

more
than
money



NAB Australian Wellbeing Survey Q1-2024



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Wellbeing stalls at its lowest point since the onset of COVID, with the gender wellbeing gap now at its widest point in the history of the survey. Household financial stress highest in 8-years. Incomes under pressure. 8 in 10 Australians are trying to save, with a target of \$17,000. Main savings goals are for an emergency, a holiday, a home and retirement. Over 1 in 3 Australians plan to save their Stage 3 tax cut.

NAB Behavioural and Industry Economics

Highlights

- **Wellbeing levels remain depressed in Australia and at levels near those during the onset of the pandemic** (and an equal survey low). Older Australians continue to enjoy significantly higher wellbeing than others, while owning a home also underpins higher wellbeing. The lowest wellbeing group continues to be the unemployed.
- **The gender “wellbeing gap” is now at its widest point in the history of the survey.** Men reported higher wellbeing than women for all measures, particularly anxiety, and across all age groups.
- **Low wellbeing is being influenced by unfulfilled expectations and less optimism amid rising concerns around finances** - 1 in 4 Australians are more pessimistic about the future, while household financial stress is now at its highest level in 8-years.
- **Almost 1 in 3 Australians feel worse off financially compared to the same time last year** - 1 in 5 among higher income earners compared to 1 in 2 for lower income earners. On balance 16% of lower income earners spent more than they earned in Q1 2024.
- **Not having enough to finance retirement remains the biggest contributor to overall household financial stress.** However, the reality is quite different - once in retirement wellbeing rises substantially, with notable falls in anxiety.
- **Other key financial concerns include** - financing medical bills & healthcare; home improvements & maintenance; major household items; mortgage, rent & housing costs; and raising \$2,000 in an emergency.
- **Lower income earners are particularly concerned with their ability to raise \$2,000 for an emergency**, and to pay for food & necessities, cover monthly utility bills and major household items.
- **For the first time in 2 years the number of Australians who said their incomes fell outweighed the number who said it increased** and across all age groups. More women said their incomes fell than men.
- **With revised Stage 3 tax cuts coming into effect from July 2024, over 1 in 3 Australians intend to save their windfall**, almost 3 in 10 plan to use it to offset living costs and over 1 in 5 will pay down debt.
- **More generally, savings aspirations remain very high** - almost 8 in 10 Australians are trying to save. On balance, the share of Australians expecting to their savings to rise in the next 12 months is now positive for the first time in nearly 2 years.
- **On average, Australians are looking to create savings buffer of just over \$17,000** (\$23,177 for those on higher incomes - around 4 times more than the \$5,717 for those on lower incomes). Around 1 in 3 are saving for an emergency or a holiday, 1 in 4 for a home and 1 in 5 for retirement. A much higher number of 18-29 (45%) and 30-49 (31%) year olds are saving for a home.
- **On balance, very few Australians made inroads into reducing household debt levels, though overall debt stress fell slightly** from a survey high in Q4 2023. Almost 6 in 10 Australians expressed very high stress over their home loan debt should interest rates rise further.

Summary

In the March quarter 2024, the NAB Australian Wellbeing Index remained unchanged at 62.9 pts, just above its lowest point since the onset of the COVID pandemic in March 2020. Older Australians continue to enjoy the highest wellbeing, and significantly better than all other age groups (73.2). Married people (68.4) also rated their wellbeing much higher than single people (56.2). Being in retirement is also associated with higher wellbeing, with retirees scoring their wellbeing higher (72.1), along with people over 65 (73.2). There is a very strong correlation with wellbeing and time from retirement - it improves as we get closer and substantially once we enter. Interestingly, life satisfaction, life worth and happiness are broadly similar, but anxiety levels fall sharply as people approached their retirement. Owning a home outright (72.9) also underpins significantly higher wellbeing. The lowest wellbeing group continues to be the unemployed (49.3).

Wellbeing is highest in NSW/ACT (63.5) and lowest in TAS (60.6). VIC and QLD were the only states to report higher wellbeing during the March quarter, with the biggest falls in TAS. By region, wellbeing was highest and improved in regional cities (63.6) and was lowest and fell noticeably in rural areas (61.1). It was unchanged in capital cities (63.1). Australians in regional cities had the highest sense of life worth and were the least anxious, but those in capital cities led the way for life worth and happiness. People in rural areas scored their wellbeing lowest across all measures.

Australians were also asked how satisfied they were with key aspects of their lives. They scored their satisfaction lowest for the Federal Government (scoring on average 46.9 pts out of a possible 100) followed by Australia's economy (47.7). Satisfaction with financial factors also scored relatively poorly - ability to fund retirement (51.5), household income (56.7), overall financial position (57.4) and standard of living (60.0). Management of the environment was also low (53.0). By comparison, Australians are moderately satisfied with their physical health (63.9), work-life balance (63.4), jobs (61.9) and State/Territory Governments (61.8). Overall, satisfaction is highest for education (73.0), feeling life has meaning (72.0), social health & relationships with others (70.3), sense of personal safety (70.0), family life (69.3), mental & emotional wellbeing (68.2), current housing situation (67.7), feeling in control of life (65.9) and community as a place to live & connect (65.1).

The NAB Household Financial Stress Index continued to climb in the March quarter, rising to 49.3 pts (48.4 in the previous quarter and 45.8 at the same time last year). The index looks specifically at the role our finances play in our wellbeing and is derived from several key potential household pressures including - meeting the costs of healthcare, mortgage repayments, rent, credit cards, education, food & necessities, utility bills, insurances, holidays, entertainment, unexpected expenses, financing retirement, major household items, and home improvements & maintenance. Financial stress levels are now at their highest level in 8-years and trending well above the survey average (44.6). Stress levels remain above average for all index components - particularly meeting the costs of non-essential expenses such as holidays, eating out etc. (54.1 pts vs. 45.7 survey average), not having enough money for major household items like furniture, appliances etc. (51.1 vs. 44.7), home improvements & maintenance (51.9 vs. 45.8), other monthly household expenses (48.1 vs. 42.0), personal loan repayments (47.3 vs. 41.5), and mortgage, rent & housing costs (49.8 vs. 44.5).

Not having enough to finance retirement is still the biggest contributor to overall household financial stress, and it increased to a near 8-year high 58.7 pts in the March quarter (57.7 in Q4 2023). The next biggest contributors were: not having enough money for non-essentials (54.1 vs. 52.2 in the previous quarter), medical bills & healthcare (52.0 vs. 50.7), providing for the family's future (52.0 down from 52.8 pts in the previous quarter but up from 50.1 the same time last year), not having enough money for home improvements & maintenance (51.9 vs. 51.1), major household items (51.1 vs. 50.6), mortgage, rent & housing costs (49.8 vs. 49.6), and being able to raise \$2,000 for an emergency (48.7 vs. 48.1) - with all of these components (except providing for our family's future) printing at multi-year highs. Being unable to meet minimum credit card repayments continues to cause the least financial stress for Australian households. However, stress levels associated with credit card repayments climbed to 39.2 pts in the March quarter, from 37.4 in the previous quarter and 35.4 at the same time last year and is now at its highest level since the December quarter 2015.

Overall financial stress rose to a 9 year high 54.4 pts for women but eased for the second straight quarter for men to 43.6. As a result, the gender "stress gap" widened to a survey high 10.8 pts. Women continued to report higher stress for all index components, particularly raising \$2,000 for an emergency, mortgage, rent & housing costs and normal monthly utility bills. Financial stress increased in all age groups except the 30-49 group - though remained highest overall (55.6 pts down from 58.9 in the last quarter). Stress levels were lowest by a large margin in the over 65 group (31.3) and for all Index measures. Retirement financing caused the most stress in all age groups except among 18-29 year olds where it was highest for non-essentials such as holidays, eating out etc.

Financial stress eased in the lower income group in March (55.3 pts vs. 58.2), with stress lower for all index components except non-essentials (unchanged). It rose in the higher income group (46.1 vs. 44.3) and in all areas except providing for their family's future. As a result, the "stress gap" between lower and higher income groups narrowed to a below average 9.1 pts. Stress levels however remain substantial higher in the lower income group for all measures, especially raising \$2,000 for an emergency (58.8 vs. 43.6), food & necessities (52.2 vs. 39.0), normal monthly utility bills (55.1 vs. 43.1) and major household items (58.1 vs. 48.4).

By state, household financial stress remained highest and increased in TAS (55.0 pts up from 51.5) and increased most in SA/NT (up 7.1 pts to 53.5). Stress was also higher in WA (47.7 vs. 44.8 in the previous quarter) and QLD (47.3 vs. 45.7) but was lowest overall. It fell in NSW/ACT (49.5 vs. 49.8) and VIC (49.2 vs. 50.4). Financial stress levels increased and was highest in rural areas (52.4 vs. 51.1) and capital cities (48.7 vs. 47.2) but lowest overall. It fell in regional cities (49.0 vs. 50.8). Stress levels however trended well above survey average levels in all regions - particularly rural areas (52.4 pts in Q1 vs. 42.7 survey average), who also reported the highest stress for all index components.

On balance, an unchanged -31% of Australians felt worse off financially compared to the same time last year in the March quarter (but up from -29% at the same time last year). While the greatest share of people feeling worse off financially were in rural areas, it improved a little (-36% vs. -39%) and was basically unchanged in regional and capital cities (-30%). By age, the net number worse off rose in the 50-64 group (-48% vs. -43%) and fell in the 65+ group (-40% vs. -45%). It also remained noticeably higher than in 30-49 (-27%) and 18-29

(-11%) age groups. Slightly more women (-33%) felt worse off than men (-29%) during the March quarter. Though improving, the net number in the lower income group worse off (-46% vs. -50%) remained well above the higher income group despite rising (-20% vs. -16%).

Against this backdrop, the net number of Australians who said their incomes or pay increased in the March quarter fell to -5% (+1% in the previous quarter). This was the first time in 2 years the number of Australians who said their incomes fell outweighed the number who said it increased. On balance, more women said their incomes fell (-10% vs. -3% in the previous quarter) and 0% of men. Australians in all age groups reported weaker outcomes in March, ranging from -3% in +65 group to -8% in the 50-64 group. Noticeably fewer in the higher income group said their income rose (+3% vs +10%, while a higher number in the lower income group said it fell (-11% vs. -5% vs. -2%). Looking forward, slightly fewer Australians on balance expect their incomes to rise than fall in the next 12 months (+25% from +26% in the previous quarter). Despite a higher number of Australians on balance who indicated their incomes had decreased in the March quarter, they were slightly less concerned over their income or pay. When asked to rate their overall level of concern or stress over their income or pay, they scored 60.6 pts (vs. 60.8 in the previous quarter but still much higher than at the same time last year at 55.9).

Revised Stage 3 tax cuts will come into effect in Australia from July 2024. This means more Australian taxpayers will receive a tax cut. It also means households will have more disposable income and financial flexibility. The estimated tax saving for Australian household will however vary according to their income. We asked Australians what they intend to do with this extra money. **Over 1 in 3 (36%) intended to save it, almost 3 in 10 (29%) use it to offset their living costs and over 1 in 5 (22%) pay down debt.** Just over 1 in 10 (12%) intended to invest their tax savings, and just under 1 in 10 (8%) spend it on non-essentials such as holidays, eating out, clothes, etc. 1 in 20 simply did not know (5%). Almost 1 in 10 (8%) Australians believe their tax savings are not enough to make a difference.

Given these intentions, not surprisingly savings aspirations among Australians remain very high, with the overall number trying to save unchanged at 77% in the March quarter. It was however up somewhat from 74% at the same time last year and still trending slightly above average (76%). Savings aspirations remain highest in the 18-29 age group but was somewhat higher for young women (88%) than men (83%). Though still very elevated, the number of young women and men trying in March was lower than in the previous quarter (92% and 86% respectively). Slightly more men (80% vs. 79%) in the 30-49 age group were trying to save, whereas the number of women trying to save dipped to 79% (82% in the previous quarter).

Household savings remained under pressure in the March quarter, though the overall net number who said their savings fell in the last 3 months eased to -19% from -24% in the previous quarter. Australians are also more optimistic about their savings in the next 12 months. Overall, a higher number expect their savings to rise (+6%) - the first positive result in nearly 2-years. With fewer Australians running down savings in the March quarter, their level of concern over their savings also eased to 61.1 pts (61.5 pts in the previous quarter but still somewhat higher than at the same time last year (56.7 pts). Savings stress also remained higher than income stress (60.6 pts).

For the first time, we asked surveyed Australians who were trying to save to estimate how much they were aiming to save. On average, they were aiming to save just over \$17,000. However, this varied considerably by age and gender. Overall, men aged 30-49 were aiming to save most (\$25,438) or around 25% more than the next highest group of savers - men 18-29 (\$20,503), women 30-49 (\$19,610) and women 18-29 (\$19,505). Men aged 50-64 were aiming to save over twice as much than women in this age group (\$14,788 men; \$6,867 women), and men in the over 65 age group (\$6,158) also aimed to save more than women over 65 (\$5,151). Not surprisingly, people in the higher income groups (\$23,177) were aiming to save significantly more than those in the lower income group (\$5,717) - or 4 times as much.

Around 1 in 3 Australians are saving for an emergency (36%) or a holiday (34%), 1 in 4 a home (25%) and 1 in 5 for retirement (19%). Around 14% are saving for a car and 13% for nothing specifically. Nearly 1 in 10 are saving for personal goods such as jewellery and clothing (9%) or education (8%), 1 in 20 a baby (5%) or entertainment or event such as a major concert or sports event (5%). Just 1 in 25 were saving to start a business (5%) and 1 in 50 for taxes (2%). Nearly 1 in 10 were saving for other things (9%). Savings goals varied somewhat by gender, with the biggest differences the much higher number of women than men saving for a home (30% vs. 19%), and the higher number of men saving for retirement (23% vs. 16%). Differences were more pronounced by age. We noted much higher numbers of 18-29 (45%) and 30-49 (31%) year olds saving for a home, noticeably more under 65s for an emergency (35-40%), and under 50 education, entertainment & events and to start a business. A lot more 50-64 year olds were saving for retirement (31%) and in the 18-29 group personal goods (17%) and for having a baby (12%). By income, more people in the highest income group were saving for holidays (39% vs. 30%), a home (30% vs. 19%), and retirement (23% vs. 15%) and in the lower group nothing specifically (20%).

On balance, very few Australians made inroads into reducing household debt levels in March. When asked how they had changed in the past 3 months, just -1% said it fell (i.e., the number who said it fell out-weighed those who said it increased), basically unchanged from the last quarter (0%). More higher income earners said debt fell (-8% vs. -5% in the past 3 months), but we recorded a sharp lift in the lower income group that said it increased (+6% vs. -11%). When asked what they expect to happen to their household debt levels in the next 12 months, on balance -19% expect it to fall (-15% in the previous quarter). More women (-21% vs. -13%) and men (-17% vs. -16%) expect to lower their debt. Expectations were unchanged in the 18-29 age group (-20%), but noticeably more people in 30-49 group (-21% vs. -12%), and somewhat more in the 50-64 (-19% vs. -16%) and over 65 (-15% vs. -13%) groups expect their household debt levels will fall in the next 12 months. Low income earners were more positive about reducing household debt levels in the next 12 months (-8% vs. 0%), with more people in the higher income group also expecting to reduce debt levels (-25% vs. -21%).

Credit card debt is the most common type of debt held by Australians, with 4 in 10 (39%) holding this debt in March. It was the most common debt held by men (43%) and women (36%), in 50-64 (52%) and 65+ (40%) age groups and lower income group (30%). Home loan debt was next most common and held by 3 in 10 (31%) people overall. It was the most widely held debt in 30-49 (44%) and higher income (47%) groups. Over 1 in 5 (22%) had BNPL debt, rising to 27% for women and 31% in the 30-49 age group. Around 16% of Australians also had personal loans, but this rose to 1 in 4 in the 18-29 age group (24%). Around 15% overall had loans from family & friends but it was higher in 18-29 (21%) and 30-49 (20%) age groups. Around 1 in 10 (9%) had investment loans, rising to 14% for higher income earners. Only 6% overall had pay day loans, though this was a little higher in the 30-49 age group (9%).

Australians who currently have these debts were asked to estimate approximately how much was outstanding on each of them. The survey results suggest they were holding more of all types of debt than estimated in the December quarter. Debt holdings were biggest for home loans (\$316,985 vs. \$293,705 in the previous quarter), followed by investment loans (\$254,757 vs. \$201,929). The next biggest debt holdings were for personal loans (\$14,239 vs. \$10,925), loans from family & friends (\$6,591 vs. \$3,937), credit cards (\$3,543 vs. \$3,344), payday loans (\$1,063 vs. \$751) and BNPL (\$819 vs. \$686).

Australians holding debt were asked to rate their concern for all types of debt they held. There was a small easing in the level of concern over their total debts to 46.1 pts, down from a survey high 46.9 in the December quarter. Though debt stress was still somewhat higher than at the same time last year (42.5), it was lower than savings (61.1) and income (60.6) stress. Overall debt stress was unchanged for women (51.4 pts) and remained noticeably higher than for men where debt stress eased to 40.7 pts (42.2 in the previous quarter). Debt stress fell noticeably in the 18-29 age group (45.3 vs. 48.2) and was also lower in the 30-49 group (56.2 vs. 57.7). It increased in the 50-64 (47.8 vs. 45.6) and over 65 (27.5 vs. 26.7) age group though it remained lowest by a considerable margin. People in the lower income group reported a big fall in overall debt stress (46.0 vs. 52.3) with a small fall also seen in the higher income group (47.2 vs. 47.7).

Payday loans caused somewhat more stress in the 18-29 age group (68.1 pts), and personal loans (65.3), home loans (62.3) and investment loans (66.5) in the 30-49 age group. Stress around loans from family & friends was significantly higher in the over 65 age group (74.2), and BNPL somewhat higher in the 50-64 age group (51.0). Debt stress was higher for lower income earners than higher income earners for all types of debt except investment loans (56.7 pts higher income; 49.7 pts lower income). The “stress gap” was widest for personal loans (76.2 vs. 55.1), home loans (73.5 vs. 56.9), payday loans (74.7 vs. 61.7) and BNPL (53.5 vs. 41.8).

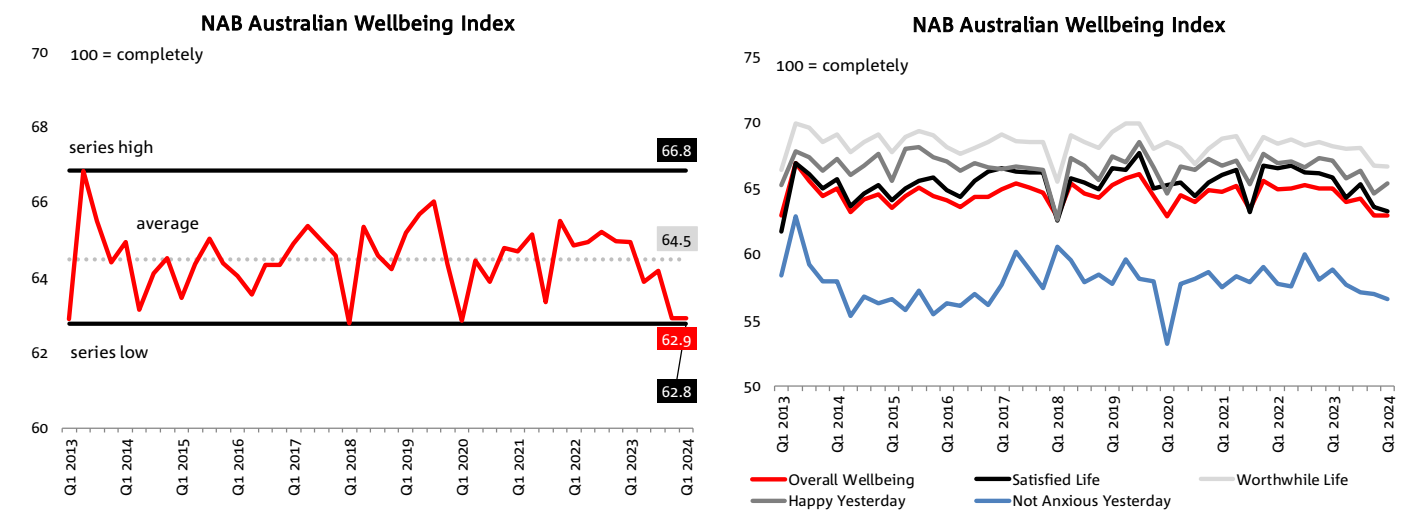
People with home loans continue to express elevated levels of concern over their home loan debt if interest rates should rise further. In the March quarter, overall concern increased to 7.3 pts out of a possible 10, up from 7.1 in the previous quarter and at the same time last year. By gender and age, it was highest for women 18-29 (8.0 pts), and lowest for women over 65 (5.4 pts). Concern was higher for women than men in all age groups except for the over 65s. By income, the level of concern ranged narrowly from 7.8 pts in the lowest income group to 7.1 pts in the highest income group. The average score however masks large numbers with “very high” levels of concern over future rate rises (i.e., scored 8+ pts). In March, it approached 6 in 10 (57%) up from 53% in the previous quarter. By income, the number of highly concerned people were in the lowest income group, and it increased sharply to 66%. It also climbed quite steeply in the \$50-75,000 income group (60%) and was smallest in the highest income group (54%).

To help understand financial stresses Australian’s face, we ask them if they believe spent more or less than they earned in the last month (either through income or investments or pensions). Overall, the number that spent less than they earned slightly outweighed those that spent more than they earned in the March quarter (-3%) and was basically unchanged from -2% in the previous quarter and -4% at the same time last year. Australians in the lowest income group came under increasing pressure in the March quarter with the net number spending more than they earned climbing to +16%, up noticeably from +11% in the previous quarter and +4% at the same time last year. In the \$35-50,000 group, the net number spending more also climbed to +7% (0% previously). The \$50-75,000 group was also under more pressure with the net number spending less easing to -2% from -10% in the previous quarter. In the \$75-100,000 (-9% vs. -2%) and \$100,000+ (-11% vs. -8%), however more people on balance spent less than they earned compared to the previous quarter.

Part 1: NAB Australian Wellbeing Index

For more than a decade NAB has been tracking the wellbeing of Australians. Wellbeing is measured according to their 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. In the March quarter 2024, the NAB Australian Wellbeing Index remained unchanged at 62.9 pts and continued to sit just above its lowest point since the onset of the COVID pandemic in March 2020 when it fell to an equal survey low (62.8 pts). Australians were a little less satisfied with their lives, reported a marginally lower sense of their life worth and were a little more anxious during the quarter. Despite this, they were somewhat happier.

Australians’ sense of life worth continued to add most to their overall wellbeing but fell to its lowest level in 6 years to 66.6 pts - down slightly from 66.7 pts in the previous quarter and noticeably lower than the same time last year (68.1 pts). Life satisfaction moderated to 63.2 pts, from 63.5 pts in the previous quarter and 65.8 pts one year ago. Anxiety also continued to rise, lifting to its highest level since March 2020, with the ‘not anxious yesterday’ measure printing at 56.6 pts, from 57.0 pts in the previous quarter and 58.8 pts at the same time last year (a lower score signals higher anxiety). But Australians were happier, scoring 65.3 pts in March, up from 64.5 pts in the previous quarter though still somewhat lower than at the same time last year (67.0 pts) and still below survey average levels (66.5 pts).



Wellbeing trends did however vary widely across demographic groups during the March quarter. The survey found wellbeing increased in 29 of 49 monitored demographic groups. It fell in 17 groups and was unchanged in 3 groups. Wellbeing levels during the March quarter also trended below survey average levels in all groups with few exceptions - it was above average for men and married people (albeit marginally) - see charts below.

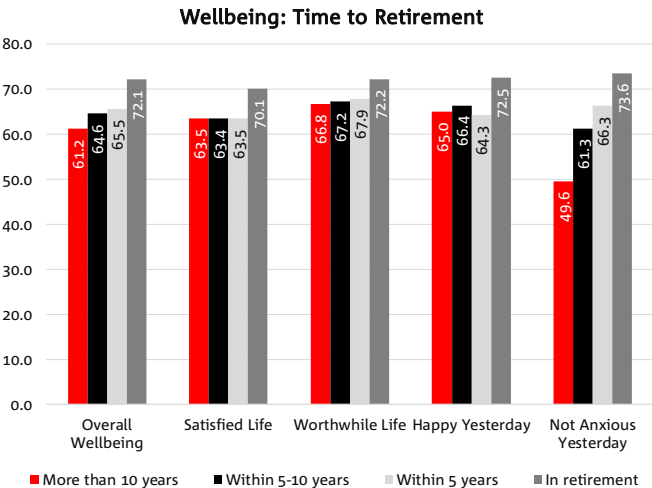
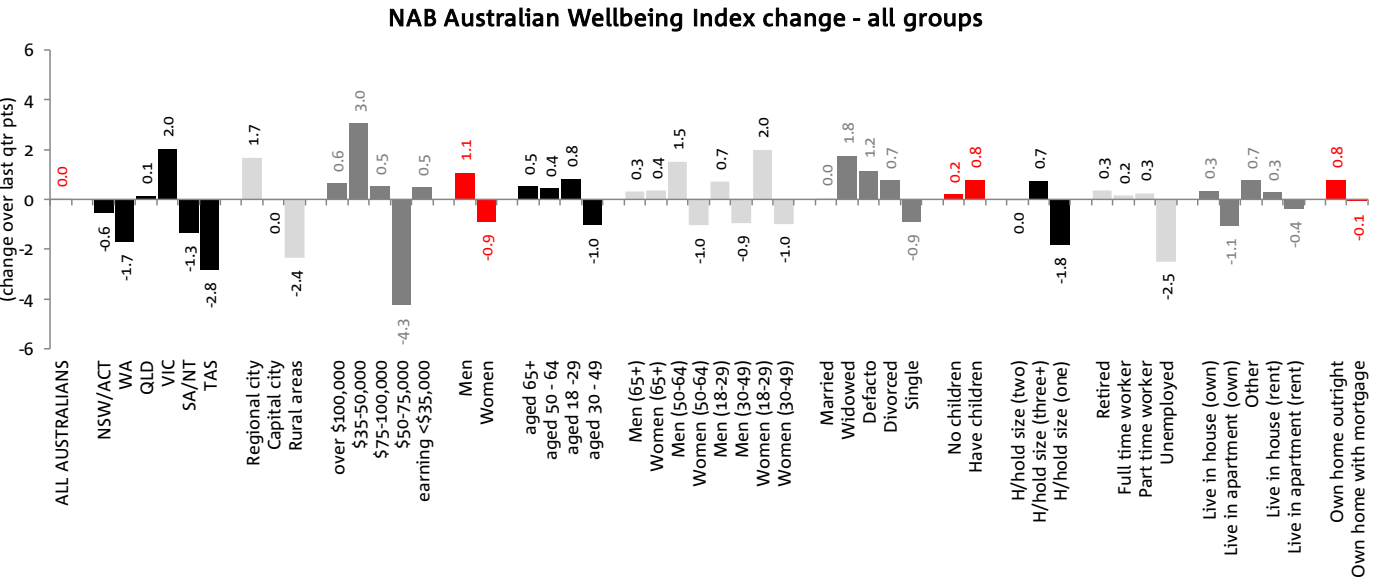
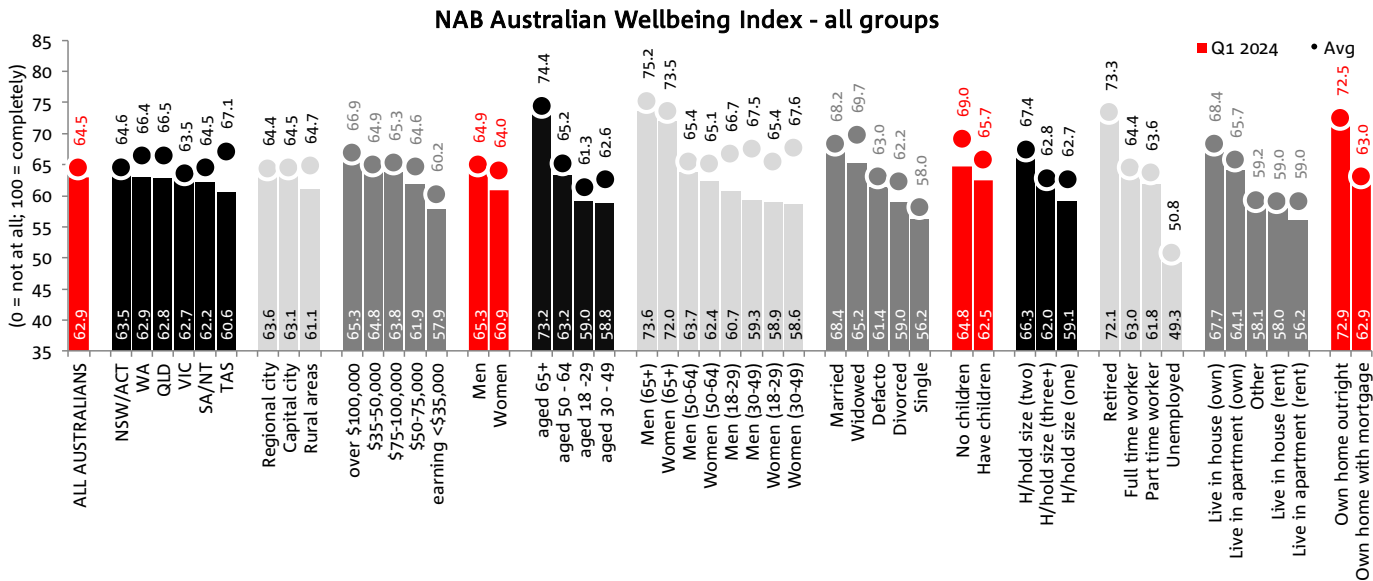
By state, wellbeing was highest in NSW/ACT (63.5 pts) and lowest in TAS (60.6 pts). VIC and QLD were the only states to report higher wellbeing during the March quarter, with wellbeing falling most in TAS. Australians living in NSW/ACT reported the highest life satisfaction (63.5 pts), and were also the happiest (66.6 pts), VIC the highest sense of life worth (67.5 pts) and WA the least anxious (58.7 pts). People in TAS scored their wellbeing lowest across all measures.

Wellbeing was highest and improved in regional cities in the March quarter (63.6 pts) and was lowest and fell noticeably in rural areas (61.1 pts). It was unchanged in capital cities (63.1 pts). Australians in regional cities had the highest sense of life worth (64.6 pts) and were the least anxious (57.7 pts), but those in capital cities led the way for life worth (67.2 pts) and happiness (65.9 pts). People in rural areas scored their wellbeing lowest across all measures.

Money is a key driver of financial wellbeing, but the relationship with money and emotional wellbeing is not clear cut. Though wellbeing was highest in the over \$100,000 group (65.3 pts) and lowest for people with incomes below \$35,000 (57.9 pts), it ranged from 64.8 pts in the \$35-50,000 group to 61.9 pts in the \$50-75,000 group. Life satisfaction, life worth and happiness was scored highest by people with income over \$100,000 and lowest with income below \$35,000. Anxiety however was scored highest by people in the \$50-75,000 group and lowest in the \$35-50,000 group.

Men (65.3 pts) scored their wellbeing higher during the March quarter and women lower (60.9 pts). Consequently, the “wellbeing gap” between men and women widened to 4.4 pts - the biggest gap since we started collecting this data in 2013. Men reported higher wellbeing than women for all measures, particularly anxiety (61.4 pts men; 52.2 pts women). Men in all age groups also rated their wellbeing higher than women.

In other key findings, older Australians enjoy the highest wellbeing, and significantly higher than in all other age groups (73.2 pts). Married people (68.4 pts) also rated their wellbeing much higher than single people (56.2 pts), as did retirees (72.1 pts) compared to unemployed people (49.3 pts and lowest of all groups). Owning a home outright (72.9 pts) also underpins significantly higher wellbeing than owning a home with a mortgage (62.9 pts).



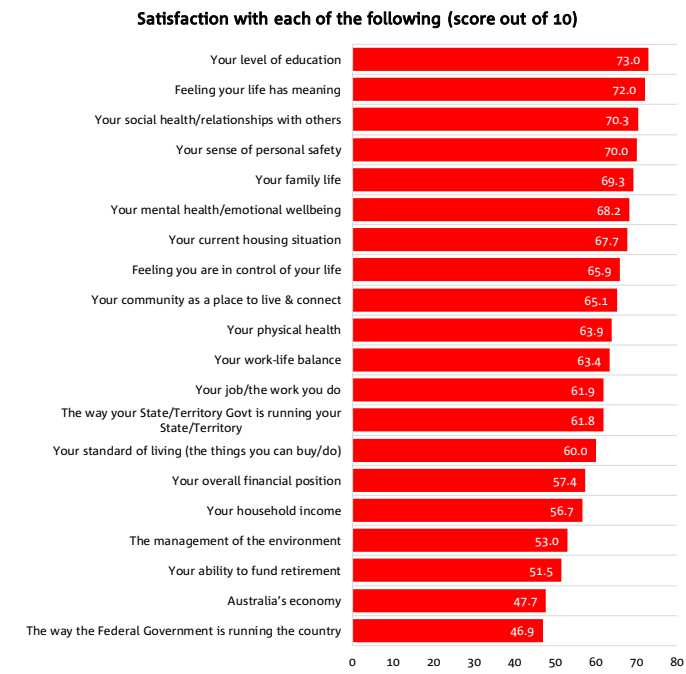
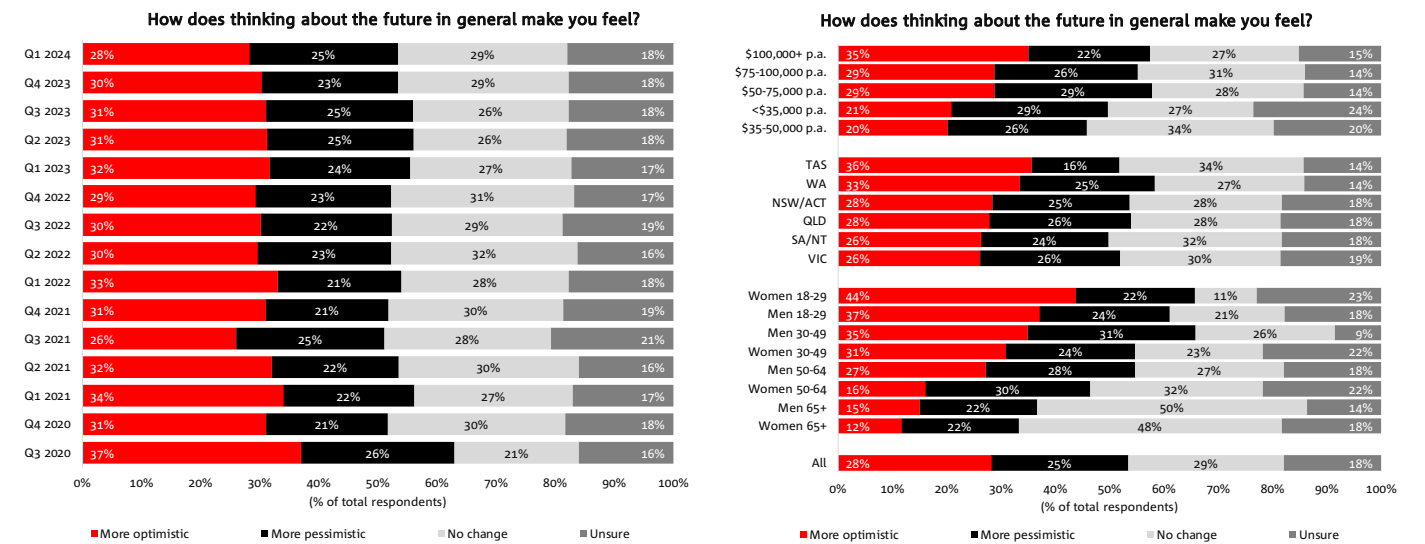
NAB research identifies financial security for retirement as a key cause of consumer stress, with over 1 in 5 (22%) Australians reporting “very high” levels of stress associated with retirement funding. Moreover, not having enough to finance retirement is the main contributor to NAB’s Financial Stress Index - and increased to a near 8-year high in the March quarter (see below).

Being in retirement is associated with higher wellbeing. Indeed, in the March quarter, retirees scored their wellbeing highest of all groups (72.1 pts), along with people over 65 (73.2 pts). NAB also found a very strong correlation with wellbeing and time from retirement - it improves as we get closer.

In March, wellbeing was lowest for people more than 10 years from retirement (61.2 pts), but this stepped up to 64.6 pts when 5-10 years away and 65.5 pts when less than 5 years away. Interestingly, all groups scored life satisfaction, life worth and happiness broadly similar, but anxiety levels fell sharply as people approached their retirement - from 49.6 pts more than 10 years away to 66.3 pts less than 5 years away - suggesting expectations of what we need in retirement may become more realistic the closer we get.

Relatively depressed levels of wellbeing may in part have been influenced by a decreasing sense of optimism about the future. When Australians were asked how thinking about the future made them feel, the number who said it made them feel more optimistic in the March quarter dropped to 28%, from 30% in the previous quarter and 32% at the same time last year. Around 1 in 4 (25%) were more pessimistic about the future, up from 23% previously. Around 3 in 10 (29%) saw no change, and nearly 1 in 5 (18%) were unsure.

Looking across key groups, optimism typically falls with age. It was highest for women (44%) and men (37%) aged 18-29, and lowest for women (12%) and men (15%) over 65. Interestingly, positive responses were broadly aligned by gender in all age groups, except the 50-64 group where a noticeably higher number of men (27%) were optimistic about the future than women (16%). By state, the number of optimists ranged from just 26% in VIC and SA/NT to 36% in TAS, where the number of pessimists was also much lower than in all other states (16%). Income was important, with the number of optimists highest in the over \$100,000 group, and lowest in income groups below \$50,000.



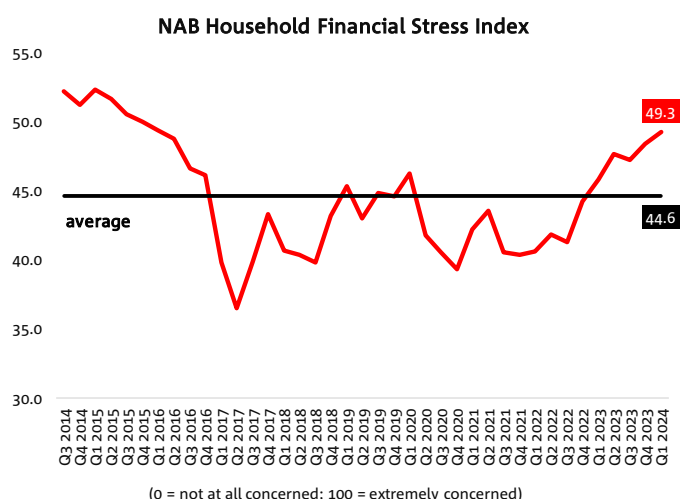
The average does however mask significant differences in satisfaction by age. Over 65s scored satisfaction highest for nearly all factors except for how state/territory government is running their state/territory where it was lowest overall (49.9 pts). Satisfaction among the over 65s was particularly high for their current housing situation (80.4 pts), level of education (80.1 pts) and emotional health and mental wellbeing (79.5 pts). Interestingly, the 18-29 group was most satisfied with how state/territory government is running their state/territory (73.5 pts), but much less so for their community as a place to live & connect (62.4 pts) and along with the 30-49 group their current housing situation.

We also noted somewhat lower levels of satisfaction in the 50-64 age group for feeling their life has meaning (67.3 pts), their physical health (59.7 pts), Australia's economy (43.3 pts) and how the Federal Government is running the country (43.1 pts) than in all other age groups - see table below.

Satisfaction with each of the following: Age

	All	18 -29	30 - 49	50 -64	65+
Your level of education	73.0	70.8	69.7	73.9	80.1
Feeling your life has meaning	72.0	73.0	73.2	67.3	73.5
Your social health/relationships with others	70.3	67.8	68.1	69.7	77.1
Your sense of personal safety	70.0	70.8	67.6	67.9	75.4
Your family life	69.3	68.5	66.7	66.2	77.2
Your mental health/emotional wellbeing	68.2	63.8	63.1	67.3	79.5
Your current housing situation	67.7	62.4	62.7	68.8	80.4
Feeling you are in control of your life	65.9	65.9	61.7	63.4	75.1
Your community as a place to live & connect	65.1	60.7	63.1	64.3	73.7
Your physical health	63.9	62.7	66.2	59.7	65.8
Your work-life balance	63.4	62.1	60.6	63.0	73.8
Your job/the work you do	61.9	60.6	61.9	60.6	66.7
The way your State/Territory Govt is running your State/Territory	61.8	73.5	63.2	59.5	49.9
Your standard of living (the things you can buy/do)	60.0	58.8	56.5	57.5	69.1
Your overall financial position	57.4	53.8	57.0	55.4	63.2
Your household income	56.7	57.1	54.7	53.5	62.5
The management of the environment	53.0	51.5	53.5	50.3	56.2
Your ability to fund retirement	51.5	49.2	49.1	47.7	61.8
Australia's economy	47.7	47.4	48.6	43.3	50.6
The way the Federal Government is running the country	46.9	48.9	47.8	43.1	47.0

Part 2: Household Financial Stress



The **NAB Household Financial Stress Index** looks specifically at the role our finances play in our wellbeing.

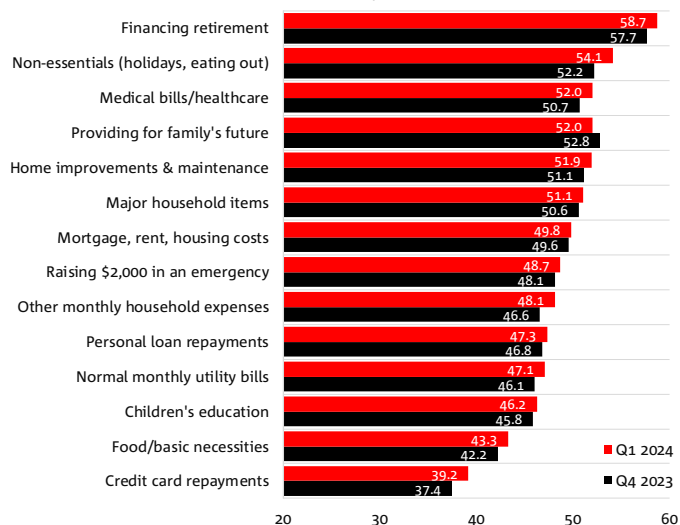
This comprehensive measure of financial anxiety is derived from several key potential household pressures - including meeting the costs of healthcare, mortgage repayments, rent, credit cards, education, food & necessities, utility bills, insurances, holidays, entertainment, unexpected expenses, financing retirement, major household items, and home improvements & maintenance.

Household financial stress continued to climb in the March quarter, with the NAB Financial Stress Index rising to 49.3 pts, from 48.4 pts in the previous quarter and 45.8 pts at the same time last year.

Financial stress levels are now printing at their highest level in 8-years and trending well above the survey average (44.6 pts).

Household financial stress levels increased for all index components in the March quarter, except providing for our family's future (52.0 pts down from 52.8 pts in the December quarter). However, stress levels remain above average for all index components - particularly not being able to meet the costs of non-essential expenses such as holidays, eating out etc. (54.1 pts vs. 45.7 pts survey average), not having enough money for major household items like furniture, appliances etc. (51.1 pts vs. 44.7 pts), home improvements & maintenance (51.9 pts vs. 45.8 pts), other monthly household expenses (48.1 vs. 42.0 pts), personal loan repayments (47.3 pts vs. 41.5 pts), and mortgage, rent & housing costs (49.8 pts vs. 44.5 pts).

Drivers of Household Financial Stress (100 = extremely stressed)

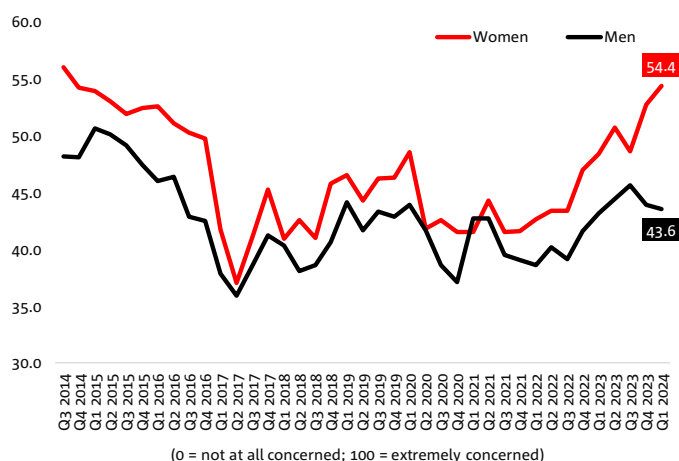


Not having enough to finance retirement is still the biggest contributor to overall household financial stress, and it increased to a near 8-year high 58.7 pts in the March quarter, from 57.7 pts in the previous quarter.

The next biggest contributors were not having enough money for non-essentials (54.1 pts vs. 52.2 pts in the previous quarter), medical bills & healthcare (52.0 pts vs. 50.7 pts), providing for the family's future (52.0 vs. pts down from 52.8 pts in the previous quarter but up from 50.1 pts at the same time last year), not having enough money for home improvements & maintenance (51.9 pts vs. 51.1 pts), major household items (51.1 pts vs. 50.6 pts), mortgage, rent & housing costs (49.8 pts vs. 49.6 pts), and being able to raise \$2,000 for an emergency (48.7 pts vs. 48.1 pts) - with all of these components (except providing for our family's future) printing at multi-year highs.

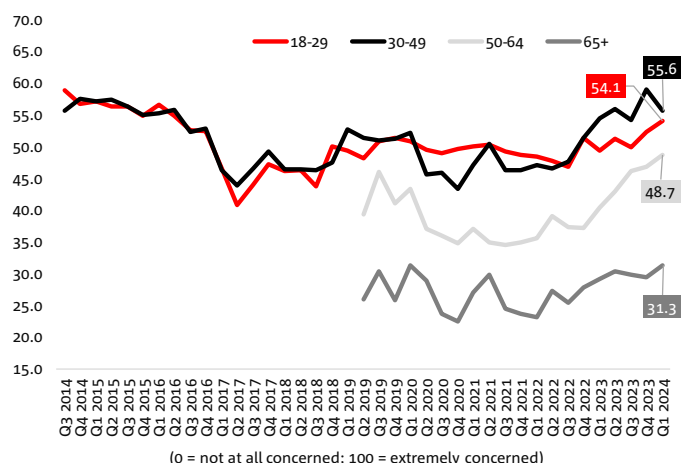
Being unable to meet minimum credit card repayments is still causing the least financial stress among Australian households. However, stress levels associated with credit card repayments climbed to 39.2 pts in the March quarter, from 37.4 pts in the previous quarter and 35.4 pts at the same time last year and is now at its highest level since the December quarter 2015.

NAB Household Financial Stress Index: Gender



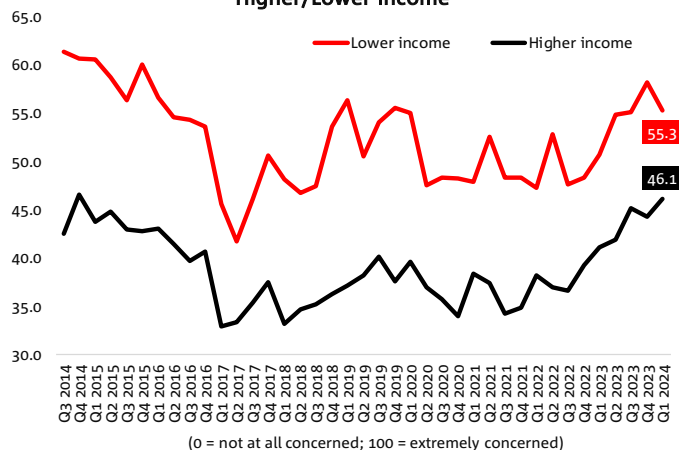
(0 = not at all concerned; 100 = extremely concerned)

NAB Household Financial Stress Index: Age



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

NAB Household Financial Stress Index: Higher/Lower Income



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

Overall financial stress rose to a 9 year high 54.4 pts for women, but eased for the second straight quarter for men to 43.6 pts. As a result, the gender "stress gap" widened to a survey high 10.8 pts. Women continued to report higher stress for all index components, particularly raising \$2,000 for an emergency, mortgage, rent & housing costs and normal monthly utility bills - see table below.

Financial stress increased in all age groups except the 30-49 group - though remained highest overall (55.6 pts down from 58.9 pts in the last quarter). Stress levels were lowest by a large margin in the over 65 group (31.3 pts) and for all Index measures.

Interestingly, retirement financing caused the most stress in all age groups except among 18-29 year olds where it was highest for non-essentials such as holidays, eating out etc.

Financial stress eased in the lower income group in March (55.3 pts vs. 58.2 pts), with stress lower for all index components except non-essentials (unchanged). It rose in the higher income group (46.1 pts vs. 44.3 pts) and in all areas bar providing for their family's future.

As a result, the "stress gap" between lower and higher income groups narrowed to a below average 9.1 pts. Stress levels however remain substantial higher in the lower income group for all measures, especially raising \$2,000 for an emergency (58.8 pts vs. 43.6 pts), food & necessities (52.2 pts vs. 39.0 pts), normal monthly utility bills (55.1 pts vs. 43.1 pts) and major household items (58.1 pts vs. 48.4 pts).

NAB Household Financial Stress Index: Key groups (Q1 2024)

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Financing retirement	58.7	63.2	53.8	58.4	63.3	64.3	45.1	64.9	55.9
Non-essentials (holidays, eating out)	54.1	59.3	48.3	59.8	60.3	52.9	39.2	62.2	50.6
Medical bills/healthcare	52.0	56.7	46.9	55.6	57.8	53.1	37.8	58.0	48.3
Providing for family's future	52.0	57.1	46.5	56.9	58.5	51.7	34.0	56.7	49.8
Home improvements & maintenance	51.9	57.1	46.3	55.6	58.7	51.8	36.1	55.5	50.8
Major household items	51.1	56.4	45.3	54.4	57.9	52.1	35.3	58.1	48.4
Mortgage, rent, housing costs	49.8	55.3	43.5	56.0	54.9	47.5	30.4	55.3	46.3
Raising \$2,000 in an emergency	48.7	54.6	42.2	56.2	55.3	49.4	29.4	58.8	43.6
Other monthly household expenses	48.1	53.4	42.3	53.4	55.0	48.2	31.4	56.3	44.1
Personal loan repayments	47.3	52.1	41.9	53.4	52.9	43.8	23.9	51.5	44.2
Normal monthly utility bills	47.1	52.6	41.0	52.9	53.9	47.3	29.7	55.1	43.1
Children's education	46.2	50.8	40.8	51.9	51.8	38.2	19.2	44.5	44.7
Food/basic necessities	43.3	48.3	37.8	48.3	50.5	43.9	25.7	52.2	39.0
Credit card repayments	39.2	44.8	33.6	44.1	47.6	37.2	20.4	44.7	37.1
NAB Financial Stress Index	49.3	54.4	43.6	54.1	55.6	48.7	31.3	55.3	46.1

Household financial stress levels varied across states during the quarter. It remained highest and increased in TAS (55.0 pts up from 51.5 pts) and increased most up SA/NT (up 7.1 pts to 53.5 pts). Stress was also higher in WA (47.7 pts vs. 44.8 pts in the previous quarter) and QLD (47.3 pts vs. 45.7 pts) but was lowest overall. It fell in NASW/ACT (49.5 pts vs. 49.8 pts) and VIC (49.2 pts vs. 50.4 pts). Household stress however continued to print average survey average levels across the country.

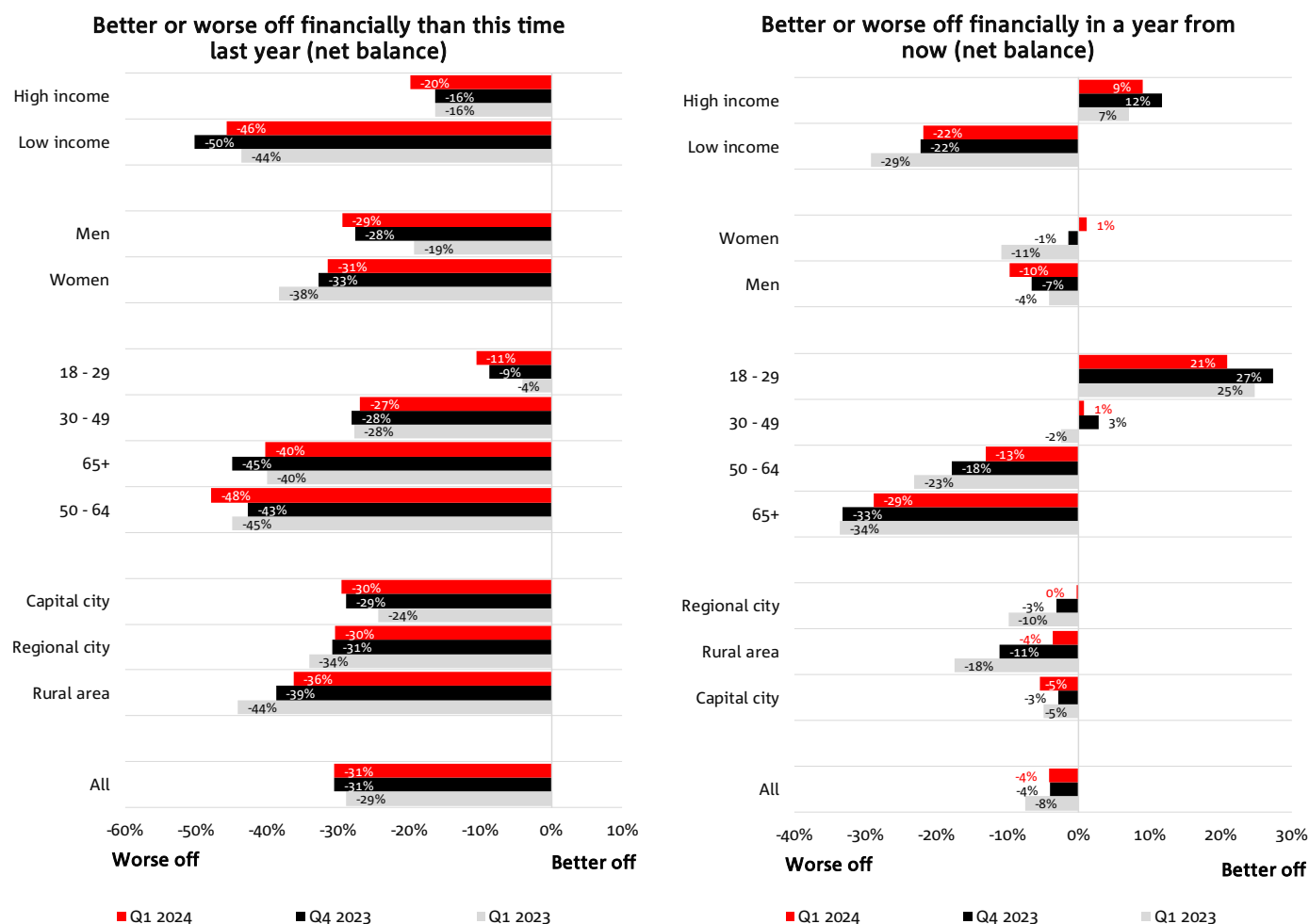
Financial stress levels also increased and was highest in rural areas (52.4 pts vs. 51.1 pts) and capital cities (48.7 pts vs. 47.2 pts) but lowest overall. It fell in regional cities (49.0 pts vs. 50.8 pts). Stress levels however trended well above survey average levels in all regions - particularly in rural areas (52.4 pts in Q1 vs. 42.7 pts survey average), who also reported the highest stress for all index components during the March quarter - see tables below for state and regional detail & Appendix 2 for historical state data.

NAB Household Financial Stress Index: States & Regions (Q1 2024)

	NSW/ACT	VIC	QLD	WA	SA/NT	TAS	Capital	Regional	Rural
Financing retirement	59.0	58.5	56.5	58.7	63.7	58.0	58.8	57.8	59.7
Non-essentials (holidays, eating out)	53.9	55.2	52.0	51.8	59.1	57.3	53.8	54.5	55.2
Medical bills/healthcare	52.0	52.2	50.9	51.8	55.0	50.6	51.6	52.2	54.4
Providing for family's future	53.3	51.6	49.7	49.1	56.3	56.3	51.1	52.4	56.0
Home improvements & maintenance	50.9	52.5	50.3	50.6	58.8	55.3	51.4	51.7	54.5
Major household items	50.3	51.7	49.9	49.1	57.2	53.4	50.7	50.8	53.2
Mortgage, rent, housing costs	50.7	50.3	46.6	46.3	53.6	59.1	49.5	49.2	52.7
Raising \$2,000 in an emergency	49.3	48.5	46.6	46.3	52.5	57.7	47.6	49.9	52.6
Other monthly household expenses	47.5	49.6	46.0	47.2	51.4	52.1	47.1	48.8	52.4
Personal loan repayments	46.7	46.8	46.1	48.9	49.8	55.0	46.9	47.0	50.1
Normal monthly utility bills	46.5	48.5	44.6	45.6	50.3	55.3	46.3	47.0	51.1
Children's education	49.2	43.4	43.6	40.1	52.0	59.6	46.0	43.4	52.3
Food/basic necessities	43.5	43.2	41.0	42.8	45.6	54.7	41.9	43.8	49.5
Credit card repayments	40.0	37.4	38.1	39.0	43.0	45.0	39.3	38.1	40.0
NAB Financial Stress Index	49.5	49.2	47.3	47.7	53.5	55.0	48.7	49.0	52.4

How households feel they are travelling financially

In net terms, an unchanged -31% of Australians felt worse off than better off financially compared to the same time last year in the March quarter, though up from -29% at the same time last year. The number who felt worse off outweighed those who felt better off in all regions. It was highest but fell in rural areas (-36% vs. -39%) and was basically unchanged in regional and capital cities (-30%). By age, the net number worse off rose in the 50-64 group (-48% vs. -43%) and fell in the 65+ group (-40% vs. -45%). It also remained noticeably higher than in 30-49 (-27%) and 18-29 (-11%) age groups. Slightly more women (-33%) felt worse off than men (-29%) during the March quarter. Though improving, the net number in the lower income group worse off (-46% vs. -50%) remained well above the higher income group despite rising (-20% vs. -16%).



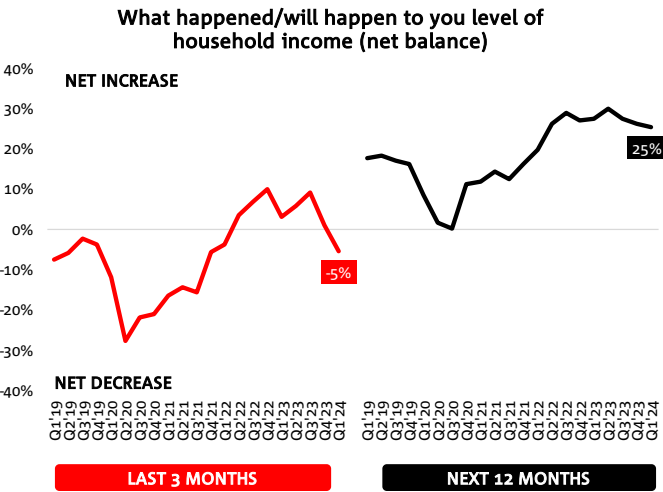
An unchanged number of Australians on balance expect to be worse off financially in a year from now (-4%), though this halved from -8% at the same time last year. Expectations ranged cross regions. The number of pessimists out-weighed optimists and increased in capital cities (-5% vs. -3%) and rural areas where it fell sharply (-4% vs. -11%). The number of pessimists and optimists cancelled out in regional cities (0%). People in the 18-29 age group remain most optimistic about their financial position in the next year, though the net number of optimists fell to +21% (+27% in the previous quarter). Slightly fewer in the 30-49 age group expect to be better off (+1% vs. +3%). Though falling, pessimists continue to heavily out-weigh optimists in the over 65 (-29% vs. -33%) and 50-64 (-13% vs. -18%) age groups. The net number of pessimists among men increased to -10% in March (-7% in the last quarter), while optimistic slightly outweigh pessimists among women (+1% vs. -1%). More high income earners continue to believe they will be better off in the next 12 months though this fell from +12% to +9, while an unchanged -22% in lower income group still expect to be worse off financially in 12 months' time.

The impact of income, savings and debt

NAB expects growth to remain below-trend in the near-term - but activity should improve later in the year as the pressure on households eases with rate and tax cuts as well as a moderation in inflation. We continue to expect growth to remain below trend at 1.7% over 2024, before improving to around 2¼% in 2025 and 2026. Households will continue to be supported by strong nominal income growth with hourly wages rising at their fastest annual pace since 2009. NAB expects wage growth to stabilise from here as the labour market eases further over the year ahead and continue to see the unemployment rate peaking at 4.5% by end-2024.

Against this backdrop, the net number of Australians who said their incomes or pay increased in the March quarter fell to -5% (+1%) in the previous quarter. This was the first time in 2 years that the number of Australians who said their incomes fell outweighed the number who said it increased.

On balance, more women said their incomes fell than increased in the March quarter (-10% vs. -3% in the previous quarter), while the net number of men who said it improved was offset by a similar number who said it fell (0%) and down from +6% in the last quarter. Australians in all age groups reported weaker outcomes in March, ranging from -3% in +65 group to -8% in the 50-64 group. Noticeably fewer people in the higher income group said their income rose (+3% vs +10%, while a higher number in the lower income group said it fell (-11% vs. -5% vs. -2%) - see table below.

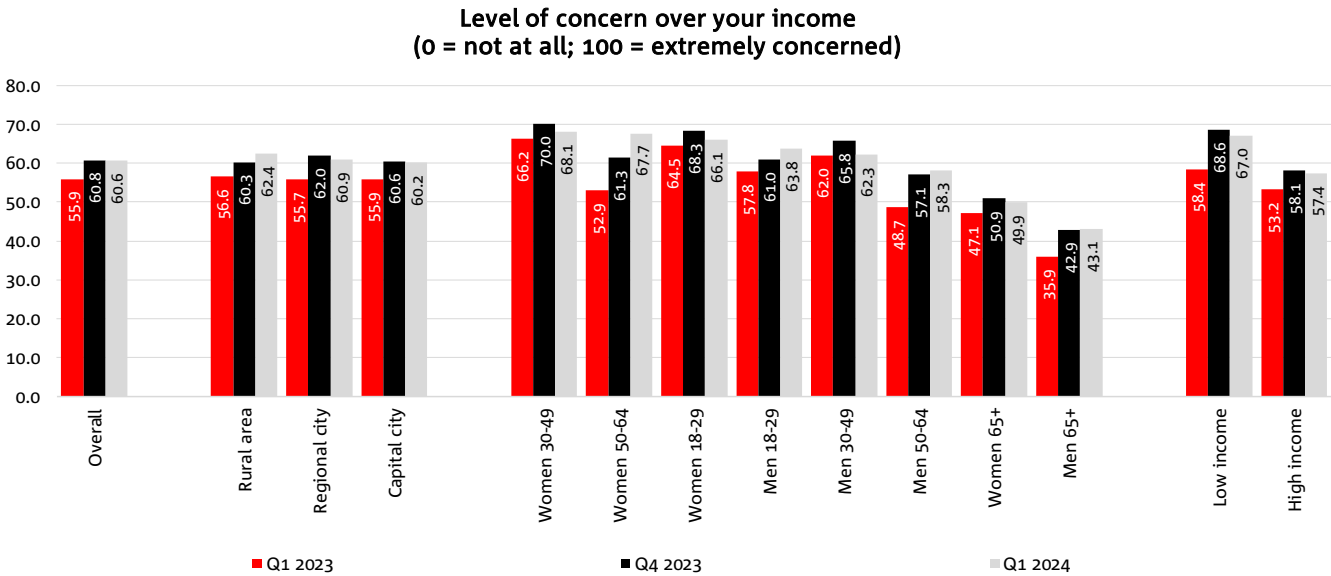


What happened/will happen to your level of household income (net balance)

	Last 3 months	Next 12 months
Women	-10% (-3%)	+24% (+23%)
Men	0% (+6%)	+27% (+29%)
Age 18-29	-5% (+2%)	+37% (+45%)
Age 30-49	-6% (-3%)	+26% (+30%)
Age 50-64	-8% (+2%)	+21% (+14%)
Age 65+	-3% (+6%)	+17% (+13%)
Lower income	-11% (-5%)	+19% (+14%)
Higher income	+3% (+10%)	+35% (+40%)

*Figures in parentheses previous quarter

Looking forward, slightly fewer Australians on balance expect their incomes to rise than fall in the next 12 months (+25% from +26% in the previous quarter). Expectations improved a little for women (+24% vs +23%) but men where less positive (+27% vs. +29%). By age, fewer people in the 18-29 (+37% vs. +45%) and 30-49 (+26% vs. +30%) groups expect their incomes to rise in the next 12 months, with expectations revised up noticeably in the 50-64 age groups (+21% vs. +14%) and in the over 65 group (+17% vs. +13%). Expectations were also higher in the lower income group (+19% vs. 14%), but less positive in the higher income group (+35% vs. +40%).

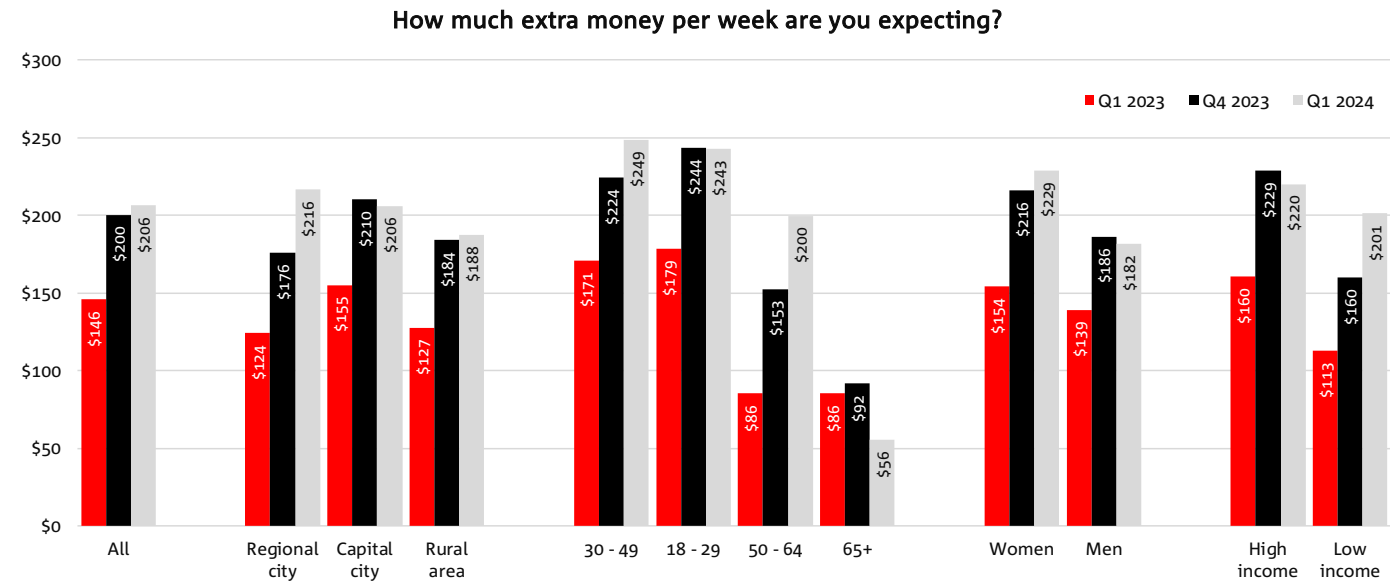


Despite a higher number of Australians on balance who indicated their incomes had decreased than increased in the March quarter, on average however they were slightly less concerned over their income or pay. When asked to rate their overall level of concern or stress over their income or pay, they scored 60.6 pts - down from 60.8 pts in the previous quarter but still much higher than at the same time last year (55.9 pts).

Income stress fell in regional (60.9 pts vs. 62.0 pts) and capital cities (60.2 pts vs. 60.6 pts) but increased and was highest overall in rural areas (62.4 pts vs. 60.3pts).

Income stress was highest (though fell) for women 30-49 (68.1 pts vs. 70.0 pts), followed by women 50-64 for whom it increased sharply to 67.7 pts (61.3 pts in the previous quarter) and women 18-28 (66.1 pts vs. 68.3 pts). Income stress was lowest for men (43.1 pts vs. 42.9 pts) and women (49.9 pts vs. 50.9 pts) over the age of 65. Income stress was higher for women than men in all age groups. We also noted a clear relationship with income stress and men - it fell as men aged. The relationship between income stress and age for women was not clear.

Income stress eased slightly for both low (67.0 pts vs. 68.6 pts) and high (57.4 pts vs. 68.1 pts) income groups in the March quarter, though remains above levels reported in March last year.

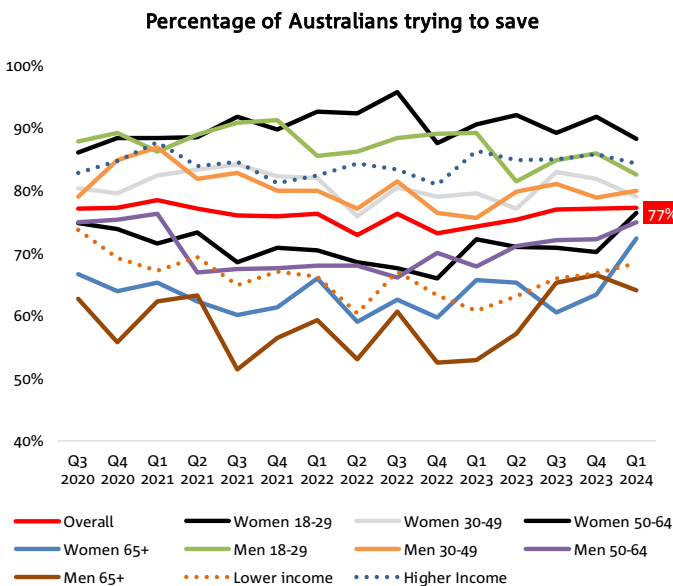


Australians who expected their incomes to increase in the next year were also asked to estimate by how much they expected their weekly income would rise. On average, expectations inched up to \$206 (around \$10,710 annually), from \$200 in the previous quarter. However, expectations were much higher than at the same time last year (\$146 or around just under \$8,000 annually.)

Expectations were highest and increased noticeably in regional cities to \$216 from \$176 in the previous quarter, and almost double that in March 2023 (\$124). Expectations were largely unchanged over the quarter in capital cities (\$206 vs. \$210) and rural areas (\$188 vs. \$184) but well up from \$155 and \$127 respectively one year ago.

Income expectations by age were mixed. They were highest and rose in the 30-49 group (\$249 vs. \$224), followed by the 18-29 group where they were basically unchanged (\$243). Income expectations rose sharply in the 50-64 age group (\$200 vs. \$153) but fell noticeably in the over 65 group to \$56 from \$92 in the previous quarter and also lower than at the same time last year (\$86).

Income expectations among women increased (\$229 vs. \$216 in the last quarter) and remained higher than for men who now expect to receive a little less (\$182 vs. \$186). Expectations were also sharply higher in the lower income groups (\$201 vs. \$160) but fell in the higher income group (\$220 vs. \$229).



Savings aspirations among Australians remain very high, with the overall number trying to save unchanged at 77% in the March quarter. It was however up somewhat from 74% at the same time last year and still trending slightly above average (76%).

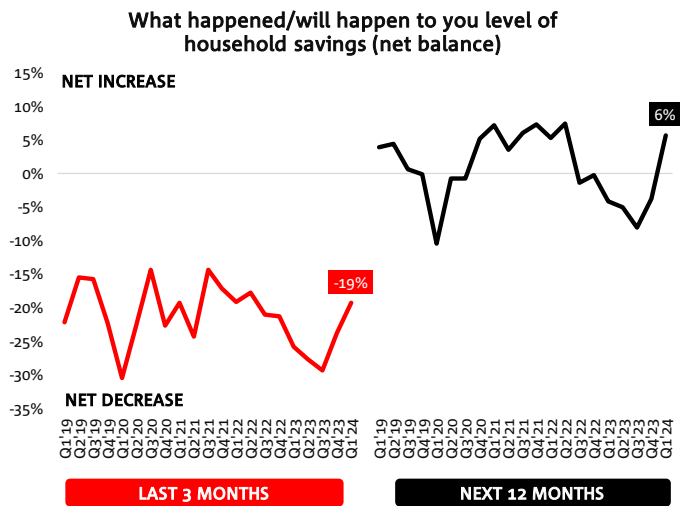
Savings aspirations remain highest in the 18-29 age group but was somewhat higher for young women (88%) than men (83%). Though still very elevated, the number of young women and men trying in March was lower than in the previous quarter (92% and 86% respectively).

Slightly more men (80% vs. 79%) in the 30-49 age group were trying to save, whereas the number of women trying to save dipped to 79% (82% in the previous quarter).

We also noted a large increase in the number of women in the 50-64 age group trying to save (77% up from 70%), as well as an increase in the number of men in this age groups trying to save (75% vs. 72%).

Savings aspirations remain lowest in the over 65 age group but increased sharply among women (72% vs. 63%) and is now much higher than for men over 65 (64% vs. 68%).

Savings aspirations in March increased slightly in lower (68% vs. 67%) and higher (84% vs. 86%) income groups.



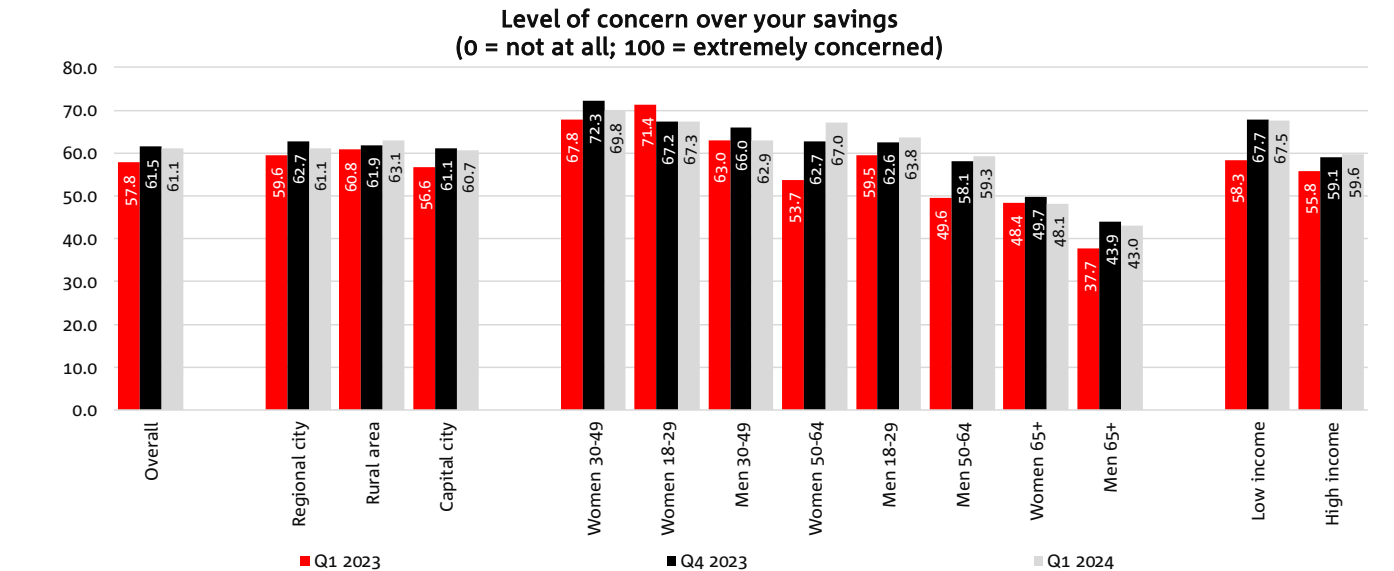
What happened/will happen to your level of household savings (net balance)

	Last 3 months	Next 12 months
Women	-23% (-30%)	+9% (-5%)
Men	-15% (-17%)	+3% (-2%)
Age 18-29	-10% (-15%)	+28% (+31%)
Age 30-49	-19% (-23%)	+12% (-2%)
Age 50-64	-34% (-35%)	-6% (-21%)
Age 65+	-15% (-23%)	-15% (-26%)
Lower income	-33% (-42%)	-16% (-30%)
Higher income	-8% (-6%)	+23% (+16%)

**Figures in parentheses previous quarter*

Household savings remained under pressure in the March quarter, though overall net number who said their savings fell in the last 3 months eased to -19% from -24% in the previous quarter. By gender, the net number that reported a fall in their savings narrowed for women (-23% vs. -30%) and men (-15% vs. -17%). On balance, fewer Australians in most age groups said their savings fell over the past 3 months, except the 50-64 group where it was basically unchanged (-34% vs. -35%). Noticeably fewer people in the lower income group ran down their savings (-33% vs. -42%), but slightly more did so in the higher income group (-8% vs. -6%).

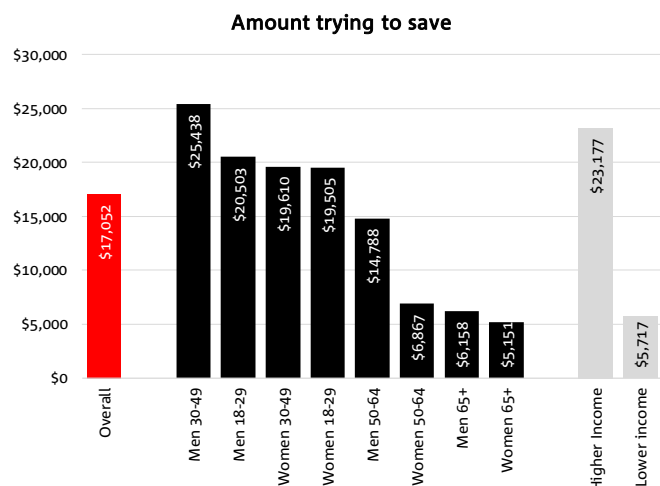
Australians are a more optimistic about their savings in the next 12 months. Overall, a higher number expect their savings to rise than fall in the next 12 months (+6%) - the first positive result in nearly 2-years. More women are positive about their savings (+9% up from -5% in the previous quarter) than men (+3% vs. -2%). The number expecting their savings to increase in the next 12 months outweighed those expecting them to fall in age groups under 50, but a higher (albeit reduced) number in age groups over 50 still see their savings falling. Noticeably more people in the higher income group expect their savings to increase in the next 12 months (+23% vs. +16%), while more in the lower income group expect it to fall - though this halved over the quarter from -30% to -16%.



With fewer Australians running down savings in the March quarter, their level of concern over their savings also eased to 61.1 pts, from (61.5 pts in the previous quarter but still somewhat higher than at the same time last year (56.7 pts). Savings stress also remained higher than income stress (60.6 pts).

Savings stress is higher for women than men in all age groups, with the gap biggest in the 50-64 group (67.0 pts women; 59.3 pts men) and smallest in the 18-29 group (67.3 pts women: 63.8 pts men). Savings stress was highest in the 30-49 age group for both women (69.8 pts) and men (62.9 pts). Interestingly, saving stress is still higher in all groups than it was at the same time last year, except for women 18-29.

The lower income group reported slightly lower savings stress in March (67.5 pts vs. 67.7 pts up from 66.2 pts), but it increased in the higher income group (59.6 pts vs. 59.1 pts), with both groups reporting more elevated savings stress than at the same time last year.



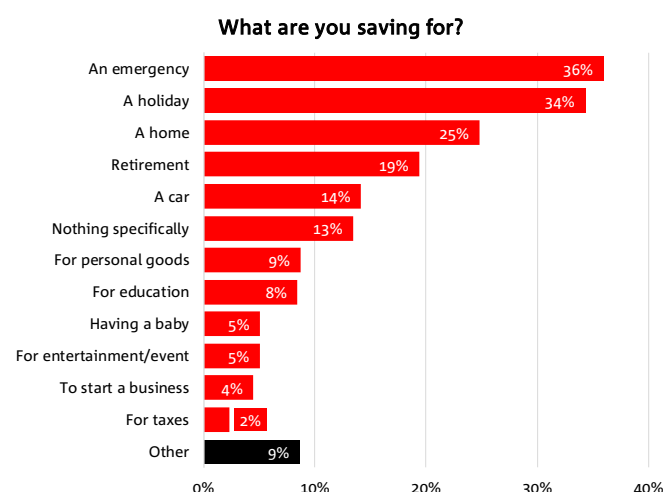
For the first time, we asked surveyed Australians who were trying to save to estimate how much they were aiming to save. On average, they were aiming to save just over \$17,000.

However, this varied considerably by age and gender.

Overall, men aged 30-49 were aiming to save the most (\$25,438) or around 25% more than the next highest group of savers - men 18-29 (\$20,503), women 30-49 (\$19,610) and women 18-29 (\$19,505).

Men in the 50-64 age group were aiming to save over twice as much than women in this age group (\$14,788 men; \$6,867 women), and men in the over 65 age group (\$6,158) also aimed to save more than women over 65 (\$5,151).

Not surprisingly, people in the higher income groups (\$23,177) were aiming to save significantly more than those in the lower income group (\$5,717) - or 4 times as much.



Around 1 in 3 Australians are saving for an emergency (36%) or holiday (34%), 1 in 4 a home (25%) and 1 in 5 retirement (19%). Around 14% are saving for a car and 13% for nothing specifically. Nearly 1 in 10 are saving for personal goods such as jewellery and clothing (9%) or education (8%), 1 in 20 a baby (5%) or entertainment or event such as a major concert or sports event (5%). Just 1 in 25 were saving to start a business (5%) and 1 in 50 for taxes (2%). Nearly 1 in 10 were saving for other things (9%).

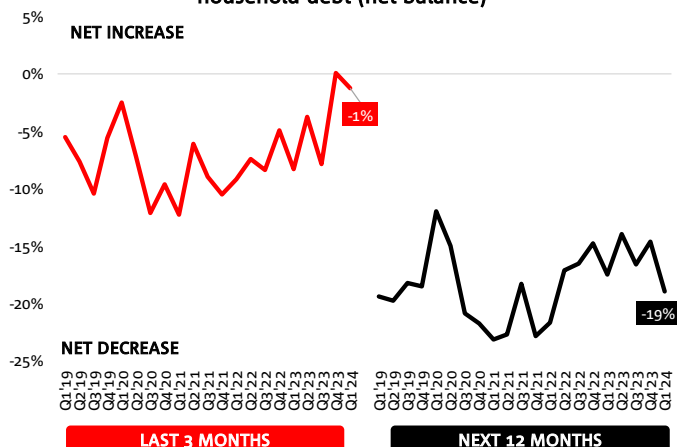
Savings goals varied somewhat by gender, with the biggest differences the much higher number of women than men saving for a home (30% vs. 19%), and the higher number of men saving for retirement (23% vs. 16%). Differences were more pronounced by age. We noted much higher numbers of 18-29 (45%) and 30-49 (31%) year olds saving for a home, noticeably more under 65s for an emergency (35-40%), and under 50 education, entertainment & events and to start a business. A lot more 50-64 year olds were saving for retirement (31%) and in the 18-29 group personal goods (17%) and for having a baby (12%).

By income, more people in the highest income group were saving for holidays (39% vs. 30%), a home (30% vs. 19%), and retirement (23% vs. 15%) and in the lower group nothing specifically (20%).

What are you saving for: age, gender & high/low income

	Overall	Men	Women	18-29	30-49	50-64	65+	Lower income	Higher Income
An emergency	36%	34%	38%	37%	40%	35%	27%	34%	39%
A holiday	34%	34%	34%	37%	33%	32%	35%	30%	39%
A home	25%	19%	30%	45%	31%	11%	2%	19%	30%
Retirement	19%	23%	16%	9%	16%	31%	26%	15%	23%
A car	14%	15%	13%	24%	13%	10%	9%	15%	14%
Nothing specifically	13%	15%	12%	8%	9%	15%	27%	20%	10%
For personal goods	9%	8%	9%	17%	7%	6%	6%	10%	9%
For education	8%	7%	9%	14%	12%	2%	0%	11%	9%
Having a baby	5%	3%	7%	12%	6%	0%	0%	4%	7%
For entertainment/event	5%	5%	5%	8%	6%	3%	2%	4%	7%
To start a business	4%	4%	5%	8%	6%	2%	0%	6%	5%
For taxes	2%	3%	2%	3%	2%	2%	2%	0%	3%
Other	9%	8%	9%	6%	8%	10%	11%	11%	7%

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



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

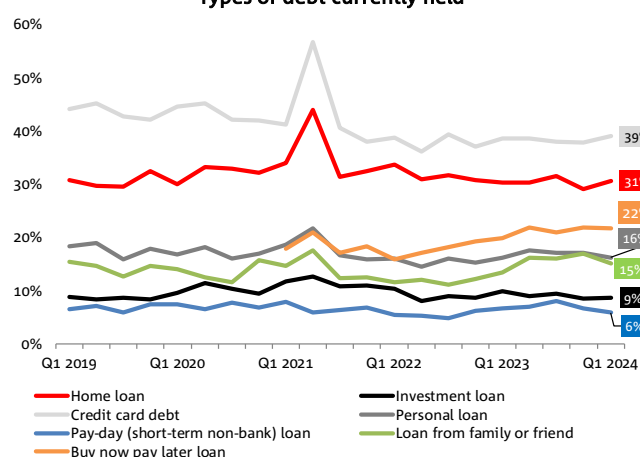
	Last 3 months	Next 12 months
Women	+3% (+5%)	-21% (-13%)
Men	-5% (-5%)	-17% (-16%)
Age 18-29	+1% (-1%)	-20% (-20%)
Age 30-49	0% (+9%)	-21% (-12%)
Age 50-64	+3% (-2%)	-19% (-16%)
Age 65+	-9% (-10%)	-15% (-13%)
Lower income	+6% (-11%)	-8% (0%)
Higher income	-8% (-5%)	-25% (-21%)

*Figures in parentheses previous quarter

On balance, very few Australians made inroads into reducing household debt levels in March. When asked how they had changed in the past 3 months, just -1% said it fell (i.e., the number who said it fell out-weighed those who said it increased), basically unchanged from the last quarter (0%). In net terms, more women said debt levels rose than fell, though this improved slightly to +3% (from +5%), while an unchanged number of men said household debt levels fell (-5%). Debt levels rose for more people in 18-29 (+1% vs. -1%) and 50-64 (+3% vs. -2%) age groups, fell for over 65s (-9% vs. -10%) and were balanced in the 30-49 group (0% vs. -10%). More higher income earners said debt fell (-8% vs. -5% in the past 3 months, but we recorded a sharp lift in the lower income group that said they increased (+6% vs. -11%).

When asked what they expect to happen to their household debt levels in the next 12 months, the net number who said it will fall increased to -19% from -15% in the previous quarter. More women (-21% vs. -13%) and men (-17% vs. -16%) expect to lower their debt. Expectations were unchanged in the 18-29 age group (-20%), but noticeably more people in 30-49 group (-21% vs. -12%), and somewhat more in the 50-64 (-19% vs. -16%) and over 65 (-15% vs. -13%) groups expect their household debt levels will fall in the next 12 months. Low income earners were more positive about reducing household debt levels in the next 12 months (-8% vs. 0%), with more people in the higher income group also expecting to reduce debt levels (-25% vs. -21%).

Types of debt currently held



Credit card debt is the most common type of debt held by Australians, with 4 in 10 (39%) holding this debt in March. It was the most common debt held by men (43%) and women (36%), in 50-64 (52%) and 65+ (40%) age groups and lower income group (30%).

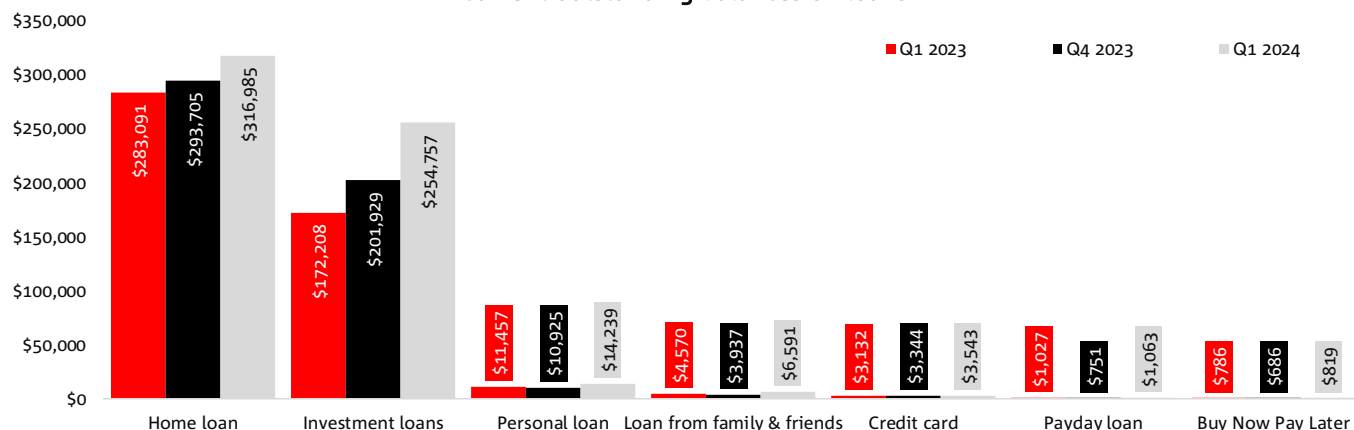
Home loan debt was next most common and held by 3 in 10 (31%) people overall. It was the most widely held debt in 30-49 (44%) and higher income (47%) groups. Over 1 in 5 (22%) had BNPL debt, rising to 27% for women and 31% in the 30-49 age group.

Around 16% of Australians also had personal loans, but this rose to 1 in 4 in the 18-29 age group (24%). Around 15% overall had loans from family & friends but it was higher in the 18-29 (21%) and 30-49 (20%) age groups. Around 1 in 10 (9%) had investment loans, rising to 14% for higher income earners. Only 6% overall had pay day loans, though this was a little higher in the 30-49 age group (9%) - see table below.

Type of debts held Q1 2024: gender, age & higher/lower income

	All	Women	Men	18-29	30-49	50-64	65+	Lower income	Higher income
Credit card debt	39%	36%	43%	21%	42%	52%	40%	30%	46%
Home loan	31%	34%	27%	22%	44%	36%	13%	9%	47%
Buy now pay later loan (BNPL)	22%	27%	16%	23%	31%	19%	8%	22%	23%
Personal loan	16%	17%	15%	24%	20%	14%	3%	10%	21%
Loan from family or friend	15%	17%	13%	21%	20%	11%	5%	19%	12%
Investment loan	9%	8%	9%	9%	11%	9%	4%	4%	14%
Pay-day (short-term non-bank) loan	6%	7%	5%	7%	9%	4%	1%	7%	6%

Current outstanding balances on loans



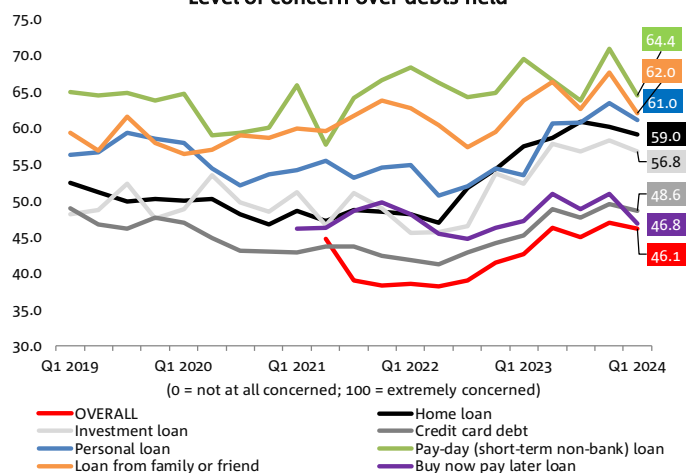
Australians who currently have these debts were asked to estimate approximately how much was outstanding on each of them. The survey results suggest they were holding more of all types of debt than estimated in the December quarter. Debt holdings were biggest for home loans (\$316,985 vs. \$293,705 in the previous quarter), followed by investment loans (\$254,757 vs. \$201,929). The next biggest debt holdings were for personal loans (\$14,239 vs. \$10,925), loans from family & friends (\$6,591 vs. \$3,937), credit cards (\$3,543 vs. \$3,344), payday loans (\$1,063 vs. \$751) and BNPL (\$819 vs. \$686).

By age, 18-29 year olds had the highest outstanding balance on home loans (\$334,918), just ahead of the 30-49 age group (\$330,874). The 30-49 group also had the highest outstanding balances for investment loans (\$287,680) and credit cards (\$4,242). Loans from family & friends (\$10,725) and payday loans (\$1,550) was highest in the 50-64 age group. The 30-49 and 50-64 age groups also had the highest outstanding balances for personal loans (\$15,540 and \$15,728 respectively) and BNPL (\$890 and \$878 respectively). Women had much bigger home loan debt (\$354,370), and men investment loans (\$271,464), loans from family & friends (\$12,574) and BNPL (\$932). Debt holdings were much bigger in higher than lower income groups for all types of debt - see table below.

Current outstanding balances on loans: Q1 2024

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Home loan	\$316,985	\$334,918	\$330,874	\$286,967	\$116,576	\$276,419	\$354,370	\$189,185	\$364,725
Investment loans	\$254,757	\$126,990	\$287,680	\$278,352	\$276,472	\$271,464	\$233,939	\$100,343	\$311,323
Personal loan	\$14,239	\$13,338	\$15,540	\$15,728	\$4,501	\$13,877	\$14,539	\$8,605	\$17,954
Loan from family & friends	\$6,591	\$4,484	\$8,160	\$10,725	\$6,760	\$12,574	\$5,438	\$2,333	\$14,866
Credit card	\$3,543	\$2,719	\$4,242	\$3,742	\$2,820	\$3,518	\$3,640	\$2,677	\$4,422
Payday loan	\$1,063	\$857	\$1,092	\$1,550	\$398	\$962	\$1,125	\$568	\$1,084
Buy Now Pay Later (BNPL)	\$819	\$702	\$890	\$878	\$634	\$932	\$756	\$571	\$905

Level of concern over debts held



Australians holding debt were asked to rate their concern for all types of debt they held. The March quarter survey pointed to a small easing in the level of concern over their total debts to 46.1 pts, down from a survey high 46.9 pts in the December quarter. Though debt stress was still somewhat higher than at the same time last year (42.5 pts), it was lower than savings (61.1 pts) and income (60.6 pts) stress.

Overall debt stress was unchanged for women (51.4 pts) and remained noticeably higher than for men where debt stress eased to 40.7 pts (42.2 pts in the previous quarter). Overall debt stress fell noticeably in the 18-29 age group (45.3 pts vs. 48.2 pts) and was also lower in the 30-49 group (56.2 pts vs. 57.7 pts). It increased in the 50-64 group (47.8 pts vs. 45.6 pts), and in the over 65 (27.5 pts vs. 26.7 pts) group though it remained lowest by a considerable margin. People in the lower income group reported a big fall in overall debt stress (46.0 pts vs. 52.3 pts vs. 45.2 pts) with a small fall also seen in the higher income group (47.2 pts vs. 47.7 pts) - see table below.

Concern over debts held Q1 2024: 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	64.4	66.6	60.8	68.1	63.4	65.4	51.1	74.7	61.7
Loan from family or friend	62.0	63.1	60.9	52.9	66.1	62.3	74.2	65.1	63.9
Personal loan	61.0	64.0	57.8	58.5	65.3	61.0	38.1	76.2	55.1
Home loan	59.0	62.3	54.8	60.6	62.3	57.2	43.4	73.5	56.9
Investment loan	56.8	59.6	54.7	54.9	66.5	49.5	33.0	49.7	56.7
Credit card debt	48.6	55.5	42.8	55.4	56.3	47.1	33.5	58.3	49.0
Buy now pay later loan (BNPL)	46.8	48.6	43.5	45.6	48.6	51.0	27.9	53.5	41.8
Overall	46.1	51.4	40.7	45.3	56.2	47.8	27.5	46.0	47.2

Women reported higher stress for all types of debt than men, with stress levels significantly higher for credit card debt (55.5 pts vs. 42.8 pts), home loans (62.3 pts vs. 54.8 pts) and personal loans (64.0 pts vs. 57.8 pts). Payday loans caused somewhat more stress in the 18-29 age group (68.1 pts), and personal loans (65.3 pts), home loans (62.3 pts) and investment loans (66.5 pts) in the 30-49 age group. Stress around loans from family & friends was significantly higher in the over 65 age group (74.2 pts), and BNPL somewhat higher in the 50-64 age group (51.0 pts). Debt stress was higher for lower income earners than higher income earners for all types of debt except investment loans (56.7 pts higher income; 49.7 pts lower income). The “stress gap” was widest for personal loans (76.2 pts vs., 55.1 pts), home loans (73.5 pts vs. 56.9 pts), payday loans (74.7 pts vs. 61.7 pts) and BNPL (53.5 pts vs. 41.8 pts) - see above below.

Home loan stress should rates rise further.

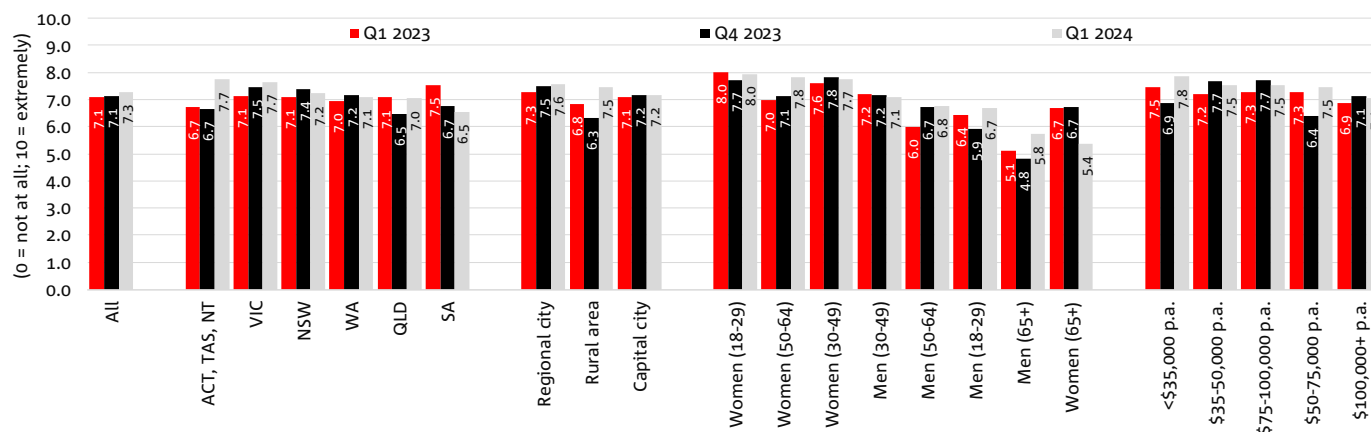
Policy rates have risen from 0.1% in April 2022 to 4.35% in November 2023 and have since been on hold. With the effects of restrictive monetary policy evident in activity data and inflation trending in the right direction, NAB think further rate rises are unlikely. A lift in measured productivity in Q3 and Q4 was also a welcome sign for policy makers, albeit the RBA’s longer-term assumption of 1% annual growth remains optimistic. Given inflation remains well above target, we expect the RBA Board to continue to take a cautious approach with November the most likely timing for a first rate cut. From there we see a profile of gradual rate cuts, back to around 3% by end-2025.

Despite the favourable outlook for interest rates, people with home loans continue to express elevated levels of concern over their home loan debt if interest rates should rise further. In the March quarter, overall concern increased to 7.3 pts, up from 7.1 pts in the previous quarter and at the same time last year.

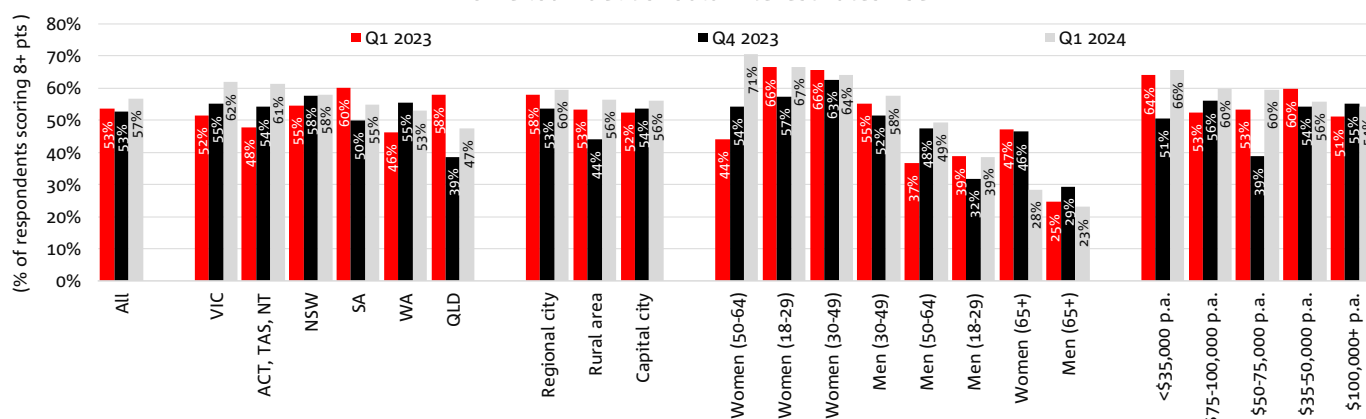
Concern ranged (and lifted sharply) from 7.7 pts in ACT, TAS & NT combined to 6.5 pts in SA. It was again highest in regional cities (7.6 pts), rose sharply in rural areas (7.5 pts) and lowest in capital cities (7.2 pts). By gender and age, it was highest for women 18-29 (8.0 pts), and lowest for women over 65 (5.4 pts). Concern was higher for women than men in all age groups except for the over 65s. By income, the level of concern ranged narrowly from 7.8 pts in the lowest income group to 7.1 pts in the highest income group.

The average score however masks large numbers with “very high” levels of concern over future rate rises (i.e., scored 8+ pts). In March, it approached 6 in 10 (57%) up from 53% in the previous quarter. It also increased in all states and regions except WA and ranged from 62% in VIC to 47% in QLD, and from 60% in regional cities to 56% in the capitals and rural areas. More people in all age groups expressed elevated levels of concern except the over 65 group. Concern ranged from over 7 in 10 (71%) women aged 50-64 to less than 1 in 4 (23%) men over 65. By income, the number of highly concerned people were in the lowest income group, and it increased sharply to 66%. It also climbed quite steeply in the \$50-75,000 income group (60%) and was smallest in the highest income group (54%) - see chart below.

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

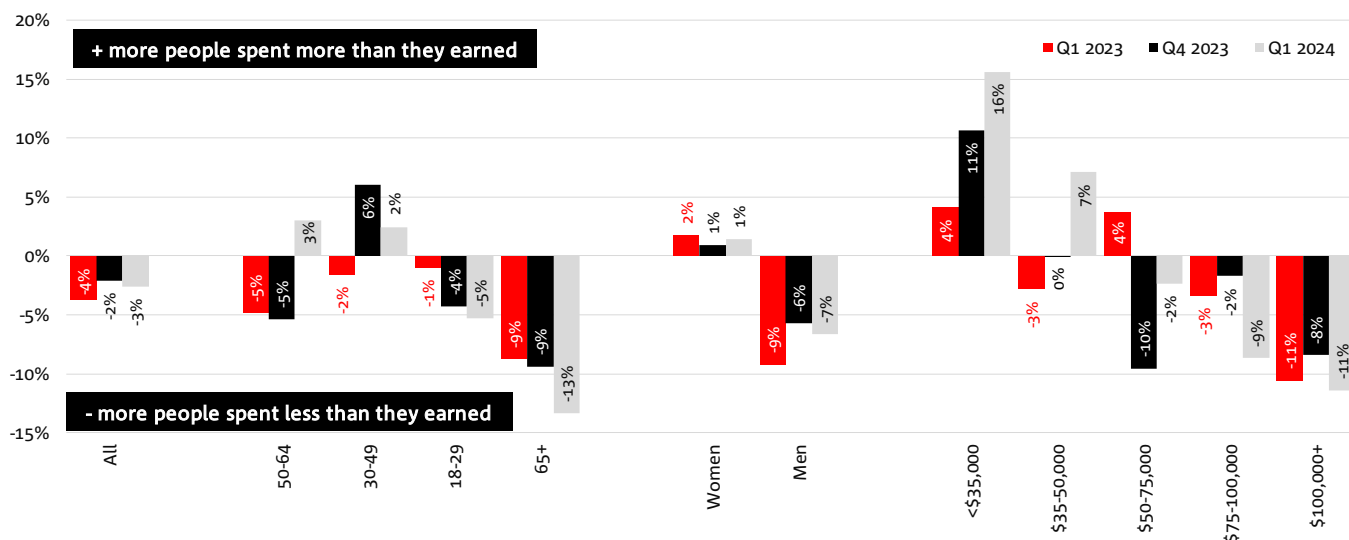
To help understand financial stresses Australian's face, we ask them if they spent more or less than they earned in the last month (either through income or investments or pensions). The results are presented in net balance terms - i.e., a positive number means the number of people who spent more than 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 in the March quarter (-3%) and was basically unchanged from -2% in the previous quarter and -4% at the same time last year.

But this varied significantly across age groups. The number of people that spent more than they earned was greater than those that spent less in the 18-29 age group (+3% reversing the trend in the previous quarter when -5% spent less), and in the 30-49 group where +2% spent more (though this fell from +6% in the last quarter. Slightly more people spent less than they earned in the 50-64 age group (-5% vs. -4%) and over 65 group (-13% vs. -9%).

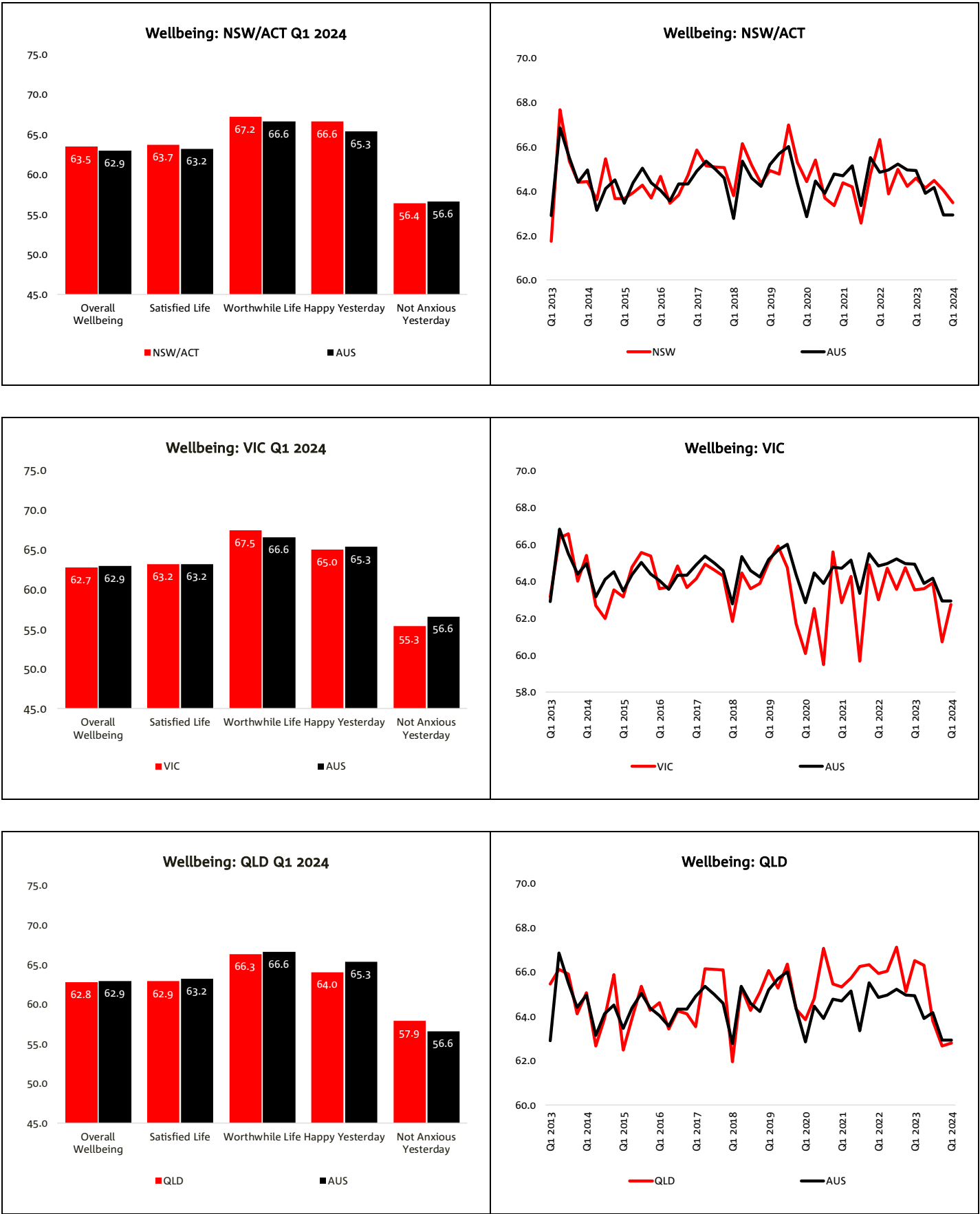
The number of women that spent more continued to slightly outweigh those that spent less in March but was unchanged at +1%. Slightly more men however on balance spent less (-7% vs. -6%).

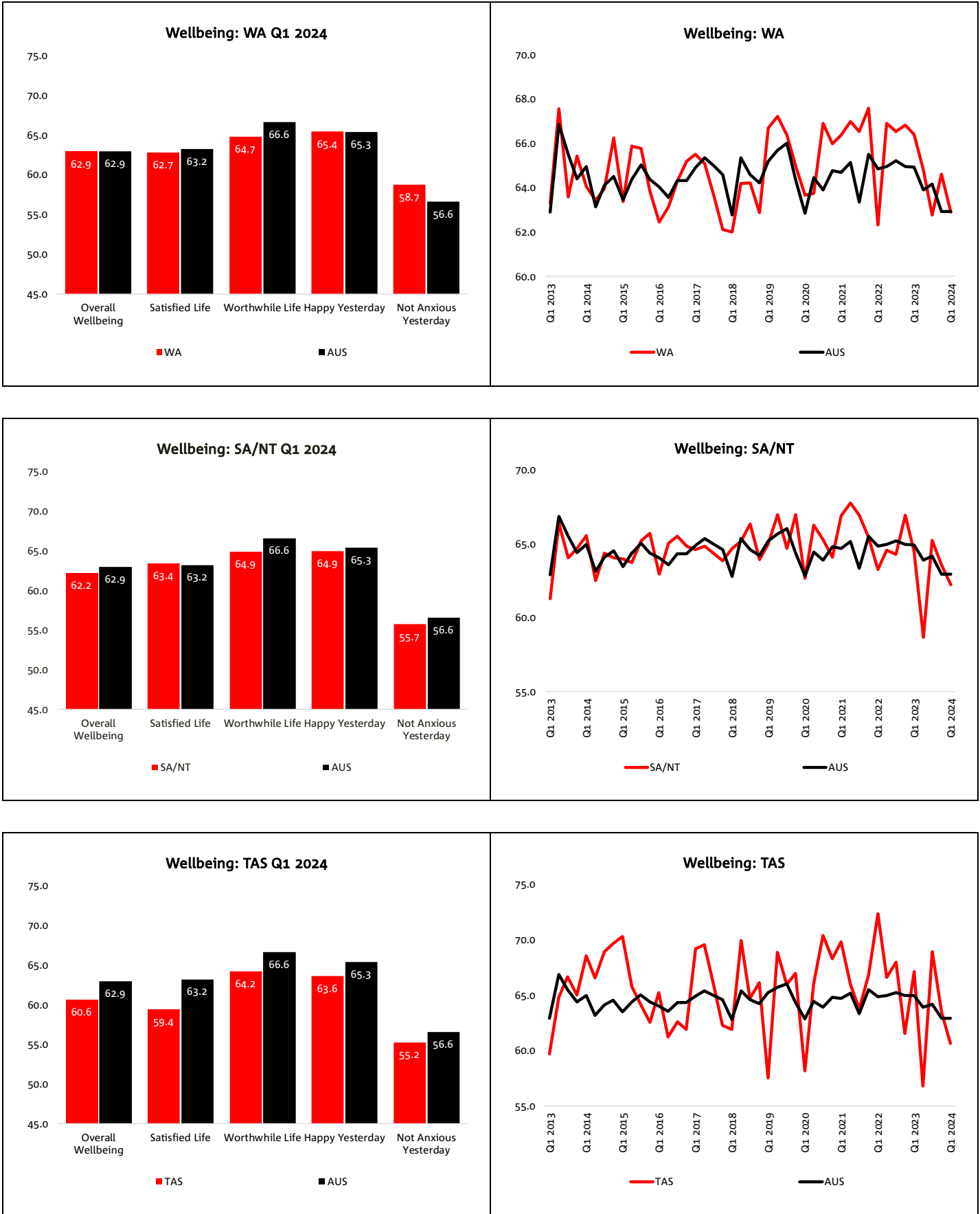
Australians in the lowest income group came under increasing pressure in the March quarter with the net number spending more than they earned climbing to +16%, up noticeably from +11% in the previous quarter and +4% at the same time last year. In the \$35-50,000 group, the net number spending more also climbed to +7% (0% previously). The \$50-75,000 group was also under more pressure with the net number spending less easing to -2% from -10% in the previous quarter. In the \$75-100,000 (-9% vs. -2%) and \$100,000+ (-11% vs. -8%), however more people on balance spent less than they earned compared to the previous quarter.

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

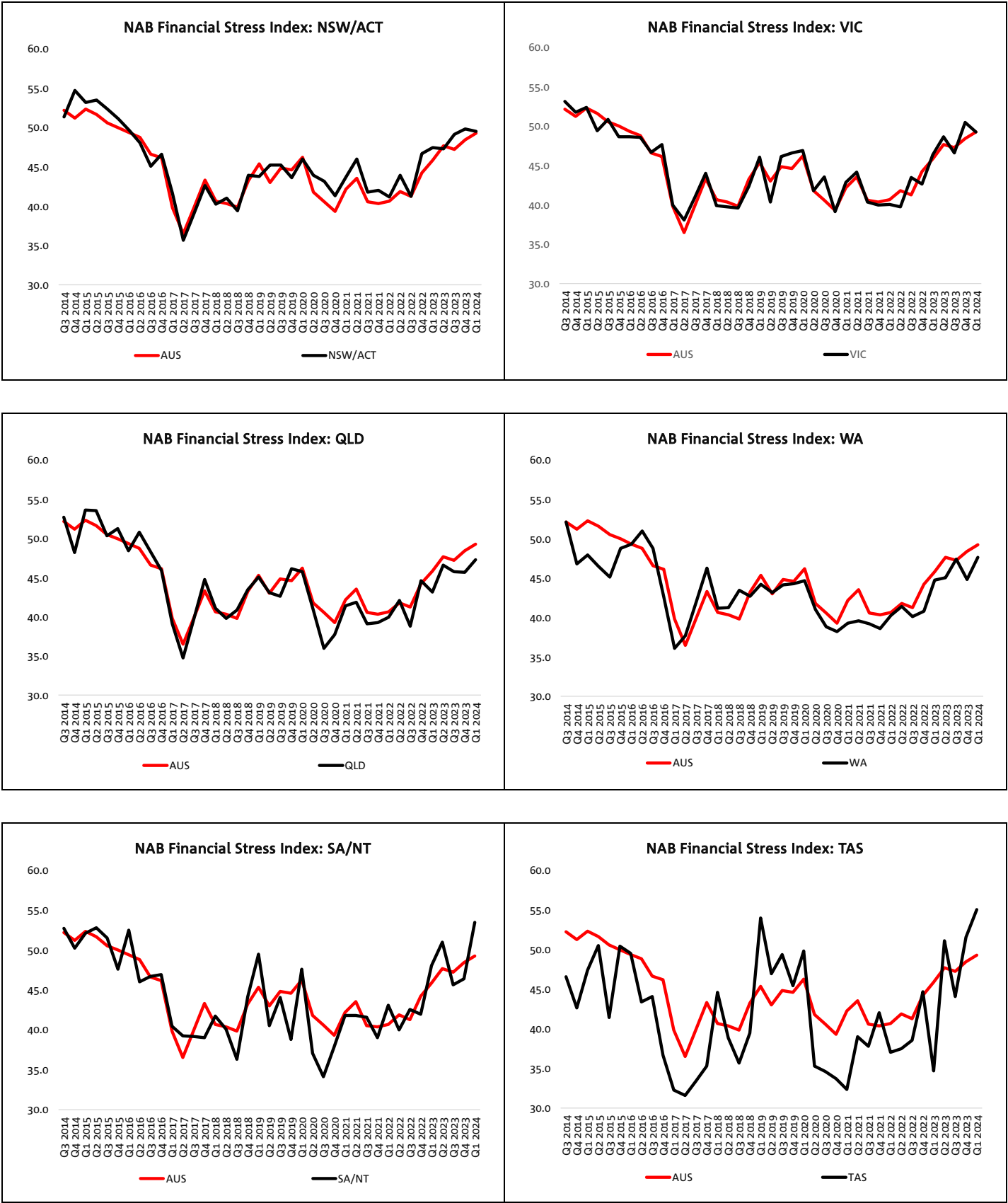


Appendix 1: NAB Wellbeing Index: States





Appendix 2: Financial Stress Index: States



Important Notice

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An aerial, high-angle photograph of a crowded beach. The sand is light-colored and textured. Numerous people are scattered across the beach, many sitting or lying on towels or blankets. A variety of colorful beach umbrellas are open, providing shade. The scene is bright and sunny, with shadows cast by the people and umbrellas. The overall atmosphere is one of a busy, popular beach destination.

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