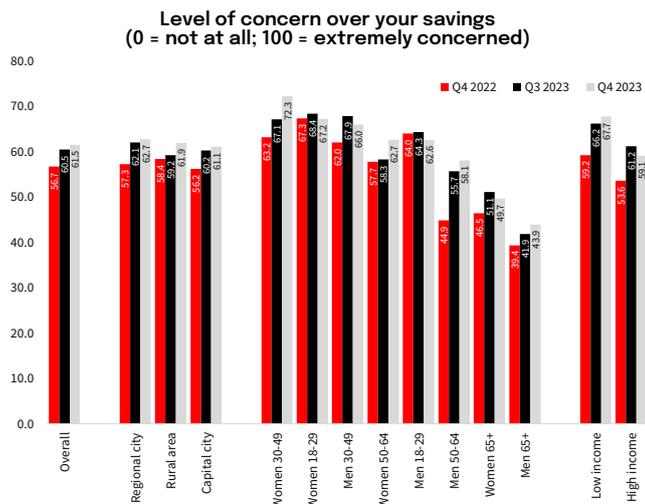
Household savings remained under pressure in the December quarter, with the number of people whose level of savings fell in the last 3 months outweighing those who said it increased. But after rising for four straight quarters, the overall net number who said their savings fell dropped to -24% (-29% in September).

By gender, the net number of women who reported a fall in their savings fell to -30% (-33% in Q3), with men also reporting an improvement (-17% vs. -25%). Fewer Australians on balance in all age groups said their savings fell over the past 3 months, except in the 50-64 group where the number increased a little. More people in the lower income group however ran down their savings (-42%

**Figures in parentheses previous quarter*

More people expect their savings to fall than rise in the next 12 months, but this fell to -4% (-8% in Q3). Expectations were less negative for women (-5% vs. -7%) and men (-2% vs. -10%). The number of people expecting their savings to fall in the next 12 months outweighed those expecting it to increase in all age groups except the 18-29 group (+31% vs. 21% in Q3). Expectations were most negative in the 65+ group but largely unchanged in the 50-64 group (-21% vs. -16%). Noticeably more people in the higher income group expect their savings to increase in the next 12 months (+16% vs. +2%), but more in the lower income group expect it to fall (-30% vs. -25% in Q3).

Despite a decline in the net number of Australians who reported a reduction in their household savings during the December quarter, their level of concern over their savings rose to a survey high 61.5 pts (60.5 pts in the September quarter and noticeably higher than at the same time last year (56.7 pts). Savings stress also remained higher than income stress (60.8 pts).



Savings stress was higher for women than men in all age groups. Overall, it was highest among women 30-49 and it lifted noticeably (72.3 pts up from 67.1 pts), followed by women 18-29 (67.2 pts down from 68.4 pts). Stress remained lowest (by a large margin) among men over 65 (43.9 pts up from 41.9). Women 50-64 also reported a noticeable rise in savings stress (62.7 pts up from 58.3 pts). The lower income group reported higher savings stress in December (67.7 pts up from 66.2 pts), but it moderated in the higher income group (59.1 pts vs. 61.2pts).

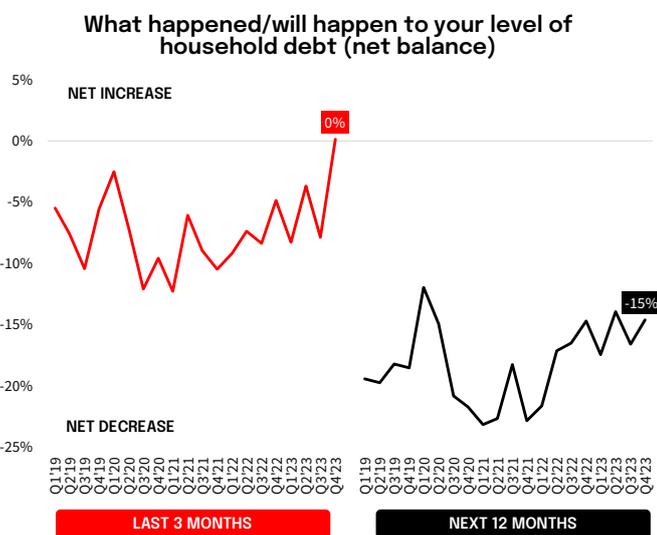
vs. -4%), while the 18-29 group saw a big fall in the net number that reduced debt (-1% vs. -10%). Fewer higher income earners reduced their debt (-5% vs. -15%) in the past 3 months, but we noted a sharp lift in the lower income group that their reduced household debt levels in December (-11% vs. +1%).

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

	Last 3 months	Next 12 months
Women	+5% (-6%)	-13% (-17%)
Men	-5% (-10%)	-16% (-16%)
Age 18-29	-1% (-13%)	-20% (-21%)
Age 30-49	+9% (-10%)	-12% (-21%)
Age 50-64	-2% (-3%)	-16% (-15%)
Age 65+	-10% (-4%)	-13% (-6%)
Lower income	-11% (+1%)	0% (-7%)
Higher income	-5% (-15%)	-21% (-24%)

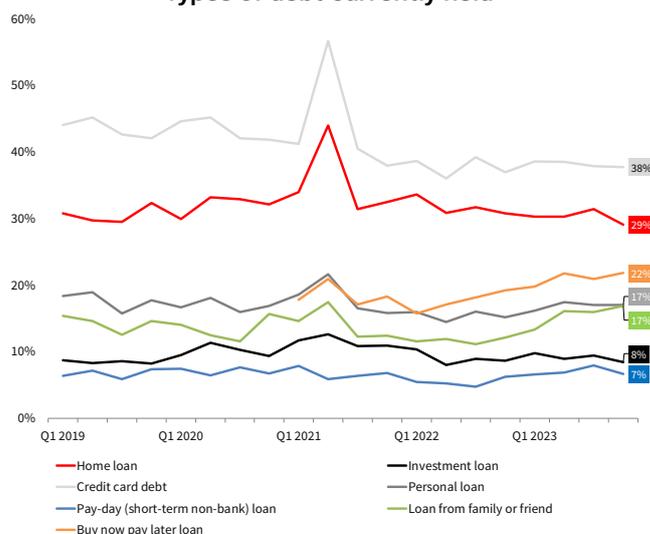
*Figures in parentheses previous quarter

When asked what they expect to happen to household debt levels in the next 12 months, the net number who expect it to decrease fell to -15% (-17% in Q3). Fewer women (-13% vs. -17%) and an unchanged number of men (-16%) expect to lower debt. Expectations were little changed in the 18-29 (-20% vs -21%) and 50-64 (-16% vs. -15%) age groups. But far fewer in the 30-49 group expect to lower debt levels (-12% vs. -21%), while far more in over 65 group expect to lower them (-13% vs. -6%). People in both higher and lower income groups were less optimistic about lowering household debt levels in the next 12 months.



Fewer Australians made inroads into reducing household debt levels in December. When asked how debt levels had changed over the past 3 months, a similar number said it increased or fell. This was a significant change from the last survey when a net -8% said household debt levels fell (i.e., the number who said it decreased out-weighted the number who said it increased).

Types of debt currently held



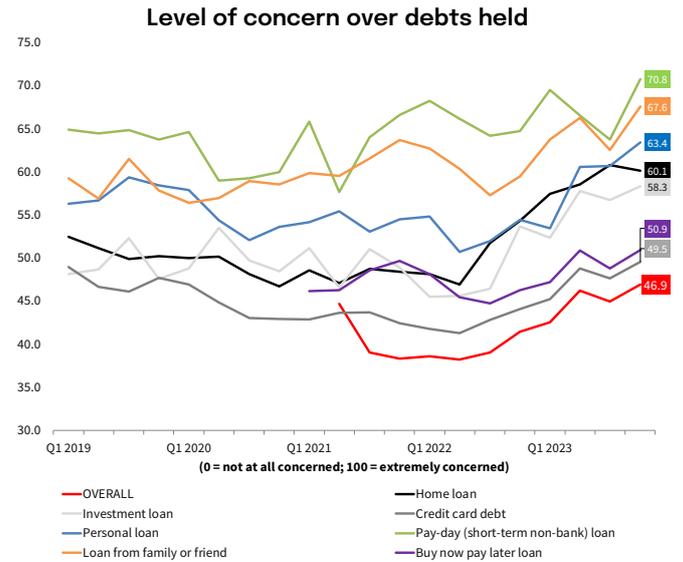
In net terms, more women said debt levels rose than fell, reversing the trend seen in the previous quarter (+5% vs. -6%). Fewer men on balance also reduced debt levels (-5% vs. -10%). Debt levels increased for more people in the 30-49 age group (+9% vs. -10%), while more people in the over 65 group reduced their debt (-10%

Credit card debt is still the most widely held debt by Australians. Almost 4 in 10 (38%) had credit card debt in December. It was the most widely held debt by men (41%) and women (35%), in the 50-

64 (43%) and over 65 (40%) age groups and by lower income earners (28%). Home loan debt was next most common and held by 3 in 10 (29%) Australians overall, and it was the most widely held debt in the 30-49 (43%) and higher income (47%) groups. Over 1 in 5 (22%) had BNPL debt, rising to around 3 in 10 in the 30-49 (29%) and 18-29 (27%) age groups. Around 17% of Australians had personal loans, but this rose to around 1 in 4 in the 18-29 (25%), 30-49 (23%) and higher income (22%) groups. Around 17% had loans from family & friends but it was higher in the 18-29 (25%) and 30-49 (23%) age groups. Around 8% had investment loan debt, rising to 15% for higher income earners and 12% in the 30-49 age group. Only 7% overall had pay day loans, though this was a little higher in the 18-29 and 30-49 age groups (10%).

Australians who were holding debt were also asked to rate their concern for all types of debt they held. With interest rates elevated, concern over total debts rose to a survey high 46.9 pts in December (44.9 pts). Overall debt stress was however lower than savings (61.5 pts) and income (60.8 pts) stress.

Overall debt stress was increased for women (51.4 pts vs. up from 46.3 pts in Q3) and was noticeably higher than for men (42.2 pts down from 43.4 pts). It was also much higher and increased in the 30-49 age group (57.7 pts up from 55.0 pts) and lowest by a considerable margin in the over 65 age group (26.7 pts up from 25.8 pts). People in the lower income group reported a big jump in overall debt stress in December (52.3 pts vs. 45.2 pts in September) and was much higher than in the higher income group where it moderated (47.7 pts vs. 48.9 pts) - see table below.



People who held each type of debt were asked how much stress it caused them. It was highest for pay day loans in all groups, except the 18-29 and 50-64 age groups where the highest stress was associated with loans from family & friends. Women reported higher stress than men for all types of debt as did people on lower than higher incomes. Stress levels for most debt types were typically much higher for people under 50 - see table below.

Type of debts held Q4 2023: gender, age & higher/lower income

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Credit card debt	38%	35%	41%	23%	42%	43%	40%	28%	42%
Home loan	29%	30%	28%	21%	43%	34%	11%	13%	47%
Buy now pay later loan	22%	24%	20%	27%	29%	19%	7%	23%	22%
Personal loan	17%	18%	16%	25%	23%	14%	2%	13%	22%
Loan from family & friends	17%	19%	15%	25%	23%	12%	4%	20%	17%
Investment loan	8%	8%	9%	7%	12%	9%	3%	3%	15%
Pay-day (short-term non-bank) loan	7%	6%	7%	10%	10%	5%	1%	7%	7%

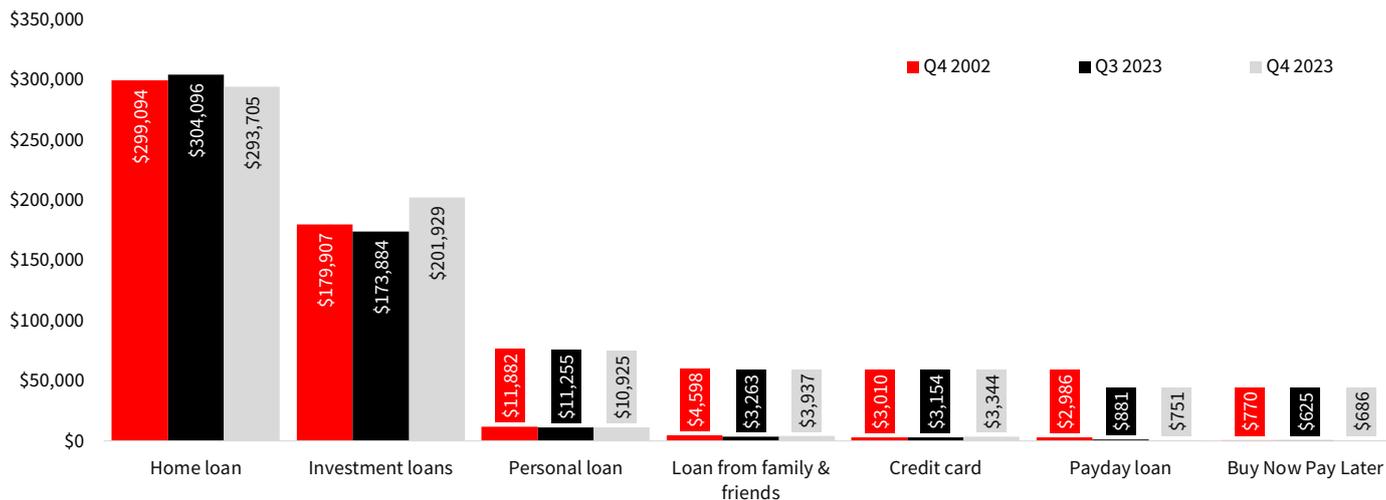
Concern over debts held Q4 2023: gender, age & higher/lower income

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Pay-day (short-term non-bank) loan	70.8	73.1	68.6	62.9	77.2	64.8	76.0	77.6	69.9
Loan from family & friends	67.6	70.5	64.0	65.1	68.5	75.1	53.5	73.8	65.2
Personal loan	63.4	66.9	59.2	61.3	66.8	58.4	58.4	73.1	57.1
Home loan	60.1	63.4	56.3	56.4	65.0	57.8	43.6	59.5	58.6
Investment loan	58.3	62.5	54.1	54.0	63.8	59.8	33.0	65.1	60.9
Buy now pay later loan	50.9	54.5	46.0	53.6	51.7	51.2	33.8	56.7	47.0
Credit card debt	49.5	54.6	44.7	57.3	56.5	47.5	35.3	59.5	48.3
Overall debt stress	46.9	51.4	42.2	48.2	57.7	45.6	26.7	52.3	47.7

Australians who said they currently have these debts were also asked to estimate approximately how much was outstanding on each of them. It was highest for home loans (\$293,705), followed by investment loans (\$201,929). The next biggest debt holdings in the December quarter were personal loans (\$10,925), loans from family & friends (\$3,263), credit cards (\$3,344), payday loans (\$751) and BNPL debt (\$686).

By age, the 30-49 group had the highest outstanding balances for home loans, personal loans, loans from family & friends and BNPL, the 50-64 group investment loans and credit cards and the 18-29 group payday loans. Women had bigger debts than men for all types of loans except credit cards. Debt holdings much bigger in higher than lower income groups, and more than double for home loans, investment loans and personal loans - see table below.

Current outstanding balances on loans



Current outstanding balances on loans Q4 2023

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Home loan	\$293,705	\$301,201	\$340,071	\$264,247	\$135,506	\$277,351	\$310,754	\$140,149	\$335,865
Investment loans	\$201,929	\$67,431	\$223,515	\$322,172	\$106,455	\$194,364	\$216,205	\$119,667	\$267,424
Personal loan	\$10,925	\$9,538	\$12,639	\$9,479	\$11,383	\$10,233	\$11,525	\$5,943	\$14,298
Loan from family & friends	\$3,937	\$3,487	\$5,098	\$2,444	\$4,584	\$3,051	\$4,685	\$3,273	\$5,606
Credit card	\$3,344	\$2,941	\$3,816	\$4,054	\$2,422	\$3,463	\$3,210	\$2,469	\$4,152
Payday loan	\$751	\$997	\$685	\$716	\$250	\$613	\$1,029	\$413	\$678
Buy Now Pay Later	\$686	\$538	\$824	\$687	\$553	\$623	\$740	\$681	\$749

Home loan stress should rates rise further

Policy rates have risen from 0.1% in April 2022 to 4.35% in November 2023. NAB sees this as the peak of this cycle, with rates to stay on hold until November. When people with home loans were asked to rate the level of concern they have over this debt if rates should rise further, they scored a lower 7.1 pts (7.4 pts in the September quarter).

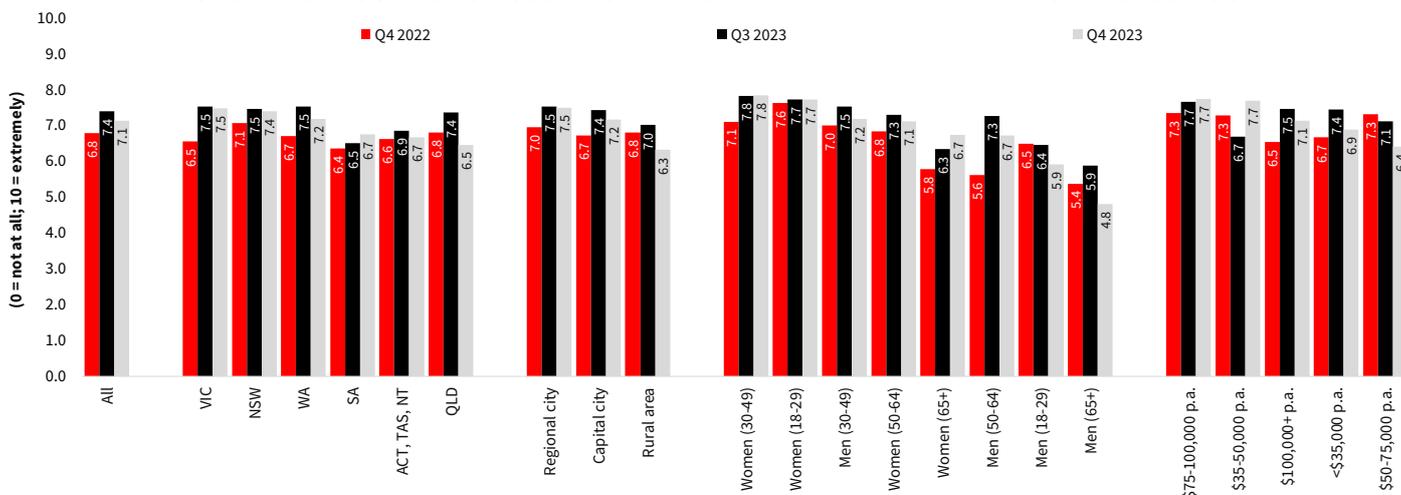
Concern ranged from 7.5 pts in VIC to 6.5 pts in QLD and was unchanged or fell in all states except SA (6.7 pts up from 6.5 pts). The level of concern was also unchanged or lower across regions. It was again highest in regional cities (7.5 pts) and lowest in rural areas (6.3 pts). Concern is still higher for women than men in all age groups. Overall, it was highest for women 30-49 (7.8 pts) and lowest for men over 65 (4.8 pts). It was unchanged or lower in all

groups except for women over 65 (6.7 pts up from 6.3 pts). Income did not matter, with concern highest in the \$75-100,000 group (7.7 pts), and lowest in the \$50-75,000 group (6.4 pts). Stress levels were unchanged or lower in all income groups except the \$35-50,000 group where it lifted sharply (7.7 pts up from 6.7 pts).

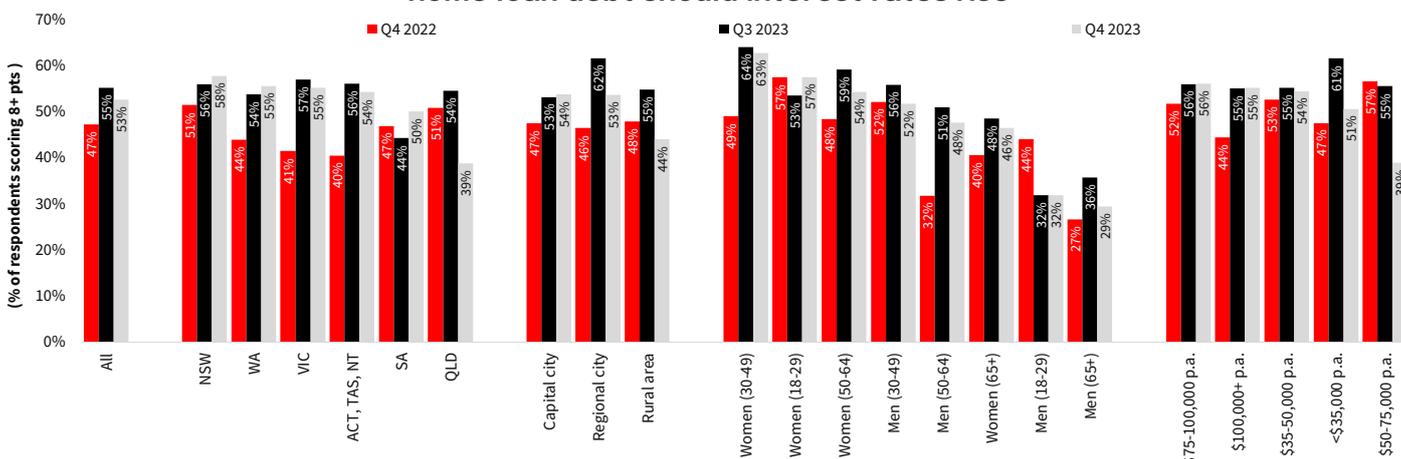
The average score however masks a substantial number of people with “very high” levels of concern over future rate rises. Though the number of mortgage holders with very high concern (i.e., scored 8 pts or more) fell slightly to 53% (55% in Q3) it remains much higher than one year earlier (42%).

Over 1 in 2 people expressed very high concern about their home loan debt should rates rise further in most groups, except QLD (39%), rural areas (44%), men 50-4 (48%), women over 65 (46%), men 18-29 (32%), men over 65 (29%) and in the \$50-75,000 income group (39%). We also recorded a much higher number of women 30-49 with very high concern (63%) than in any other group.

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



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



Spending more than earning

To help understand financial stresses Australian’s face, we ask them if they spent more or less than they earned in the last month (either through income or investments or pensions). The results are shown in net balance terms - i.e., a positive number means the number of people who spent more than they earned exceeded those that spent less than they earned, and a negative number means the number of people who spent less outweighed those that spent more.

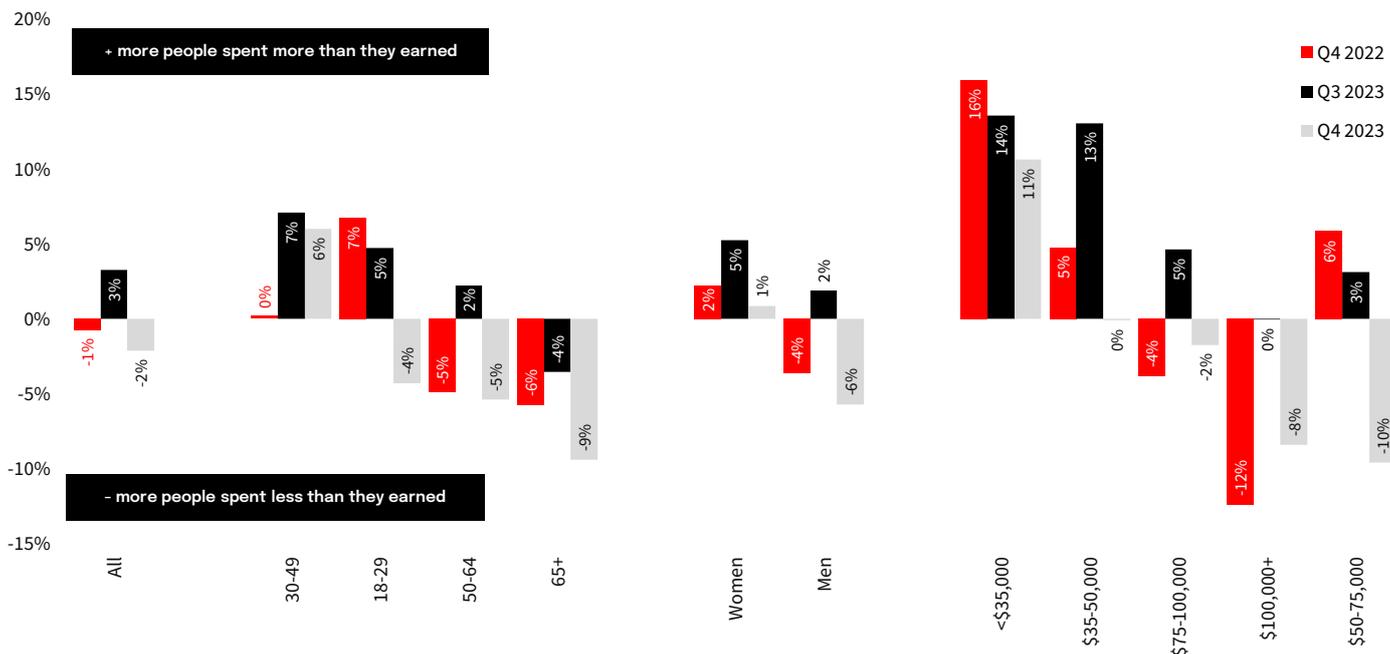
Overall, the number that spent less than they earned slightly outweighed those that spent more than they earned (-2%), signalling a turnaround in behaviours reported in the last survey when the number of people that spent more than they earned outweighed those that spent less than they earned (+4%).

The number of people that spent less exceeded those that spent more in all age groups in the December quarter, except the 18-29 group who continued to spend more than they earned (+6% vs. +7% in September). The net number that spent less was highest (and increased) in the 65+ group (-9% vs. -4%). Behaviour also switched in the 50-64 (-5% vs. +2%) and 30-49 (-4% vs. +5%) age groups, where more people spent less.

The number of women that spent more continued to outweigh those that spent less in Q4 but fell to +1% (+5% in Q3). More men however on balance spent less (-6%) after saying they spent more than they earned in the previous quarter (+2%).

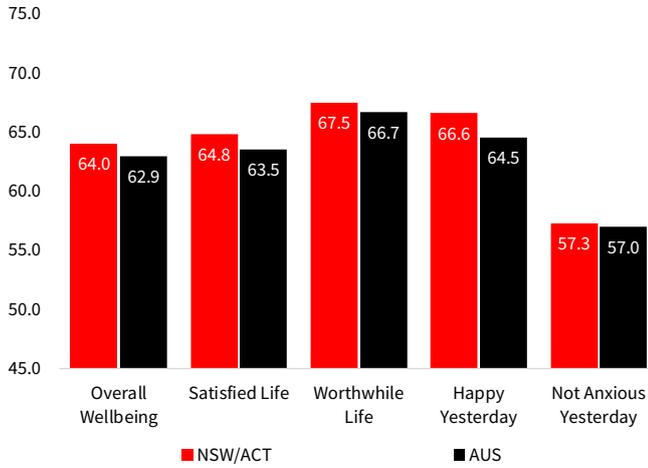
People in the lowest income bracket spent more than they earned in the December quarter (+11% down from +14%). It balanced out in the \$35-50,000 group (0% from +13%). More people in all other income groups however spent less than they earned, ranging from -10% in the \$50-75,000 group to -2% in the \$75-100,000 group.

Spent more or less than earned in last month (net balance)

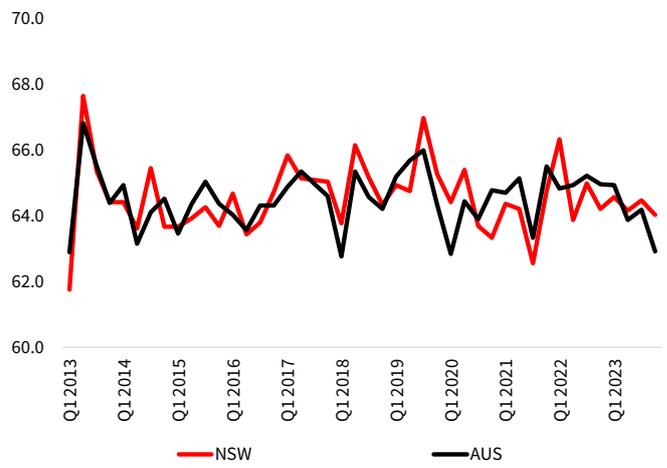


Appendix 1: NAB Wellbeing Index: States

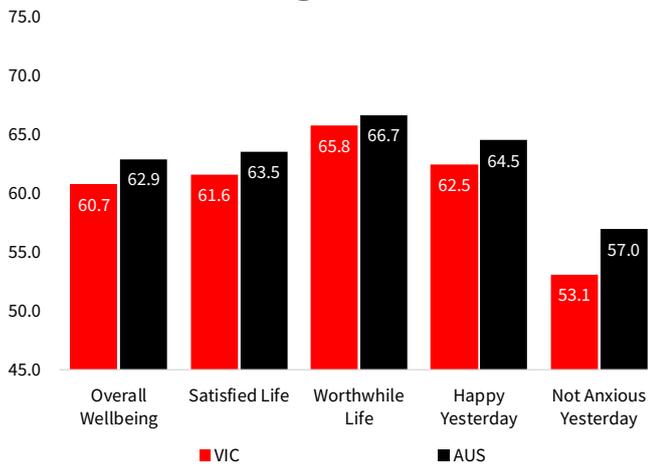
Wellbeing: NSW/ACT Q4 2023



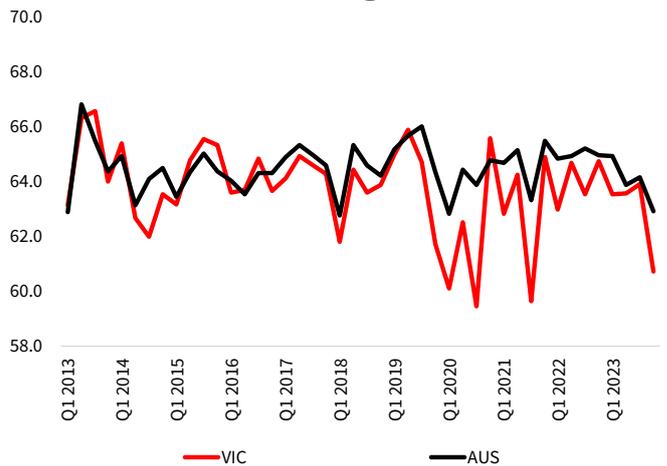
Wellbeing: NSW/ACT



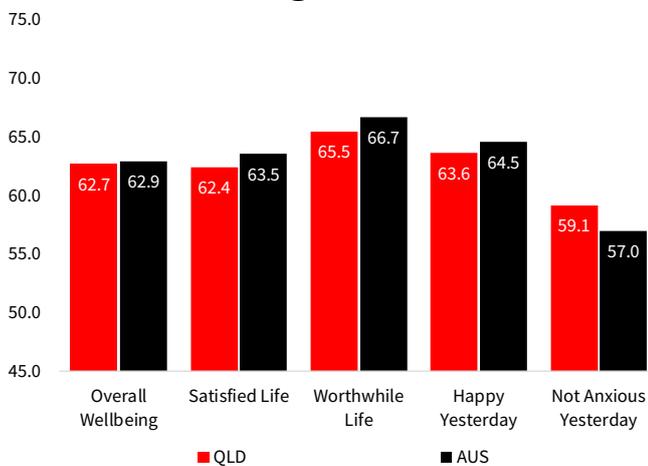
Wellbeing: VIC Q4 2023



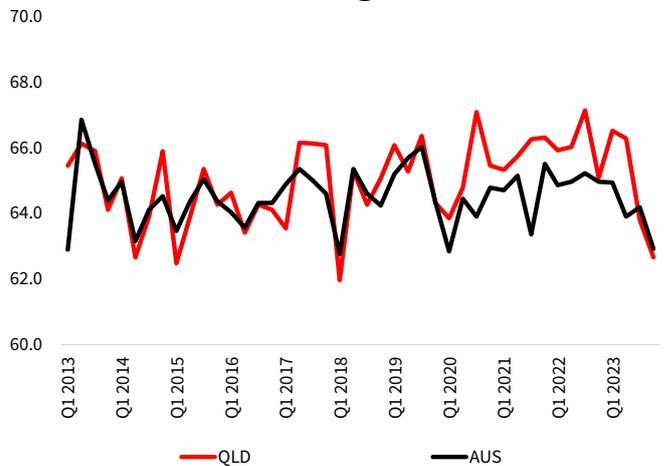
Wellbeing: VIC



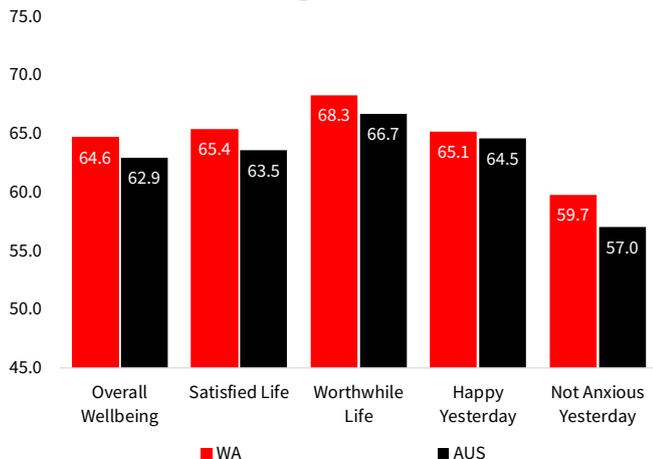
Wellbeing: QLD Q4 2023



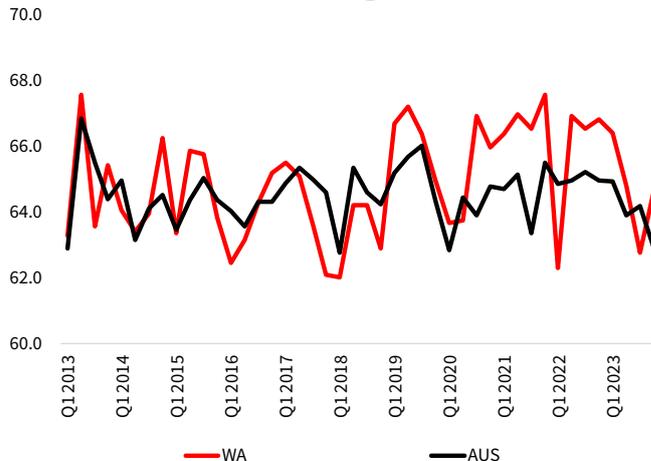
Wellbeing: QLD



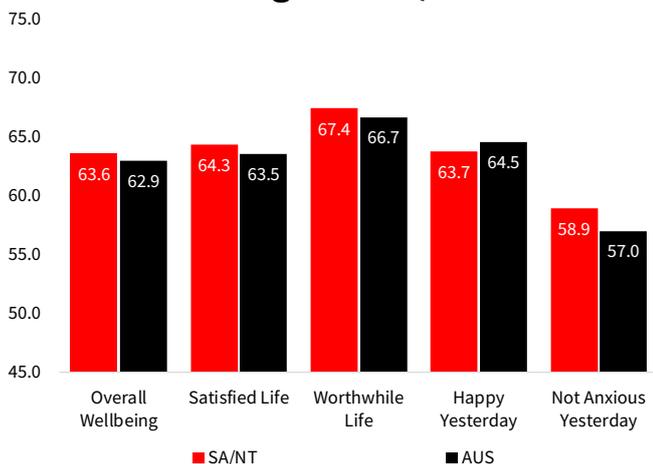
Wellbeing: WA Q4 2023



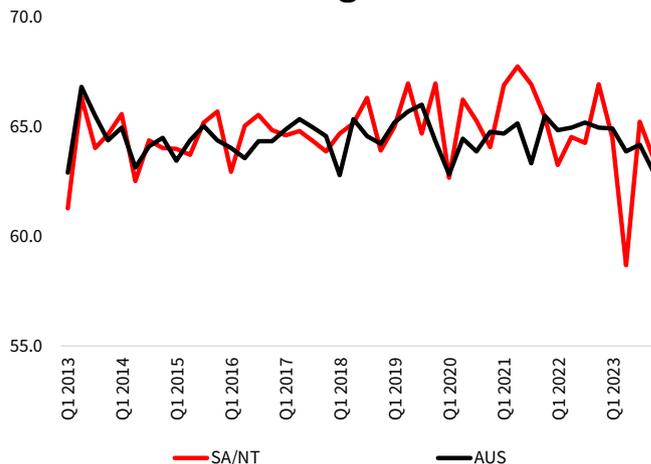
Wellbeing: WA



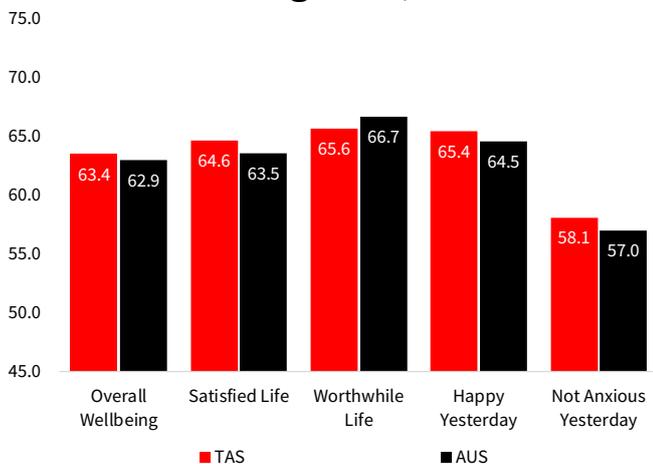
Wellbeing: SA/NT Q4 2023



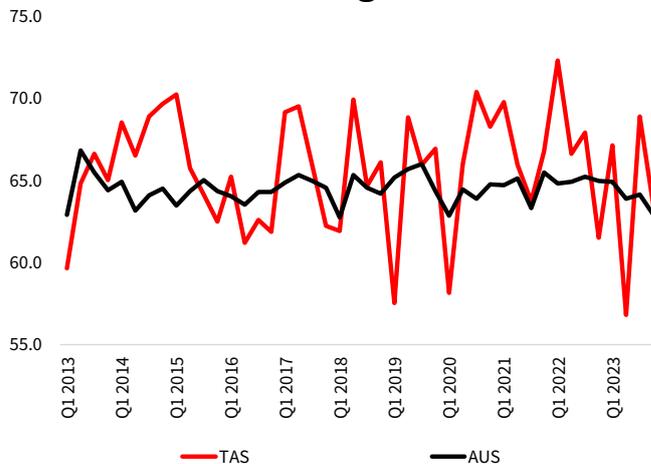
Wellbeing: SA/NT



Wellbeing: TAS Q4 2023

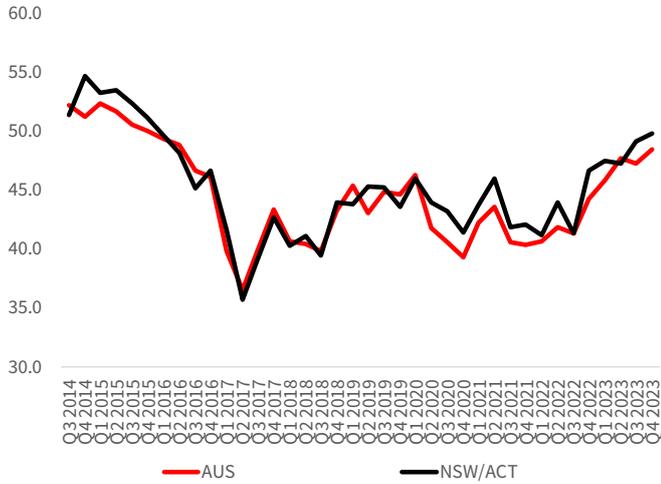


Wellbeing: TAS

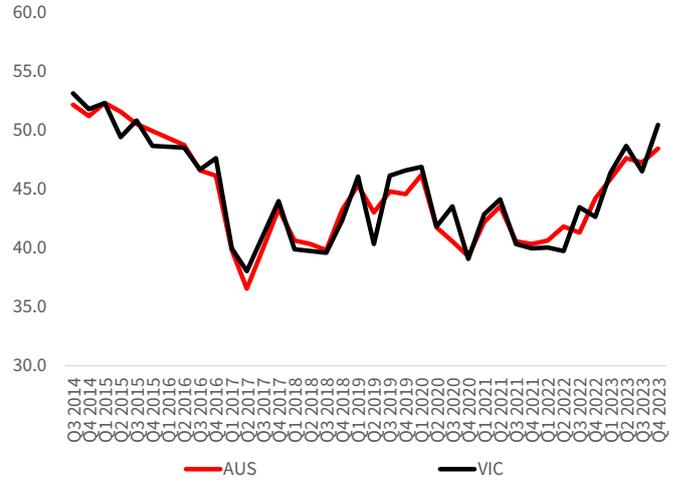


Appendix 2: Financial Stress Index: States

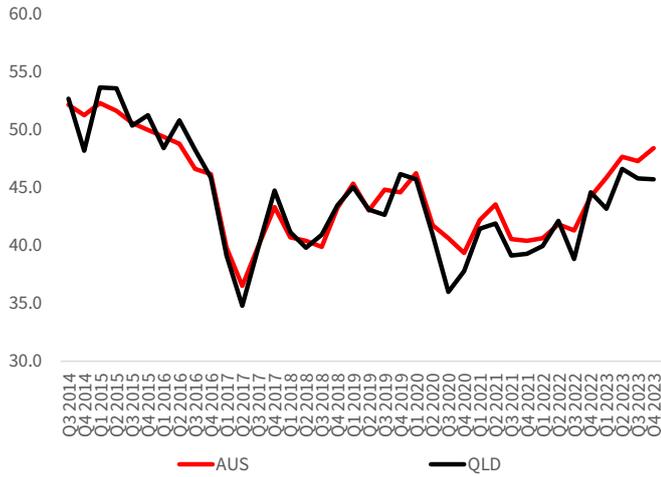
NAB Financial Stress Index: NSW/ACT



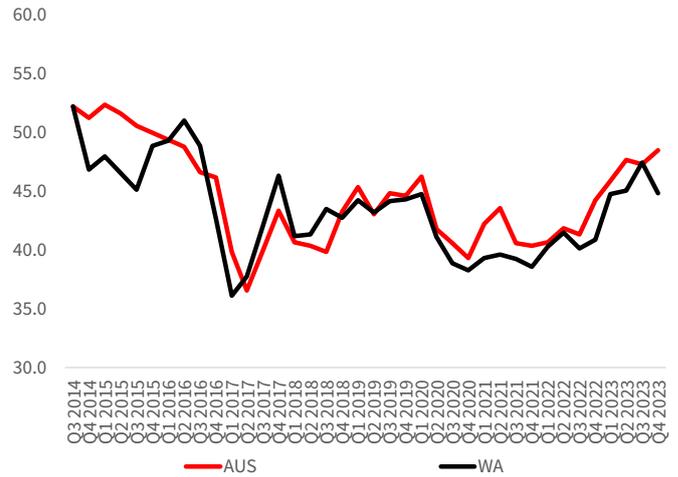
NAB Financial Stress Index: VIC



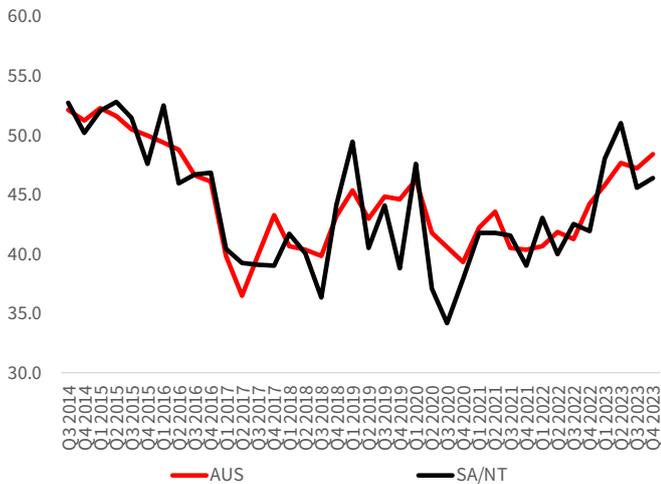
NAB Financial Stress Index: QLD



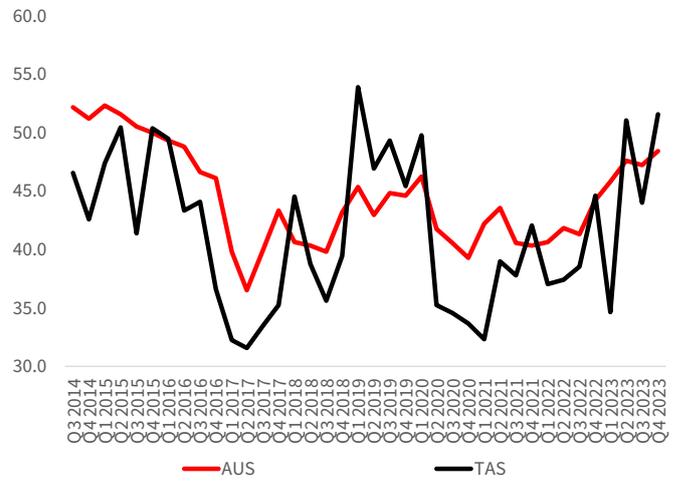
NAB Financial Stress Index: WA



NAB Financial Stress Index: SA/NT



NAB Financial Stress Index: TAS



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