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money



# NAB Consumer Sentiment Survey

## Q3 2024



October 2024

# NAB Consumer Sentiment Survey Q3 2024

**Consumer stress eases falling to below survey average levels.** Cost of living remains the biggest driver of stress but encouragingly fell as inflation showed signs of slowing. Fewer consumers report higher prices across most monitored spending categories and a growing number of Australians are confident prices will continue to moderate in the December quarter. Job stress also fell. Consumers continue to manage their stress through their behaviours, but with stress declining were able to be a little less austere. But fewer cutbacks meant fewer opportunities to make savings. New research also shows around 1 in 3 Australians drew down their existing savings more rapidly in Q3 to combat living costs, while almost 1 in 5 sold possessions.

## NAB Behavioural and Industry Economics

**The NAB Consumer Sentiment Survey measures how consumers are coping in response to changing economic conditions and personal finances, including their concerns, spending intentions, behaviours and preferences. NAB's Consumer Stress Index provides a more nuanced view of consumer sentiment and is an alternative to more traditional consumer confidence indices. It is based on cost of living, job security, ability to fund retirement, government policy and health. The survey seeks to not only measure consumer stress but also how consumers adjust to ongoing challenges, capturing not only how they are feeling but how they are managing.**

Pressure on consumers abated in the September quarter, with the NAB Consumer Stress Index falling to a below average 57.6 pts, down from 58.9 pts in the previous quarter and 57.7 pts at the same time last year. The share of consumers reporting "very high" stress (90+ pts) also fell for the second consecutive quarter to 18.6% (19.8% in Q2). All components of NAB's Consumer Stress Index fell in Q3. Cost of living remains the biggest driver of stress but encouragingly eased as monthly inflation showed signs of slowing. Stress associated with living costs is now back at survey average levels. Fewer consumers report noticing higher prices across most spending categories monitored. Groceries, utilities, transport and eating out, remain the top categories where consumers believe prices are rising but less so in Q3.

Looking ahead, a growing number of consumers are confident prices will continue to fall in the December quarter. On balance +52% still expect prices to rise in Q4, however this compares to +61% who expected them to rise in the previous quarter. The share of consumers who expect their living costs to be higher in the next 12 months was unchanged at +62%.

Consumer stress associated with Government policies also fell noticeably over the quarter to a below survey average levels though remained higher than at the same time last year. Consumers were also less stressed about their ability to fund their retirement and the impact of health on their future spending and savings plans.

One key reason consumer spending has not collapsed has been employment - providing an offset missed in most consumer 'confidence' measures. And though the labour market continued to show signs of cooling, stress arising from job security also eased but continued to print above average. Lower job security stress in the Q3 survey was underpinned by a higher net number of consumers who now expect their job security to improve in the next 3 and 12 months.

By state, overall consumer stress levels was highest in TAS (61.5 pts) and lowest in QLD (54.6 pts), with WA the only state to report increased stress (57.4 pts up from 57.2 pts in Q2). Though falling in all regions, consumer stress levels remained higher in regional (57.9 pts) and capital (57.8 pts) cities than in rural areas (55.8 pts).



Stress levels remain higher for women (58.2 pts) than men (57.0 pts), though the “stress gap” narrowed to 1.2 pts from 2.2 pts in Q2. Stress fell in all age groups but remains highest in the 30-49 age group (60.3 pts) and lowest among the over 65s (50.1 pts). Though consumer stress was highest in the lowest income group earning less than \$35,000 (59.5 pts), it ranged narrowly from 56.8 pts in the \$100,000+ and \$35-50,000 income groups to 57.8 pts in the \$75-100,000 group. Stress remains highest overall and rose sharply for consumers living in rented apartments (62.6 pts up from 59.0 pts in the previous quarter).

Consumers continue to manage their stress through their behaviours albeit with stress declining were able to be a little less austere. The top behavioural response by Australians remains being careful where they spend their money (on balance +39% of Australians report behaving this way in Q3, however this was down from +43% in Q2 and +48% a year ago). Other common behavioural changes include switching to less expensive products to save money (also down to +29% of consumers from +34% in Q2), researching brands & product choices before buying (+22% up from +20%), and making purchases because of great deals (+13% vs. +12%).

Consumers are knowledgeable about price setting and promotion cycles and are also buying from multiple stores to get the best deals. While consumers remain focussed on value, slightly more report being conscious of buying Australian made (+8% up from +6% in Q2 but still down from 13% the same time last year). The share supporting local businesses however fell to +1% from +4% in Q2 and much lower than the same time last year (+11%). We also noted an unchanged -13% who made purchases based on climate or sustainability issues.

While many Australians continue to respond to cost of living pressures by cutting back or cancelling spending, with cost of living stress now falling the number of consumers doing so also fell across all spend categories. Cutbacks remain most common for eating out at restaurants (53% of consumers reported doing this in Q3, down from 57% in Q2), micro treats (48% vs. 49%), entertainment (45% vs. 49%), car journeys to save petrol (42% vs. 45%), holiday plans (38% vs. 43%) and food delivery services (36% vs. 42%). Consumers remained least inclined to cut spending on private school fees/tutors (8% vs. 10%), their children’s activities (12% vs. 14%) and pets (16% vs. 20%).

With cutbacks easing consumers report saving a little less. On average, they continue to save most by cutting or spending less on major household purchases (\$540, down from \$582 in Q2), cancelling, delaying or making more modest holiday plans (\$445 vs. \$478), and cutting spend on private school fees & private tutors (\$189 vs \$261) and insurances (\$129 vs. \$134). Significant savings were also made in areas where most consumers cut or stopped spending - eating out at restaurants (\$121 vs. \$123), buying micro treats (\$59 vs. \$62), entertainment (\$60 vs. \$64) and on car journeys to save petrol (\$61 vs. \$71). Combined, this added to total monthly savings of \$301 (\$320 in Q2), leaving a potential savings buffer of \$3,612 a year if these behaviours continued (\$3,840 in Q2). Even cutting in areas where savings were smallest - other subscriptions (\$26 vs. \$23) and streaming services (\$31 vs \$29) could potentially save \$684 annually.

Spend management and savings were still the key considerations for those who saved money in Q3, with almost 6 in 10 (58%) using these cutbacks for daily living expenses. Over 4 in 10 (43%) put them into savings or offset accounts. A slightly lower 16% paid down their mortgage (18% in Q2) or other debt (15% vs. 17%). Just 1 in 20 splurged on something they wanted (5%) or did something else (5%).

Around 7 in 10 people over 50 used their savings for daily expenses compared to 5 in 10 under 50. Over 6 in 10 in the 18-29 group put it into savings or offset accounts, around twice as many than in age groups over 50. Somewhat more 30-49 year olds paid down a mortgage (23%), while 4 times as many under 50 splurged on something than those over 50. A lot more consumers in the higher income group added it to savings or offset accounts (50% vs. 34%) or paid down mortgages (25% vs. 4%), but in the lower income group for daily living expenses (73% vs. 48%).

In addition to making cutbacks high living costs continue to drive a range of other meaningful changes in behaviour as consumers continue their search for ways to reduce stress. New research shows around 1 in 3 (34%) Australians used their savings more rapidly in Q3, almost 1 in 5 (17%) sold their possessions, 14% borrowed or were given money from family or friends and 12% got a second job or worked longer hours. Around 1 in 14 (7%) also sold shares and other investments or took money from their super or did not top it up. Only 1 in 20 used equity in their home or investment property to manage, took out a reverse mortgage or drew their mortgage down, while 1 in 25 reverted to “other” means or took out a loan/mortgage to fund expenses. Over 1 in 4 (26%) consumers said cost of living increases were not affecting their lifestyle.

## Key Tables

### Consumer Stress Index (100 = extremely concerned)

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
<b>Consumer Stress Index</b>	<b>57.7</b>	<b>59.5</b>	<b>58.5</b>	<b>58.9</b>	<b>57.6</b>
Job Security	43.3	48.2	46.7	47.6	46.8
Health	57.1	56.5	55.4	55.7	55.5
Ability to Fund Retirement	59.7	60.7	60.2	60.2	59.2
Cost of Living	69.4	69.4	68.7	68.9	66.8
Government Policy	59.1	62.8	61.5	61.8	59.7

### Extent Costs Changed in Last 3 months (net balance - higher/lower)

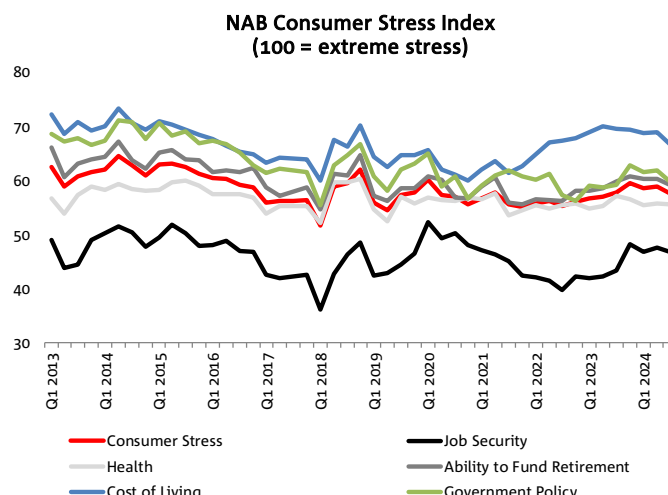
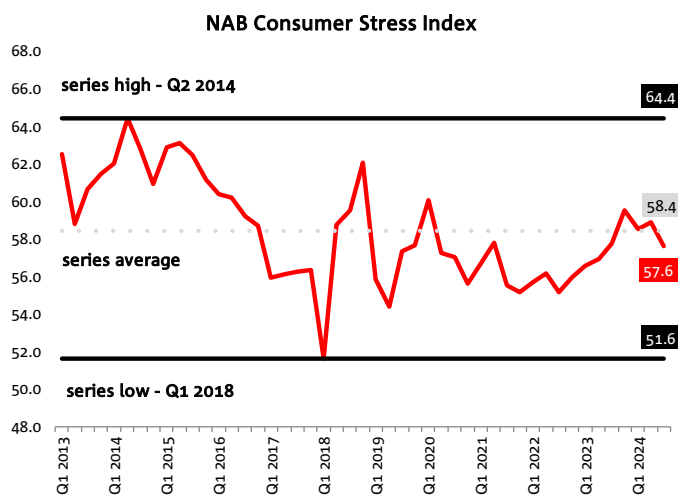
	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
<b>Overall Cost of Living</b>	<b>81</b>	<b>82</b>	<b>78</b>	<b>77</b>	<b>74</b>
Travel/Holidays	65	64	66	61	57
Eating out	68	68	67	65	62
Entertainment	57	59	59	58	55
Groceries	81	81	78	79	75
Home improvements	62	65	62	60	58
Major HH items	59	59	58	55	55
Utilities	79	75	74	72	72
Telecoms	53	56	55	54	58
Personal goods	59	60	61	58	56
Medical expenses	59	64	62	59	57
Transport	72	71	70	67	63
Children	46	50	54	48	49
Mortgage	65	67	63	59	55
Rent	59	61	63	62	58
Other debt	51	53	51	49	46

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

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Major household item	-18	-24	-20	-22	-22
Car	-9	-13	-10	-15	-16
Property (residence)	-7	-13	-8	-9	-12
Property (investment)	-13	-20	-15	-18	-15
Home renovation	-11	-16	-11	-13	-14
School fees	-13	-15	-16	-15	-14
Holiday	-18	-21	-10	-16	-20
Private health insurance	2	-6	-6	-4	-3
Other Investment (ex. property)	-9	-19	-9	-16	-13

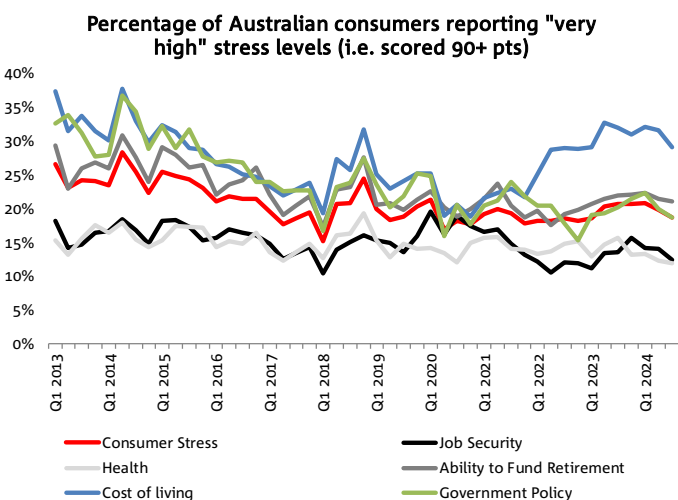
### NAB Consumer Stress Index...

NAB’s measure of consumer stress is based on household stresses arising from their job security, health, ability to fund retirement, cost of living and Government policies. Pressure on consumers abated in the September quarter, with the NAB Consumer Stress Index falling to a below average 57.6 pts, down from 58.9 pts in the previous quarter and 57.7 pts at the same time last year, despite the economy experiencing a period of weak growth. Encouragingly, the number of consumers reporting “very high” stress (90+ pts) also fell for the second consecutive quarter to 18.6% (19.8% in the previous quarter).



All components of NAB’s Consumer Stress Index fell in Q3. Cost of living is still the biggest driver of stress but fell to 66.8 pts (68.9 pts in Q2) as monthly inflation showed signs of easing and it converged with the survey average (66.6 pts). In addition, the number of consumers reporting “very high” cost of living stress fell to 29.0% (31.6% in Q2).

Consumer stress associated with Government policies also fell noticeably over the quarter to a below average 59.7 pts (61.8 pts in Q2), though remained higher than at the same time last year (59.1 pts). Consumers were also less stressed about their ability to fund their retirement in Q3 (59.2 pts down from 60.2 pts in Q2), and the impact of health on their future spending and savings plans (55.5 pts down from 55.7 pts in Q2). And though the labour market continued to show signs of cooling, stress arising from job security also eased to 46.8 pts (47.6 pts in Q2) but continued to print above average (45.9 pts).

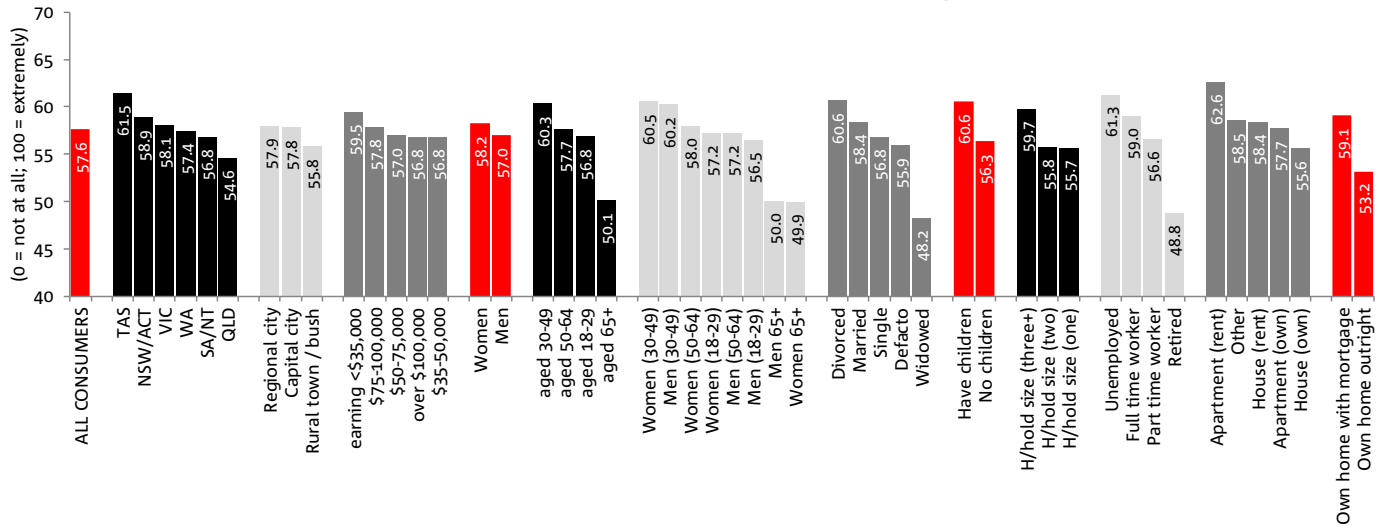


Consumer stress levels also fell in most monitored groups. In the September quarter, consumers in 44 of 49 monitored groups reported lower levels of stress, with only 5 groups reporting higher stress. By state, it remained highest in TAS (61.5 pts) and was lowest in QLD (54.6 pts), with WA the only state to report increased stress (57.4 pts up from 57.2 pts in Q2). Though falling in all regions, consumer stress levels remained higher in regional (57.9 pts) and capital (57.8 pts) cities than in rural areas (55.8 pts).

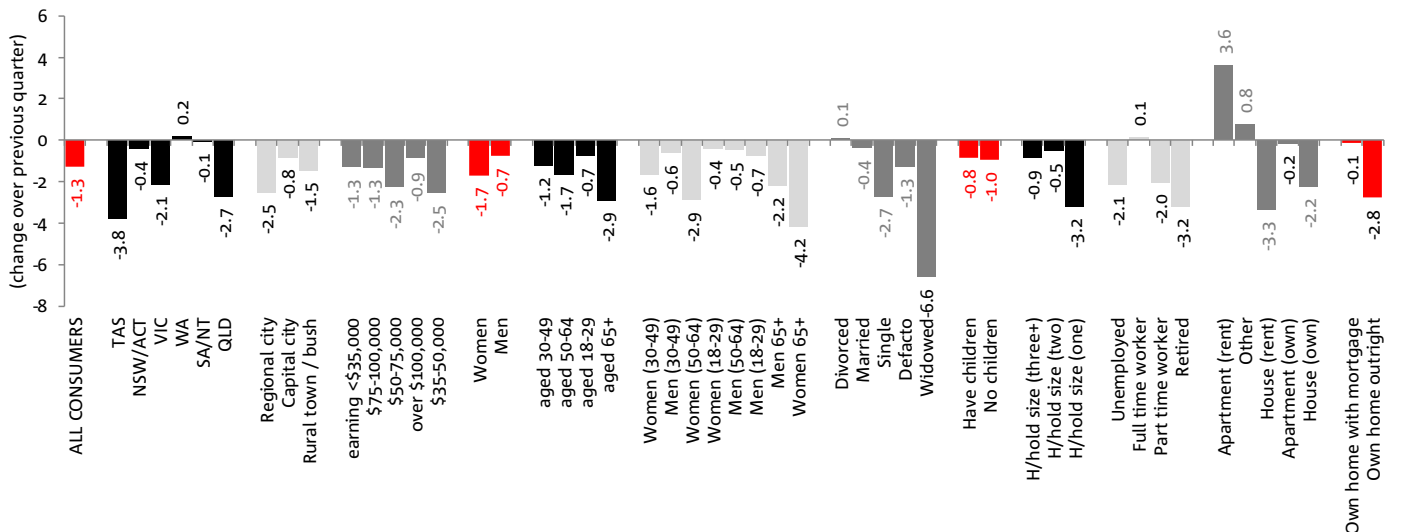
In other key groups, stress levels remained higher for women (58.2 pts) than men (57.0 pts), though the “stress gap” narrowed to 1.2 pts from 2.2 pts in Q2. Stress fell in all age groups but remained highest in the 30-49 age group (60.3 pts) and lowest in the over 65 age group (50.1 pts). Income levels did not appear to be a significant differentiator. Though consumer stress was highest in the lowest income group earning less than \$35,000 (59.5 pts), it ranged narrowly from 56.8 pts in the \$100,000+ and \$35-50,000 income groups to 57.8 pts in the \$75-100,000 group.

In other key findings, stress levels were highest overall and rose sharply for consumers living in rented apartments (62.6 pts up from 59.0 pts in the previous quarter) - see charts below.

NAB Australian Consumer Stress Index: Categories



NAB Australian Consumer Stress Index: Categories (change on last quarter)



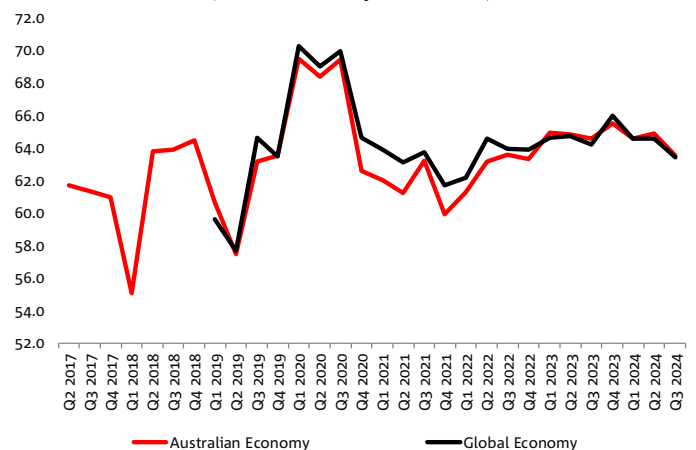
General level of concern over the economy...

Recent data continue to show the Australian economy experiencing a period of weak growth - with private sector activity impacted by a soft consumer. Feeding through the Q2 National accounts data and slightly lowering our outlook for consumption sees GDP growth of 1.0% this year, 2.2% in 2025 and 2.3% in 2026.

NAB also expects the global economy to grow 3.1% in 2024 and 2025 before moving slightly higher to 3.2% in 2026. Should these forecasts eventuate, it would be the first period of sub-trend (below 3.4%) growth since the first half of the 1990s.

Against this background, the level of consumer concern about the impact of the domestic economy on their future spending and savings plans eased to 63.5 pts in Q3 (64.9 pts in Q2), with the level of concern over the international economy also lower at 63.4 pts (64.6 pts in Q2).

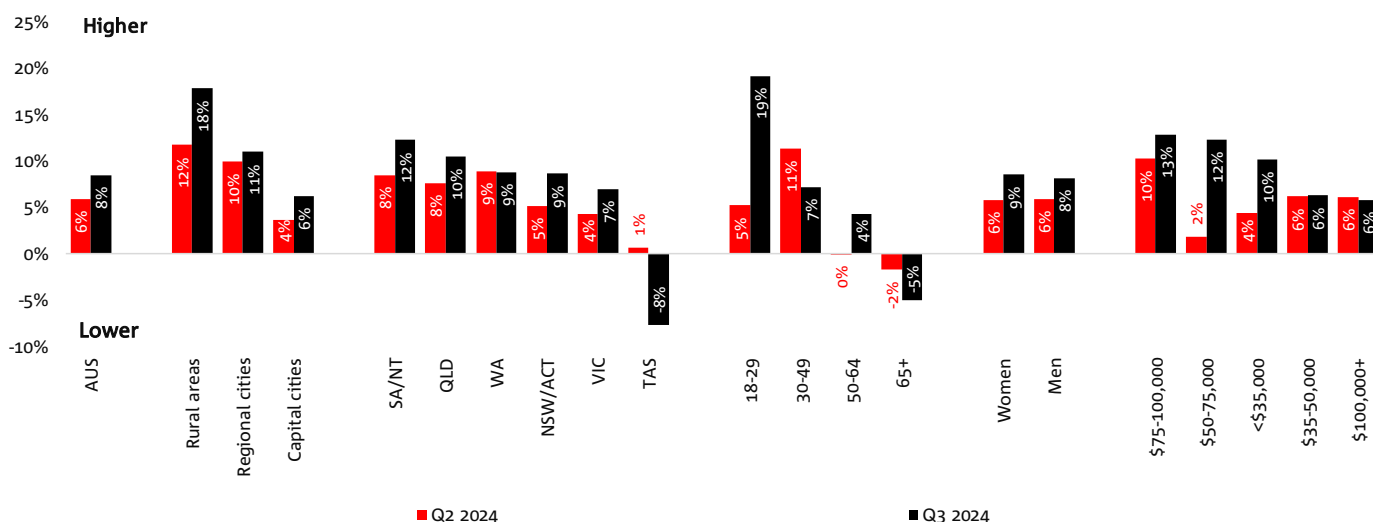
Concern About Economic Situation (100 = extremely concerned)



### Job security...

Despite very slow economic growth confirmed in the Q2 National Accounts, employment growth has stayed positive over recent months. Nonetheless, the unemployment rate has gradually risen reflecting the strength of population growth and record participation. This is very much in line with NAB’s expectations for how the labour market would evolve and we expect this pattern to continue for the rest of the year, taking unemployment to around 4½% before growth begins to strengthen in 2025. Alongside a cooling labour market, the data supports our assessment wage growth has peaked. It was against this backdrop consumer job security stress eased in the September quarter (see above).

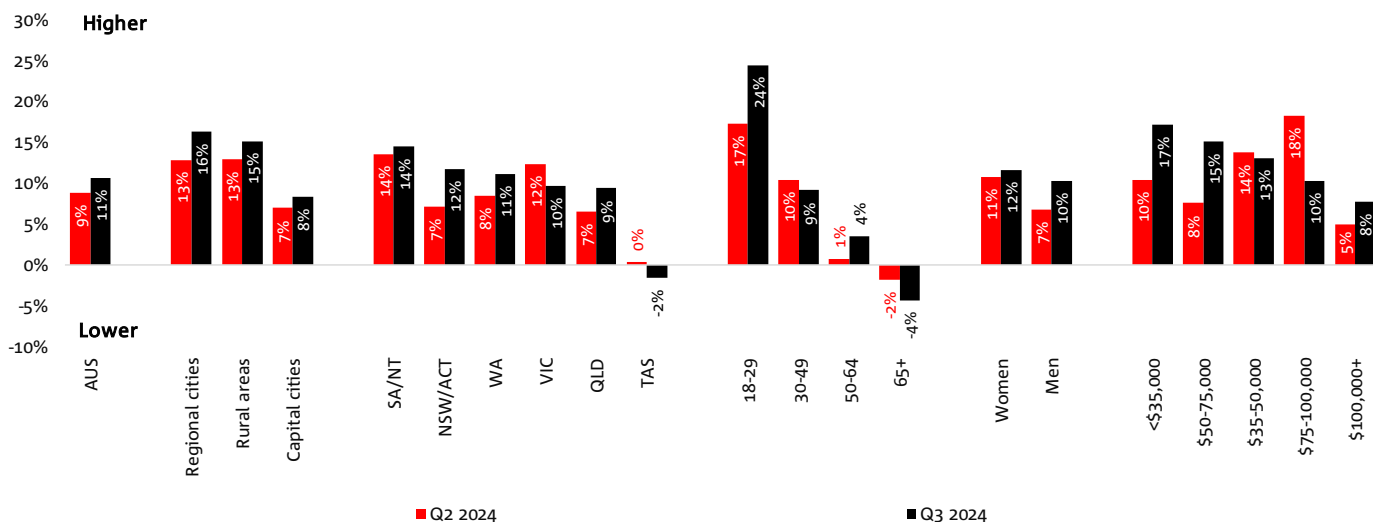
How do expect your job security will change in next 3 months (net balance)



Lower job security stress in the Q3 survey was underlined by a higher net number of consumers who now expect their job security to be higher in the next 3 months (+8% vs. +6% in Q2). It was higher in all regions (ranging from +18% in rural areas to +6% in capital cities) and in all states bar TAS where more consumers are less optimistic about their job security (-8% vs. +1% in Q2). Results were mixed by age with optimism higher in 18-29 (+19% vs. +5%) and 50-64 (+4% vs. 0%) groups, with 30-49 year olds (+7% vs. +11%) and over 65s (-5% vs. -2%) less optimistic. Both women and men are more optimistic about their short-term job security, with positive responses also recorded in all income groups.

Looking ahead to the next 12 months, more consumers in net terms also expect their job security to be higher than in the last survey (+11% vs. +9%). They were more confident about longer-term job security in most groups except in VIC (+10% vs. +12%), TAS (-2% vs. 0%), the 30-49 (+9% vs. +10%) and over 65 (+9% vs. +10%) age groups and in the \$35-50,000 (+13% vs. +14%) and \$75-100,000 (+10% vs. 18%) income groups

How do expect your job security will change in next 12 months (net balance)

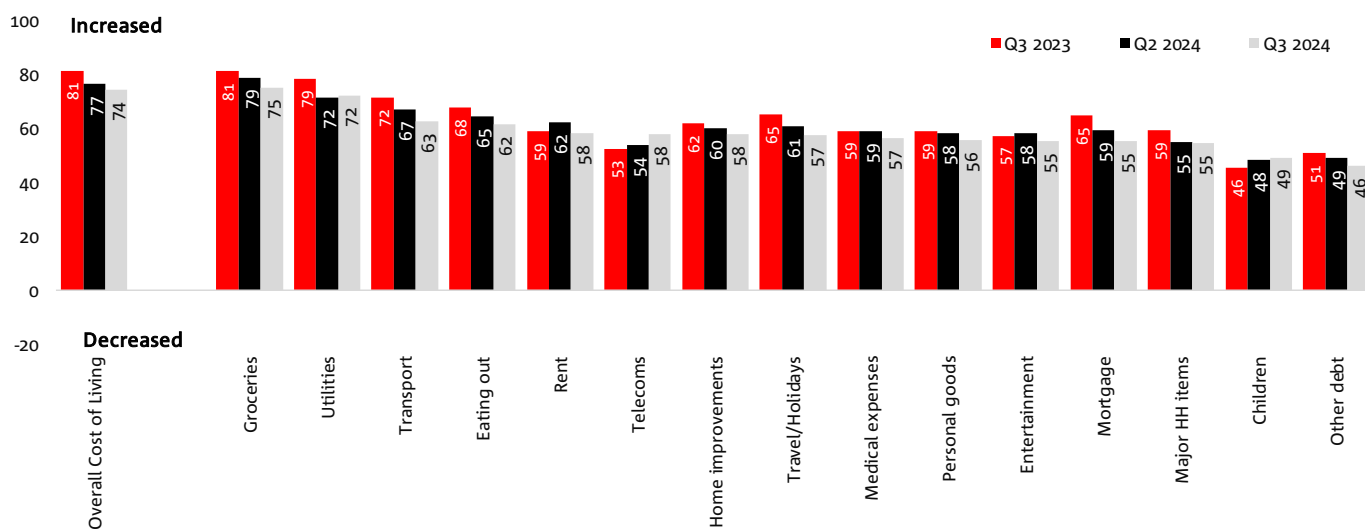


### Cost of living insights...

Despite easing in the September quarter, cost of living is still weighing most heavily on consumer stress levels. To identify the drivers of these pressures, NAB asks consumers if the cost of key goods and services increased or fell in the past 3 months. Results are reported in net balance terms - a positive result means the number who said costs rose outweighed those who said they fell, while a negative result signals more believe costs fell than rose.

Despite easing in the September quarter, the results still show far more consumers (in net terms) believe their overall living costs increased than fell (+74% from +77% in Q2). The highest number of consumers also continued to report higher prices for groceries (+75%), utilities (+72%), transport (+63%) and eating out (+62%). Encouragingly, however the net number who said costs increased fell in most categories, except telecoms (+58%) and children (+49%). It was unchanged for utilities (+72%) and major household items (+55%) - see chart below.

Extent costs have changed in the past 3 months (net balance)



Extent cost of living changed in past 3 months (net balance): region, state, age & high/low income

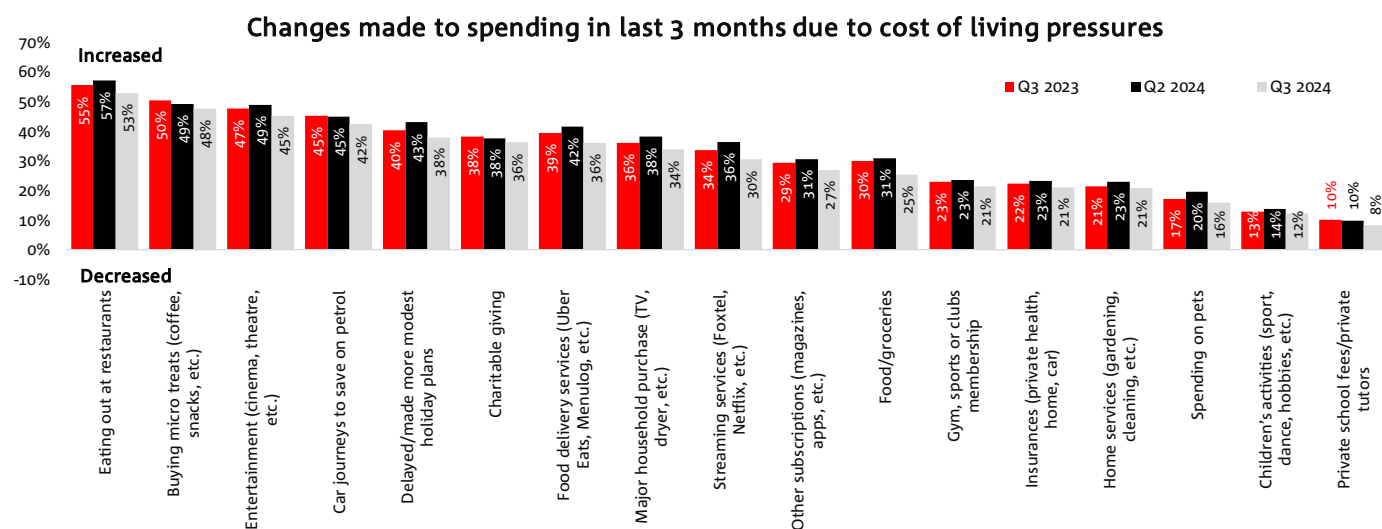
	AUS	Capital cities	Regional cities	Rural areas	NSW/ACT	VIC	QLD	WA	SA/NT	TAS	18-29	30-49	50-64	65+	Lower income	Higher income
<b>Overall cost of living</b>	<b>74</b>	<b>74</b>	<b>75</b>	<b>78</b>	<b>72</b>	<b>75</b>	<b>77</b>	<b>69</b>	<b>77</b>	<b>87</b>	<b>65</b>	<b>73</b>	<b>78</b>	<b>83</b>	<b>76</b>	<b>73</b>
Groceries	75	75	75	77	71	74	81	75	80	83	63	74	81	85	79	75
Utilities	72	73	70	70	72	74	70	69	78	77	59	71	78	82	76	72
Transport	63	62	59	70	62	64	57	66	65	81	53	60	68	72	70	58
Eating out	62	60	65	66	61	61	65	54	64	69	47	63	68	68	63	61
Rent	58	58	56	67	59	57	60	55	62	59	47	63	61	67	64	58
Telecoms	58	57	56	64	58	55	58	59	64	65	49	55	63	67	64	55
Home improvements	58	56	61	62	56	54	65	58	56	74	40	55	72	70	62	57
Travel/Holidays	57	57	60	59	58	58	58	51	60	67	44	57	65	68	64	54
Medical expenses	57	56	57	56	56	56	55	58	58	70	46	56	65	60	59	55
Personal goods	56	55	56	59	55	54	58	54	61	69	42	57	64	60	62	55
Entertainment	55	55	55	57	53	56	59	53	56	69	43	58	62	59	61	56
Mortgage	55	55	54	60	54	56	55	56	57	54	46	61	59	50	58	55
Major HH items	55	53	57	61	53	50	60	57	57	76	38	52	68	64	59	54
Children	49	50	48	48	50	51	48	40	54	62	33	57	54	52	52	52
Other debt	46	46	43	51	44	45	49	49	51	44	39	51	53	37	49	45



But there were some key differences in perceptions across key groups. By region, we counted a much higher number in rural areas who said rents (+70%) and travel/holidays (+67%) increased. By state, higher costs impacted noticeably more consumers in TAS for transport (+81%), home improvements (+74%), medical expenses (+70%), major household items (+76%) and children (+62%), and far fewer in QLD for transport (+57%) and WA eating out (+54%), travel/holidays (+51%) and children (+40%). The Q3 results also showed the number who said costs typically increased with age in all spend categories and was also higher for consumers in the lower than higher income group in all spend categories except children (same), and particularly for transport (+70% vs. +58%) and travel/holidays (+64% vs. +54%).

### Spending changes made due to cost of living pressures, estimated savings from these changes & how they used these savings...

In the September quarter, more consumers on balance responded to cost of living pressures by cutting back or cancelling spending in all monitored areas - though the net number that did so fell in all spend categories. Most continued to cut back on non-discretionary goods and services, with cutbacks most common for eating out at restaurants (53% vs. 57% in Q2), micro treats (48% vs. 49%), entertainment (45% vs. 49%), car journeys to save petrol (42% vs. 45%), holiday plans (38% vs. 43%) and food delivery services (36% vs. 42%). Consumers remained least inclined to cut spending on private school fees/tutors (8% vs. 10%), their children’s activities (12% vs. 14%) and pets (16% vs. 20%) - see chart below.

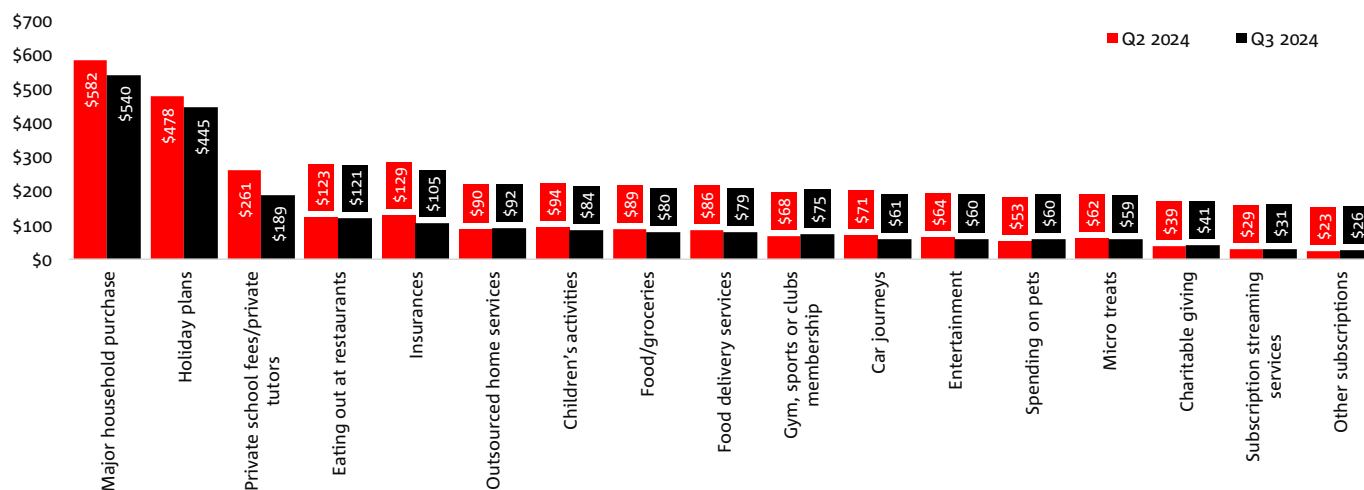


### Changes made to spending due to cost of living pressures: age, gender, high/low income

	All	18-29	30-49	50-64	65+	Men	Women	Lower Income	Higher Income
Eating out at restaurants	53%	50%	59%	55%	43%	47%	59%	54%	54%
Buying micro treats (coffee, snacks, etc.)	48%	45%	53%	52%	38%	43%	53%	53%	48%
Entertainment (cinema, theatre, etc.)	45%	42%	54%	47%	32%	39%	51%	47%	47%
Car journeys to save on petrol	42%	37%	43%	47%	42%	38%	46%	49%	37%
Delayed/made more modest holiday plans	38%	34%	44%	39%	31%	34%	42%	39%	39%
Charitable giving	36%	26%	40%	43%	34%	31%	41%	45%	35%
Food delivery services (Uber Eats, etc.)	36%	46%	46%	31%	14%	32%	40%	36%	40%
Major household purchase (TV, dryer, etc.)	34%	29%	40%	36%	25%	29%	38%	38%	34%
Streaming services (Foxtel, Netflix, etc.)	30%	38%	37%	29%	14%	29%	32%	33%	34%
Other subscriptions (magazines, apps, etc.)	27%	30%	35%	25%	13%	25%	29%	25%	31%
Food/groceries	25%	30%	29%	25%	15%	22%	29%	37%	22%
Gym, sports or clubs membership	21%	26%	29%	17%	9%	20%	23%	22%	23%
Insurances (private health, home, car)	21%	21%	26%	20%	14%	19%	23%	23%	20%
Home services (gardening, cleaning, etc.)	21%	22%	26%	20%	12%	18%	23%	23%	22%
Spending on pets	16%	17%	23%	14%	6%	14%	18%	15%	18%
Children's activities (sport, dance, etc.)	12%	14%	20%	7%	1%	12%	13%	10%	13%
Private school fees/private tutors	8%	12%	12%	6%	1%	9%	8%	7%	9%

During Q3, fewer consumers over 65 cut or reduced spending in all areas relative to other age groups, except car journeys to save petrol and charitable giving which lowest among 18-29 year olds. More women than men also cancelled or cut back spending in all areas except private school fees & tutors. The gap was largest for eating out at restaurants (59% vs. 47%), entertainment (51% vs. 39%), micro treats (43% vs. 43%) and charitable giving (41% vs. 31%). When comparing behaviours in lower and higher income groups, significantly more in the lower income group cut spending on food/groceries (37% vs. 22%), and car journeys to save petrol (49% vs. 37%) - see table above.

Estimated savings per month from spending cutbacks (avg \$)

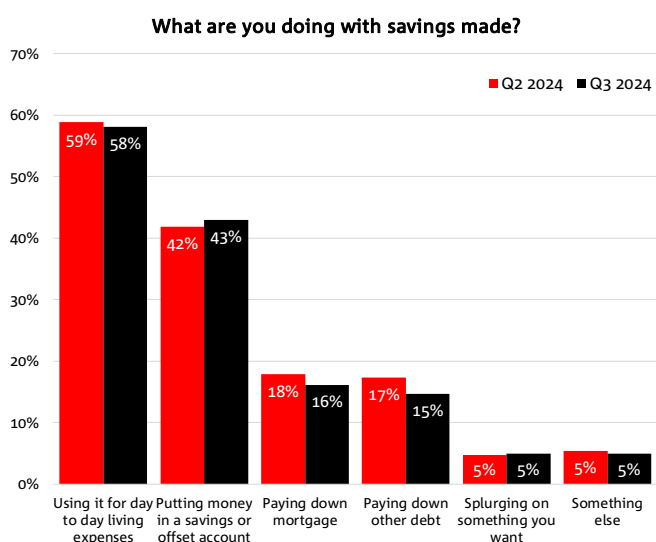


Estimated monthly savings from cutbacks: age, gender, higher/lower income

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Major household purchase	\$540	\$253	\$687	\$598	\$543	\$395	\$650	\$301	\$751
Holiday plans	\$445	\$315	\$661	\$332	\$524	\$355	\$539	\$392	\$688
Private school fees/private tutors	\$189	\$177	\$236	\$129	\$0	\$183	\$203	\$179	\$238
Eating out at restaurants	\$121	\$112	\$138	\$127	\$95	\$117	\$125	\$100	\$150
Insurances	\$105	\$90	\$117	\$104	\$112	\$99	\$111	\$117	\$125
Outsourced home services	\$92	\$100	\$100	\$85	\$70	\$76	\$108	\$52	\$118
Children's activities	\$84	\$95	\$94	\$31	\$100	\$108	\$68	\$108	\$79
Food/groceries	\$80	\$99	\$89	\$53	\$57	\$95	\$69	\$73	\$104
Food delivery services	\$79	\$86	\$87	\$66	\$40	\$74	\$81	\$71	\$95
Gym, sports or clubs membership	\$75	\$70	\$85	\$66	\$51	\$61	\$87	\$82	\$89
Car journeys	\$61	\$71	\$67	\$58	\$44	\$64	\$57	\$45	\$72
Entertainment	\$60	\$59	\$73	\$56	\$38	\$55	\$64	\$40	\$75
Spending on pets	\$60	\$80	\$64	\$58	\$37	\$77	\$49	\$50	\$73
Micro treats	\$59	\$63	\$71	\$54	\$34	\$52	\$63	\$48	\$70
Charitable giving	\$41	\$59	\$46	\$35	\$33	\$40	\$43	\$27	\$51
Subscription streaming services	\$31	\$33	\$31	\$34	\$23	\$32	\$30	\$25	\$33
Other subscriptions	\$26	\$26	\$31	\$19	\$23	\$26	\$26	\$17	\$32

Consumers who cancelled, delayed or cut spending were also asked to estimate how much they saved per month doing so. On average, they saved most by cutting or spending less on major household purchases (\$540 vs. \$582 in Q2), cancelling, delaying or making more modest holiday plans (\$445 vs. \$478), and cutting spend on private school fees & private tutors (\$189 vs \$261) and insurances (\$129 vs. \$134). Significant savings were also made in areas where most consumers cut or stopped spending - eating out at restaurants (\$121 vs. \$123), buying micro treats (\$59 vs. \$62), entertainment (\$60 vs. \$64) and on car journeys to save petrol (\$61 vs. \$71). Combined, this added to total monthly savings of \$301, leaving a potential savings buffer of \$3,612 a year if these behaviours continued. Even cutting in areas where savings were smallest - other subscriptions (\$26 vs. \$23) and subscription streaming services (\$31 vs. \$29) could potentially save \$684 annually.

In key groups, key takeouts included much higher savings made by 30-49 year olds by delaying, cancelling or making modest holiday plans (\$661), cutting back private school fees or tutors (\$236) and entertainment (\$73), and in the 18-29 group on charitable giving (\$59). Women saved substantially more than men on major household purchases (\$650 vs. \$359), holiday plans (\$539 vs. \$355), outsourced home services (\$108 vs. \$76) and gym or sports or club memberships (\$87 vs. \$61), whereas men saved somewhat more from spending less on children’s activities (\$108 vs. \$68), food/groceries (\$95 vs. \$69) and spending on pets (\$77 vs. \$49). Consumers in the higher income group made bigger savings than those in the lower income group in all areas except children’s activities (\$108 vs. \$79) - see table above.



Spend management and savings are still the key considerations for those who saved money in Q3, with almost 6 in 10 (58%) using it for daily living expenses. Over 4 in 10 (43%) put it into savings or offset accounts. A slightly lower 16% paid down a mortgage (18% in Q2) or other debt (15% vs. 17%). Just 1 in 20 splurged on something they wanted (5%) or did something else (5%).

Around 7 in 10 people over 50 used their savings for daily expenses compared to 5 in 10 under 50. Over 6 in 10 in the 18-29 group put it into savings or offset accounts, around twice as many than in age groups over 50. Somewhat more 30-49 year olds paid down a mortgage (23%), while 4 times as many under 50 splurged on something than those over 50. More women used it for daily living expenses (61% vs. 54%) while more men saved (47% vs. 39%) or paid down a mortgage (19% vs. 14%). A lot more consumers in the higher income group added it to savings or offset accounts (50% vs. 34%) or paid down mortgages (25% vs. 4%), but in the lower income group for daily living expenses (73% vs. 48%).

**What are you doing with savings made: age, gender, higher/lower income**

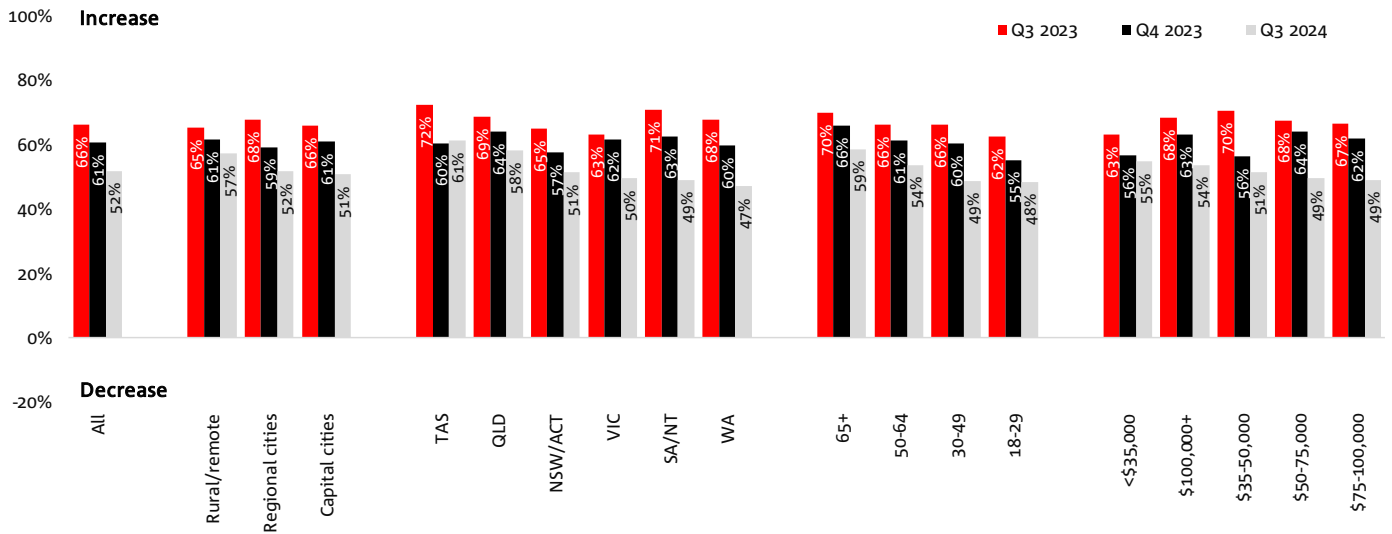
	Using it for day to day living expenses	Putting money in a savings or offset account	Paying down mortgage	Paying down other debt	Splurging on something you want	Something else
<b>All</b>	<b>58%</b>	<b>43%</b>	<b>16%</b>	<b>15%</b>	<b>5%</b>	<b>5%</b>
18-29	49%	61%	14%	12%	8%	1%
30-49	52%	44%	23%	17%	7%	5%
50-64	68%	30%	16%	18%	2%	6%
65+	70%	34%	4%	10%	1%	9%
Men	54%	47%	19%	16%	4%	3%
Women	61%	39%	14%	14%	5%	6%
Lower income	73%	34%	4%	13%	6%	9%
Higher income	48%	50%	25%	14%	6%	3%

**Future cost of living expectations...**

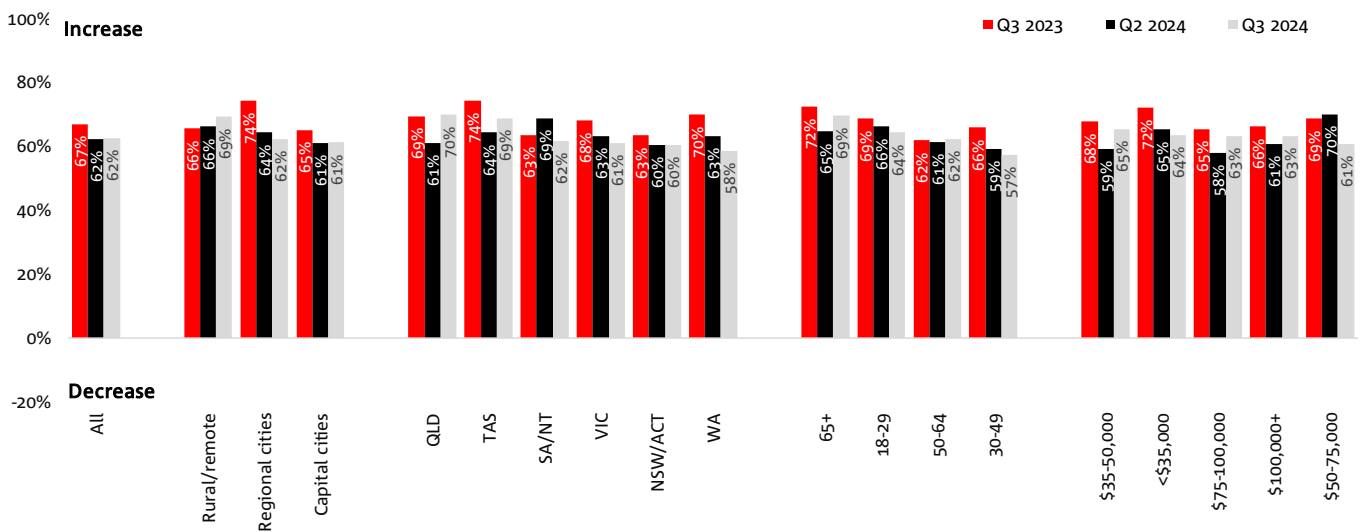
Having explored how consumers responded to cost of living pressures in the past 3 months, we also asked how their overall cost of living will change in the next 3 & 12 months. Though most still believe there will be no respite from cost of living pressures in the short-term, the net number who think their living costs will increase fell to +52% (+61% in Q2). Importantly, the net number who see their living costs increasing fell in all key groups without exception - see first chart below.

Longer-term expectations however are less positive. Despite consensus expectations among experts for inflation to slow over the next year, the number of consumers who believe their living costs will grow in the next 12 months was unchanged at +62%. The survey also discovered an increased number of consumers living in rural areas (+69% vs. 66% in Q2), QLD (+70% vs. 61%), aged over 65 (+69% vs. +65%) and 50-64 (+62% vs. +61%), and in the \$35-50,000 (+65% vs. +59%), \$75-100,000 (+63% vs. +58%) and over \$100,000 (+63% vs. +61%) income groups who expect their living costs to increase - see second chart below.

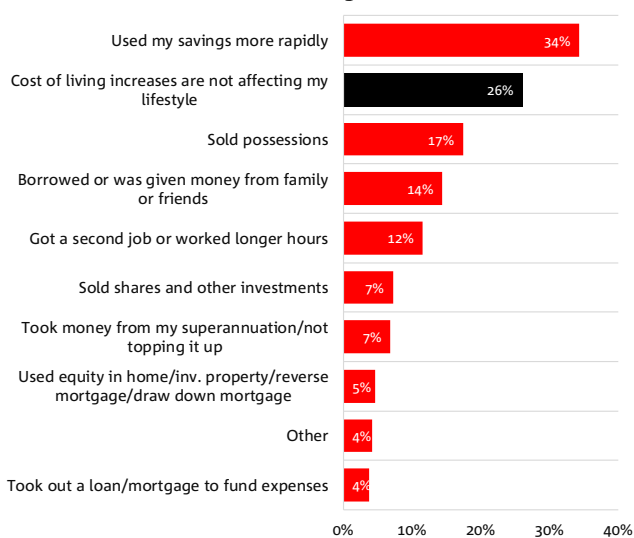
### How will overall cost of living change in the next 3 months (net balance)



### How will overall cost of living change in the next 12 months (net balance)



### Other changes made to manage cost of living increases in last 3 months



In this survey, we also asked for the first time if consumers had made other changes to manage cost of living increases in the last 3 months - aside from more “traditional” approaches such as creating and sticking to a budget, reviewing insurances, saving more, cutting non-essential spending and the like.

The survey found that 1 in 3 (34%) used their savings more rapidly, almost 1 in 5 (17%) sold possessions, 14% borrowed or were given money from family or friends and 12% got a second job or worked longer hours. Around 1 in 14 (7%) also sold shares and other investments or took money from their super or did not top it up.

Only 1 in 20 used equity in their home or investment property to manage, took out a reverse mortgage or drew their mortgage down, while 1 in 25 reverted to “other” means or took out a loan/mortgage to fund expenses. Over 1 in 4 (26%) said cost of living increases were not affecting their lifestyle.



**Other changes made to manage cost of living increases in last 3 months: age, gender, higher/lower income**

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Used my savings more rapidly	34%	34%	38%	31%	31%	32%	37%	36%	34%
<b>COL increases not affecting my lifestyle</b>	<b>26%</b>	<b>19%</b>	<b>22%</b>	<b>28%</b>	<b>39%</b>	<b>30%</b>	<b>22%</b>	<b>18%</b>	<b>31%</b>
Sold possessions	17%	17%	20%	18%	13%	15%	20%	23%	15%
Borrowed/given money from family/ friends	14%	23%	18%	12%	3%	11%	17%	24%	10%
Got a second job or worked longer hours	12%	21%	16%	5%	2%	12%	11%	8%	16%
Sold shares and other investments	7%	12%	7%	5%	6%	9%	6%	5%	9%
Took money from my super/not topping up	7%	7%	5%	7%	9%	7%	7%	9%	5%
Used equity in home/inv. property/reverse mortgage/draw down mortgage	5%	7%	6%	3%	2%	5%	5%	4%	6%
Other	4%	2%	4%	5%	6%	3%	5%	5%	4%
Took out loan/mortgage to fund expenses	4%	6%	5%	2%	1%	4%	4%	3%	4%

By age, somewhat more 18-29 year olds managed cost of living by borrowing or being given money from family or friends (23%), got a second job or worked longer hours (21%) or sold shares or other investments (12%). More women than men used their savings more rapidly (37% vs. 32%), sold possessions (20% vs. 15%) or borrowed or were given money from family or friends (17% vs. 11%). Noticeably more consumers in the lower income group however sold possessions (23% vs. 15%) and borrowed or were given money (24% vs. 10%), whereas more people in the higher group got a second job or worked longer hours (16% vs. 8%). But, when it came to lifestyle not being impacted by cost of living increases, this ranged more widely from 19% in the 18-29 age group to 39% in the over 65 group, from 22% for women to 30% for men, and from just 18% in the lower income group to 31% in the higher income group.

**Future household spending intentions...**

NAB’s Consumer Spending Pulse tracks expected changes in household spending intentions in the next 3 months - i.e., whether consumers plan to spend more or less on a range of goods and services. Stressed consumers typically show increased saving intentions, but also increased spending on products the consumer perceives as necessities. These behaviours occur to gain control in an otherwise uncontrollable environment. The September quarter survey shows that consumers remain cautious, with the overall net number planning to cut back on all spending unchanged over the quarter at -13, but up from -11 at the same time last year.

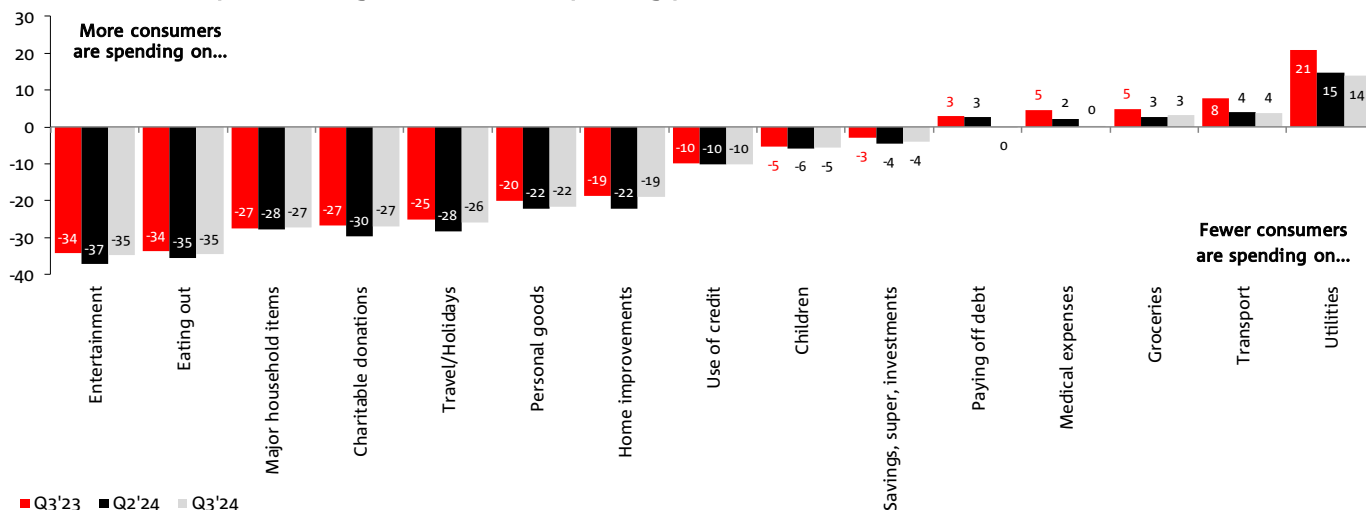
**Spending intentions (net balance)**

	Non-essentials			Essentials			Financial spending			Overall		
	Q3'24	Q2'24	Q3'23	Q3'24	Q2'24	Q3'23	Q3'24	Q2'24	Q3'23	Q3'24	Q2'24	Q3'23
<b>AUS</b>	<b>-27</b>	<b>-29</b>	<b>-27</b>	<b>+3</b>	<b>+4</b>	<b>+7</b>	<b>-5</b>	<b>-4</b>	<b>-3</b>	<b>-13</b>	<b>-13</b>	<b>-11</b>
NSW/ACT	-28	-30	-27	+2	+2	+4	-5	-5	-4	-14	-14	-12
VIC	-29	-28	-27	0	+5	+7	-6	-3	-3	-15	-12	-11
QLD	-27	-32	-23	+7	+3	+11	-5	-6	-2	-11	-15	-7
WA	-20	-34	-29	+2	+4	+4	-1	-4	-1	-9	-15	-13
SA/NT	-23	-19	-25	+9	+9	+10	+1	-2	-7	-8	-7	-10
TAS	-24	-13	-39	+9	+1	+6	-11	+8	-11	-20	-5	-18

On balance, more consumers plan to reduce spending on non-essentials (travel/holidays, eating out, entertainment, home improvements, major household items, personal goods, and charitable donations) than spend more, though this fell to -27 from -29 in Q2. In terms of spending on essentials (groceries, utilities, medical expenses, transport, and children), however net number planning to spend more increased to +7 (+4 in Q2). Intentions around financial spending (paying off debt, using credit and super, savings & investments) were a little less restrained (-3 down from -4 in Q2).

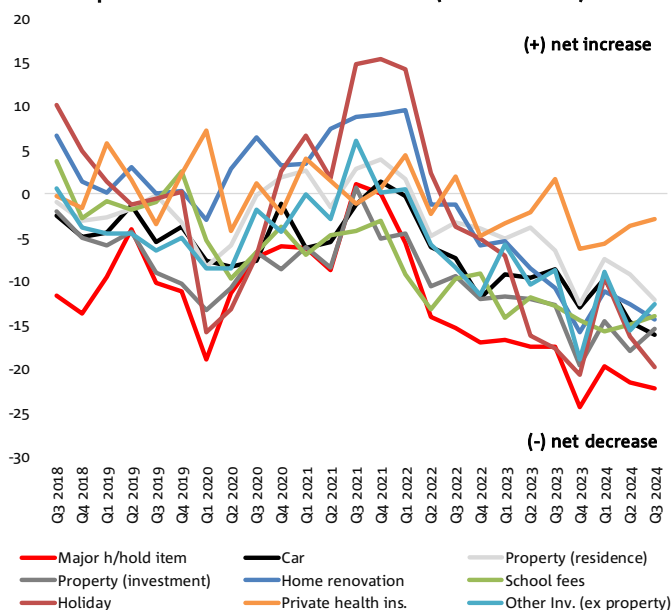
Overall future spending plans remained conservative across the country in Q3, with the net number planning to cut back ranging from -7 in QLD to -18 in TAS. In terms of non-essential spending, more consumers expect to cut back in all states, ranging from -23 in in QLD to -39 in TAS. When it came to essentials, more consumers in net terms expect to spend more in all states ranging from +4 in NSW/ACT and WA to +11 in QLD. More consumers in all states also plan to lower their financial spending, ranging from -1 in WA to -11 in TAS - see Appendix 2 for more State detail.

Expected changes in household spending patterns in the next 3 months (net balance)



By spend category, most Australian consumers on average expect to spend less on entertainment such as movies, sporting events, concerts (-35), eating out (-35), major household items (-27), charitable donations (-27), travel/holidays (-26), personal goods such as clothing, toiletries, hair & beauty, sports, pets (-22), home improvements (-19, use of credit (-10), children (-5), super savings & investments (-4) in the next 3 months. But they still expect to spend more on utilities (14), transport (+4) and groceries (+3) - see chart below and Appendix 2 for more state detail.

Expectations in regards to making major purchases in next 12 months (net balance)



Expectations for major purchases over the next 12 months were mixed in Q3, though the net number planning to spend less still outweighed those planning to spend more in all categories.

The highest number of consumers expect to rein in spending on major household items (-22), followed by holidays (-20), cars (-16), investment property (-15%), home renovations and school fees (-14), other investments (-13) and residential property (-12%).

On balance, more consumers in all age groups expect to spend less for all big ticket items, except the 50-64 age group where the number expecting to spend more on private health insurance exceeded those who expected to spend less (+2), and in the over 65 age group who expected to spend more on other investments outside of property (+2).

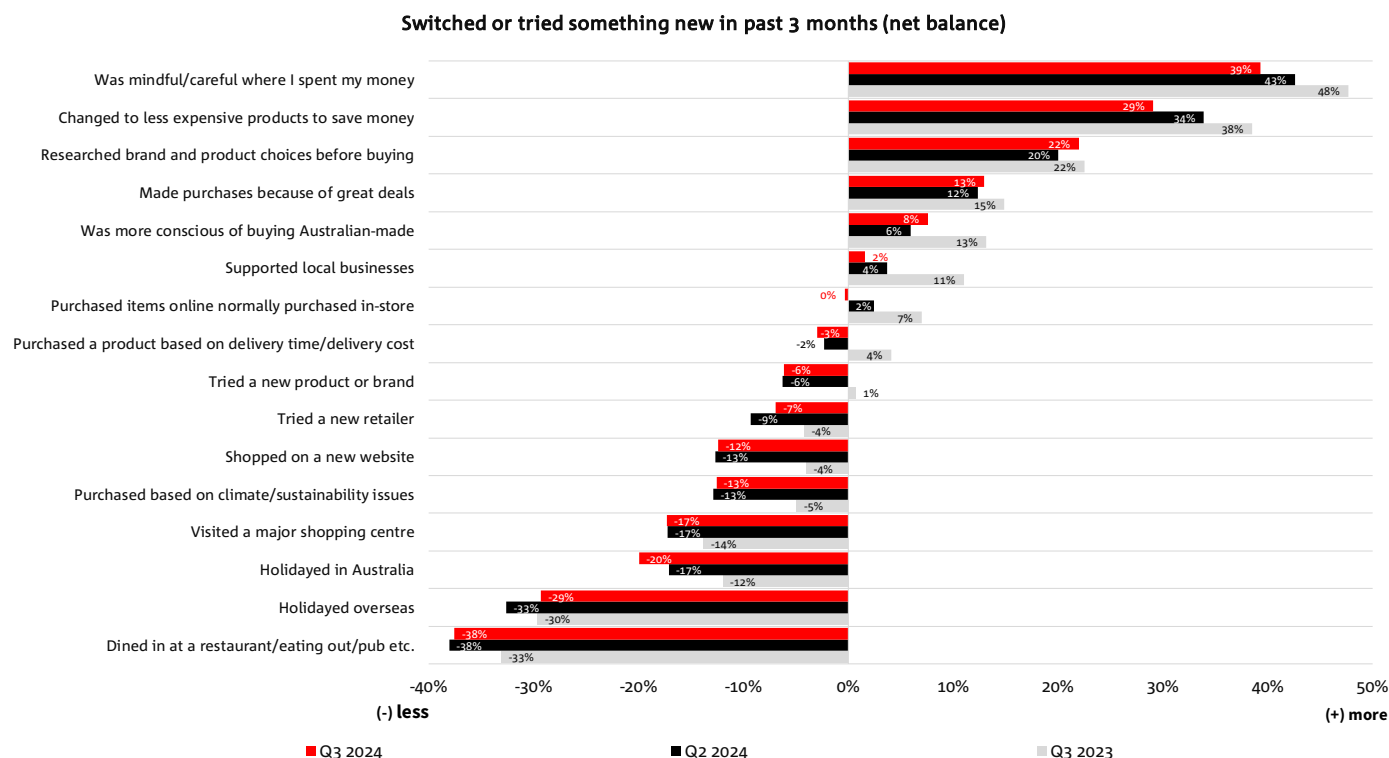
The net number expecting to spend less in all major purchase categories outweighed those expecting to spend more for men and women and in lower and higher income groups.

Expectations for major purchases: age, gender & lower/higher income

	AUS	18-29	30-49	50-64	65+	Women	Men	Lower income	Higher income
Private health ins.	-3	-11	-8	2	13	-4	-2	-7	-3
Property (residence)	-12	-15	-11	-13	-9	-13	-12	-22	-5
Other Inv. (ex property)	-13	-18	-12	-13	2	-15	-11	-15	-8
School fees	-14	-26	-7	-12	-21	-11	-17	-20	-10
Home renovation	-14	-20	-15	-16	-3	-16	-13	-21	-11
Property (investment)	-15	-21	-13	-15	-7	-13	-17	-27	-10
Car	-16	-18	-14	-17	-16	-17	-15	-25	-10
Holiday	-20	-18	-22	-21	-16	-22	-18	-29	-16
Major h/hold item	-22	-16	-24	-27	-21	-22	-22	-23	-23

## Shopping Behaviours

In this section, we explore how consumer behaviours and habits changed over the last 3 months. We focus on whether consumers switched or tried new products, brands, stores, or ways of purchasing, if their household was influenced by various cost, value, convenience, safety, environmental or social issues, and whether their behaviours changed around more general themes. To show if and how their behaviours changed, consumers were asked to think back over the past 3 months and rate the extent they switched or tried a new product, brand, store, or way or purchasing (i.e., if they were doing more or less of these things).



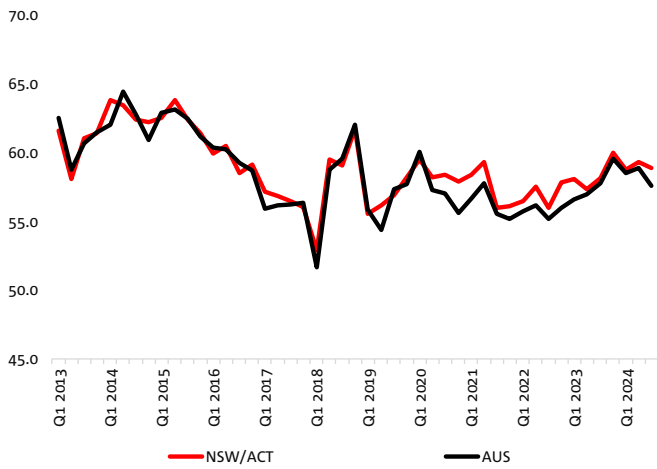
High living costs are still driving a range of consumers spending behaviours, with shoppers in all demographic groups looking for ways to save money. In Q3, spending change was most evident for being mindful or careful about where they spent their money, with the net number doing so heavily outweighing those less mindful. That said, it fell to +39% from +43% in previous quarter and +48% one year earlier).

Positive behavioural change was next most common for switching to less expensive products to save money (also down to +29% from +34%), researching brands & product choices before buying (+22% up from +20%), and making purchases because of great deals (+13% vs. +12%). Slightly more consumers were conscious of buying Australian made (+8% up from +6% in Q2 but still down from 13% the same time last year). The number supporting local businesses however fell to +1% from +4% in Q2 and was much lower than the same time last year (+11%).

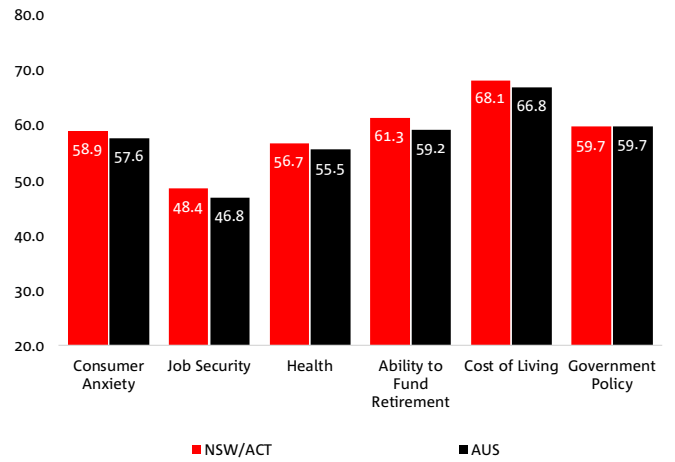
In terms of doing less, enduring cost of living pressures are clearly continuing to weigh on shoppers. During the quarter, we recorded an unchanged -38% who dined in less at restaurants or ate out, and it remained the number one negative behavioural change in the last 3 months. The September quarter survey however did record a somewhat lower number who holidayed less overseas (-29% vs. -33%) but a higher number who holidayed less in Australia (-20% vs. -17%). We also noted an unchanged -17% who visited a major shopping centre and -13% who made purchases based on climate or sustainability issues.

## Appendix 1: Consumer Stress Index - States

Consumer Stress: NSW/ACT



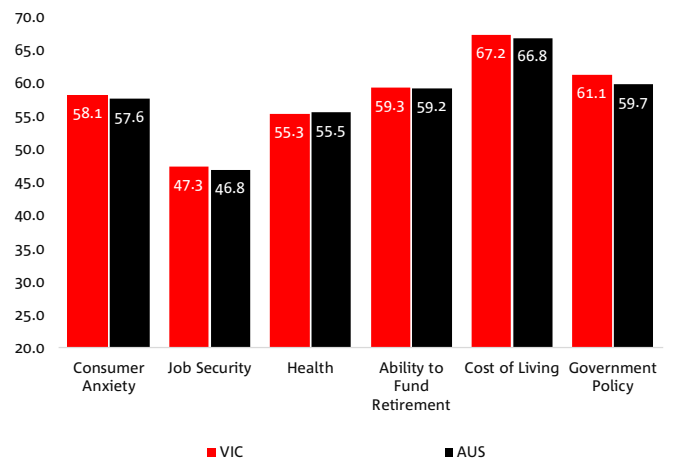
Consumer Stress: NSW/ACT (Q3 2024)



Consumer Stress: VIC



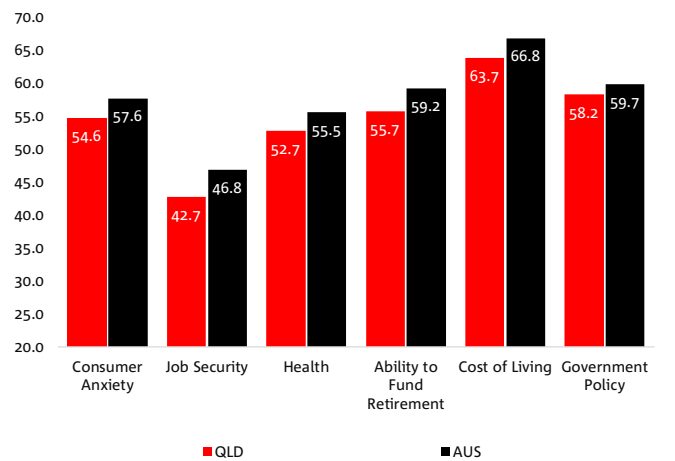
Consumer Stress: VIC (Q3 2024)



Consumer Stress: QLD



Consumer Stress: QLD (Q3 2024)

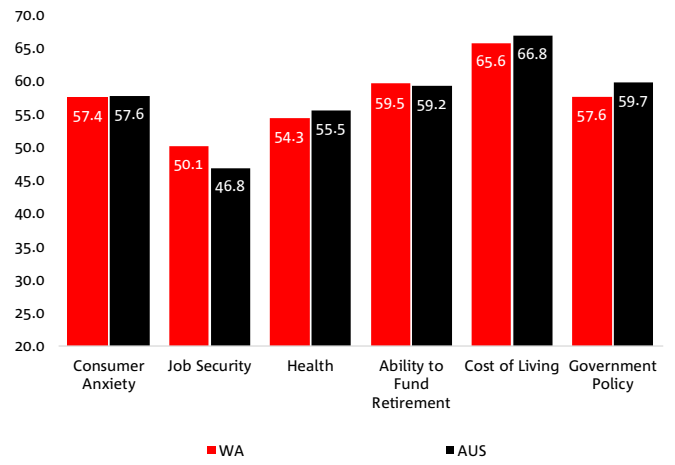




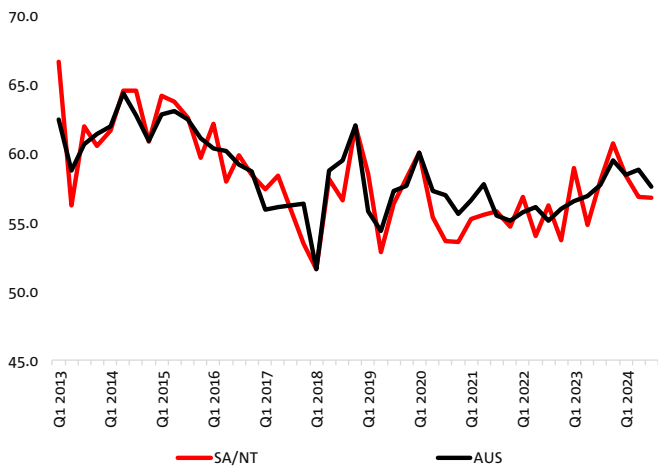
Consumer Stress: WA



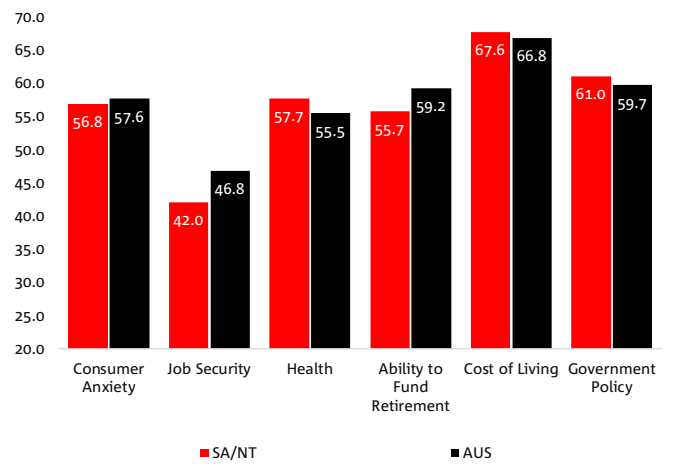
Consumer Stress: WA (Q3 2024)



Consumer Stress: SA/NT



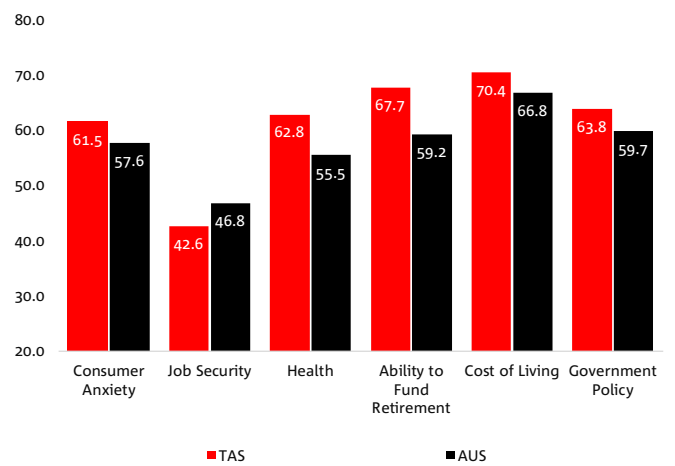
Consumer Stress: SA/NT (Q3 2024)



Consumer Stress: TAS

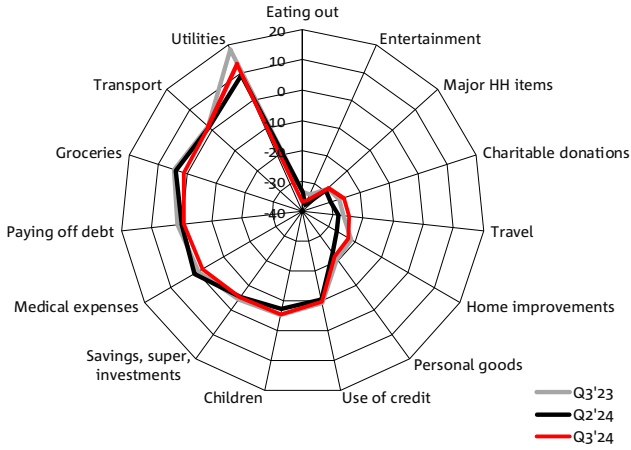


Consumer Stress: TAS (Q3 2024)

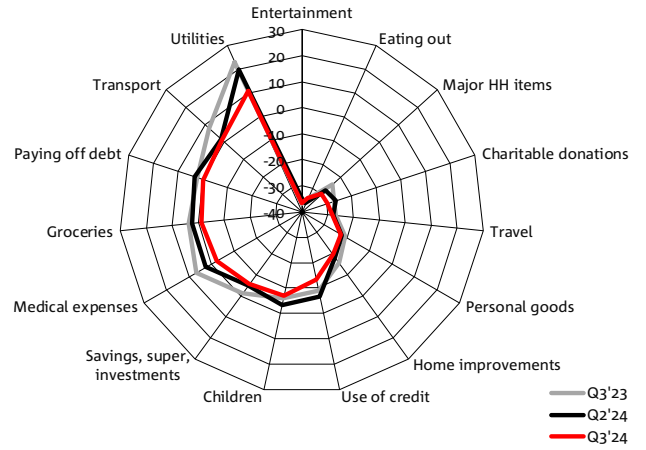


## Appendix 2: Future Spending Patterns: States

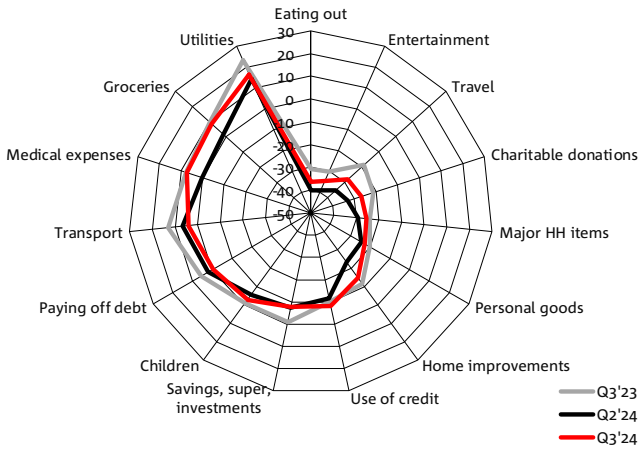
NSW/ACT: Changes in spending patterns (net)



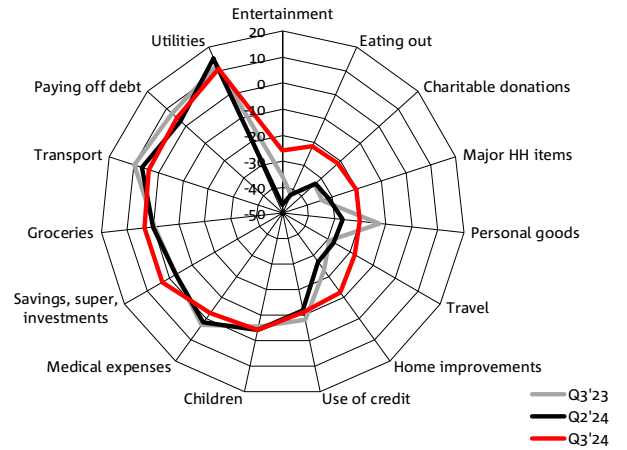
VIC: Changes in spending patterns (net)



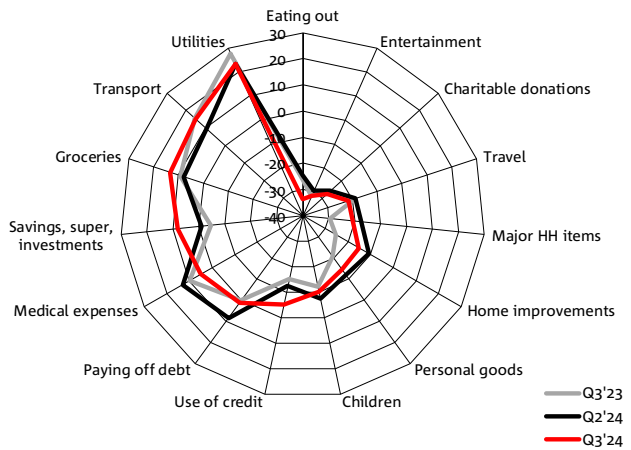
QLD: Changes in spending patterns (net)



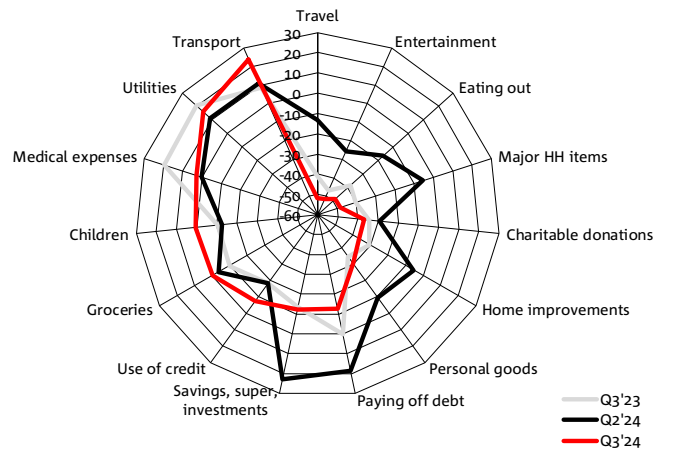
WA: Changes in spending patterns (net)



SA/NT: Changes in spending patterns (net)



TAS: Changes in spending patterns (net)





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