NAB Consumer Sentiment Survey

Q2 2025

NAB Consumer Sentiment Survey Q2 2025

The NAB Consumer Stress Index eased to a 2-year low and marks its 50th iteration. Stress levels fell for all index components in the June quarter. Though cost of living pressure still weighed most heavily on Australian consumers, it eased to its lowest level since March 2022 as headline inflation held steady within the RBA's target range. And with the labour market remaining resilient, concerns over job security also eased to below average levels for the first time in nearly 2 years. Over 1 in 3 Australians are 'very' concerned about the impact of US tariffs on the Australian economy, however this falls to around 1 in 4 when asked about the potential impact on their household's financial position. When asked how they see the year ahead, a growing number of consumers on balance expect interest rates to decrease in the next 12 months.

NAB Behavioural & Industry Economics June 2025

Summary

Welcome to the 50th iteration of the NAB Consumer Stress Index!

We hope that by providing an alternative measure of consumer sentiment, NAB has contributed to the understanding of how Australian consumers feel and behave. In our view, an indicator based on questions related to the household, rather than the general economy, can often prove more revealing. Since most of us only have direct knowledge of our own household's current economic conditions, we must rely on external information to develop views about the future and the economy more generally.

Today, households are more exposed to 'bad' news which reverberates much more than 'good' news, and increasingly this is impacting how they respond to surveys. Around 4 in 10 Australians believe there is more bad news than good news in the media today compared to a year ago, with cost of living, Donald Trump, US politics and tariffs, war and international conflicts, federal and state elections the key themes consumers are most likely to recall over the June quarter.

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 the impact of Government policies. Despite an economy that appears to be gaining momentum more slowly than expected 6 months ago, it is pleasing to report that **NAB's Consumer Stress Index eased to a 2-year low** 56.6 pts in the June quarter 2025, from an 18-month high 59.6 in the March quarter. It also printed below the long-term survey average (58.4). In addition, the number of consumers reporting 'very high' stress (90+) fell to a 3½-year low 18.0%, down from 20.4% in the previous quarter.

Stress levels fell for all index components in the June quarter. Though cost of living pressure still weighed most heavily on Australian consumers, it eased to its lowest level since March 2022 as headline inflation held steady within the RBA's target range and widely expected to remain low in the immediate future. Consumers tend to use a few key anchor prices or reference prices to determine their overall cost of living. As a result, how consumers perceive a price is often as important as the price itself. Encouragingly, the net number of consumers who reported their overall living costs increased continued to trend down.

One key reason consumer spending has not collapsed has been employment, providing an offset missed in most consumer confidence measures. And with the labour market remaining resilient and forward indicators healthy in the June quarter, concerns about their job security also eased and printed below average for the first time in nearly 2 years. Consumers also reported lower (and below average) stress arising from their ability to fund retirement and health. Stress associated with Government policies were also lower following the Federal election in early-May.

Overall, the highest number of consumers continued to respond to cost of living pressures by scaling back or cutting their spending on eating out at restaurants (on balance 54% of consumers reported doing this in the June quarter), and treats like takeaway coffees, entertainment, travel & holiday plans, car journeys to save petrol, food delivery services, major household purchases, charitable giving and paid streaming services. For the first time, we also asked consumers how cost of living pressures had impacted their spending on health practitioners and utilities. Of some concern, 3 in 10 cancelled or cut back spending on health practitioner visits such as doctors and dentists, potentially compromising their own health. Over 1 in 4 also

cut spending on utilities. Consumers remained least inclined to cut spending on private school fees & tutors, their children's activities such as sports and hobbies and spending on their pets.

Nearly 6 in 10 (56%) used the savings they made from scaling back or cutting spending in these areas for daily living expenses, and over 4 in 10 (44%) put it into savings or offset accounts. A slightly lower number paid down their mortgage (18%), and somewhat fewer paid down other debt (17%). Over 1 in 3 (36%) also report drawing down their savings more rapidly, while 1 in 5 (20%) sold possessions to help them manage. A slightly lower (14%) borrowed or were given money from family or friends and slightly fewer also got a second job or worked longer hours (11%). With lower cost of living stress in the June quarter, the number of Australians overall who reported they had gambled more than in the previous 3 months due to cost of living pressures also eased.

Australian consumers were also less concerned about the about the impact of the domestic economy on their future spending and savings plans. 1 in 2 consumers with a mortgage said the impact of rate cuts had been positive for their household. But amid continued challenges posed by US tariffs, consumer concern about the impact from the international economy fell much less. Around 1 in 3 (34%) Australians said they were 'very' concerned about the impact of US Tariffs on the Australian economy however this fell to just over 1 in 4 (27%) when asked about the impact of tariffs on their household's financial position.

When asked how they see the year ahead, a much higher number of Australians on balance now expect interest rates to decrease in the next 12 months. And with the potential for more cuts on the horizon, the share of Australians who expect house prices to increase to over the next 12 months also grew sharply. Uncertatainty however still surrounds the outlook for inflation, with the number of Australians expecting inflation and prices in general to increase lifting slightly. And with heightened global uncertainty, more Australians see a growing risk of a recession.

Higher living costs continue to drive a range of consumers spending behaviours, with shoppers in all demographic groups looking for ways to save money, including being mindful where they spend, switching to less expensive products, researching brands & product choices before buying and making purchases because of great deals. Interestingly, Australians were much more conscious of buying Australian made in the June quarter and follows calls from the Prime Minister for Australians to get behind local industry.

And finally thank you for your support.

Key Tables

Consumer Stress Index (100 = extremely concerned)

	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Consumer Stress Index	**58.9**	**57.6**	**58.5**	**59.6**	**56.6**
Job Security	47.6	46.8	47.8	47.3	44.2
Health	55.7	55.5	56.1	57.3	54.1
Ability to Fund Retirement	60.2	59.2	59.0	61.6	58.3
Cost of Living	68.9	66.8	67.2	69.3	66.1
Government Policy	61.8	59.7	62.5	62.6	60.0

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

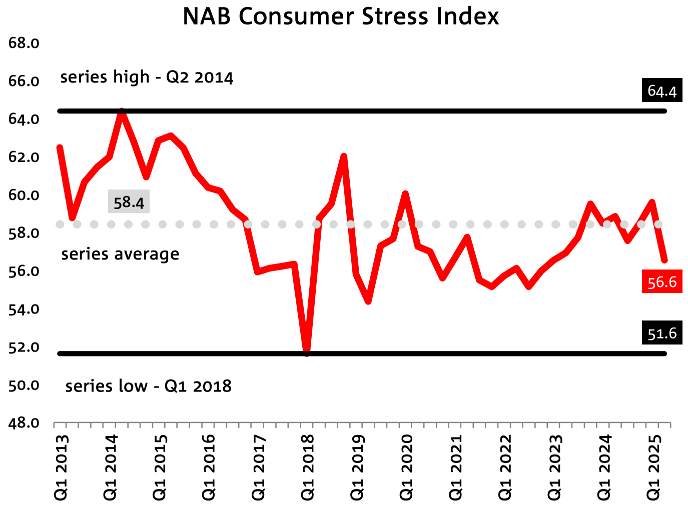
	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Overall Cost of Living	**77**	**74**	**72**	**71**	**68**
Travel/Holidays	61	57	58	58	56
Eating out	65	62	62	62	58
Entertainment	58	55	55	54	51
Groceries	79	75	74	74	71
Home improvements	60	58	59	58	56
Major HH items	55	55	52	52	52
Utilities	72	72	66	63	66
Telecoms	54	58	53	50	54
Personal goods	58	56	56	54	52
Medical expenses	59	57	57	57	52
Transport	67	63	54	57	50
Children	48	49	49	48	44
Mortgage	59	55	50	51	38
Rent	62	58	55	57	51
Other debt	49	46	43	47	43

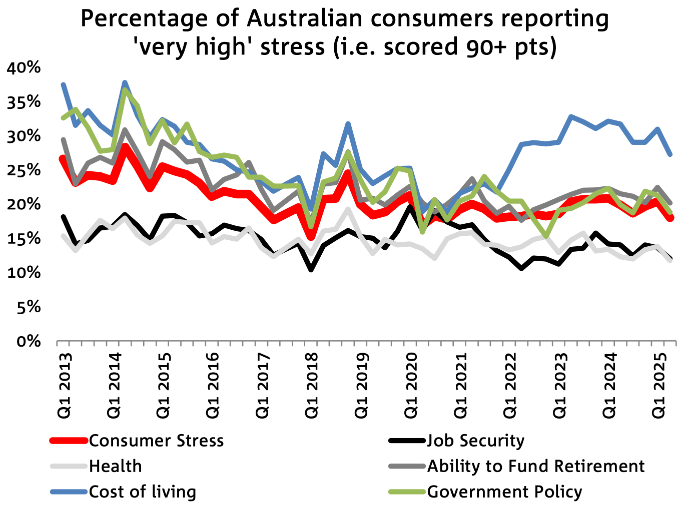
Expectations for Major Purchases in Next 12 months (net balance - spend more/less)

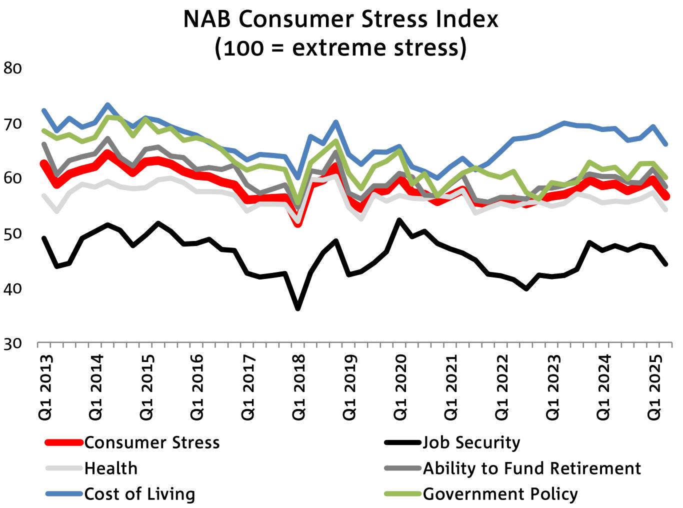
	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Major household item	-22	-22	-22	-25	-22
Car	-15	-16	-13	-11	-11
Property (residence)	-9	-12	-11	-10	-10
Property (investment)	-18	-15	-16	-13	-15
Home renovation	-13	-14	-13	-14	-15
School fees	-15	-14	-13	-11	-11
Holiday	-16	-20	-14	-16	-19
Private health insurance	-4	-3	-8	-7	-8
Other Investment (ex. property)	-16	-13	-13	-12	-10

Consumer Stress

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 the impact of Government policies. Despite an economy that appears to be gaining momentum more slowly than expected 6 months ago, it is pleasing to report that NAB's Consumer Stress Index eased to a 2-year low 56.6 pts in the June quarter 2025, from an 18-month high 59.6 in March. It also printed below the long-term survey average (58.4). In addition, the number of consumers reporting 'very high' stress (90+) fell to a 3½-year low 18.0%, down from 20.4% in the previous quarter.







Stress levels fell for all index components in the June quarter. Though cost of living pressure still weighed most heavily on Australian consumers, it eased to its lowest level since March 2022 (66.1 down from 69.3 in March 2025) as headline inflation held steady within the RBA's target range and widely expected to remain low in the immediate future.

Consumers remain least worried about their job security. And with the labour market remaining resilient and forward indicators healthy in the June quarter, concerns about their job security also eased (44.2 from 47.3) and printed below average (45.9) for the first time in nearly 2 years.

Consumers also reported lower (and below average) stress arising from their ability to fund retirement (58.3 from 61.6) and health (54.1 from 57.3). Stress associated with Government policies were also lower following the Federal election in early-May (60.0 from 62.6).

Consumer stress levels were lower in almost all 47 monitored groups in the June quarter with few exceptions - TAS (up 5.4 to 59.1), 18-29 year olds overall (up 0.8 to 57.9) and 18-29 year old women (up 3.9 to 61.6) - see charts below (also note a lower number of total groups going forward from the previous quarter (49) due to consolidation in the housing group).

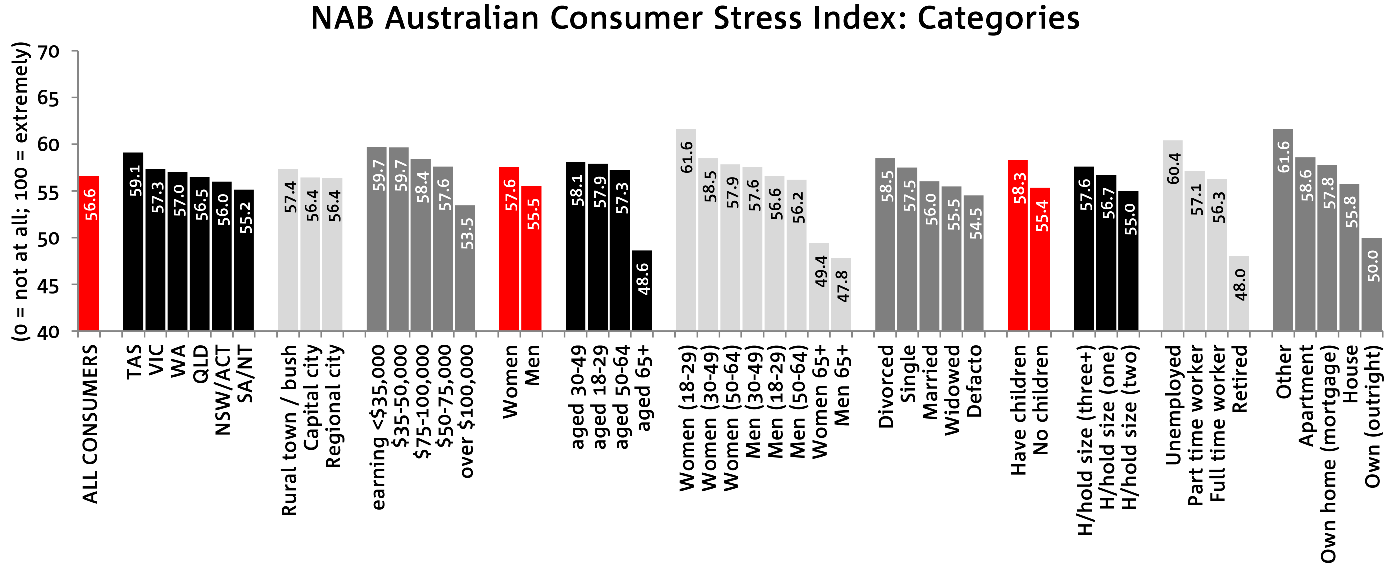
Within demographic groups, consumer stress levels varied widely. By state, TAS (59.1) replaced VIC as the most stressed state, with VIC also reporting the biggest improvement of all states (down 4.4 to 57.3). Consumer stress was lowest overall in SA/NT (down 4.0 to 55.2). By region, consumer stress remained highest in rural areas (down 2.6 to 57.4). It improved most in capital cities (down 3.2 to 56.4) and was equal lowest with regional cities (down 2.9 to 56.4).

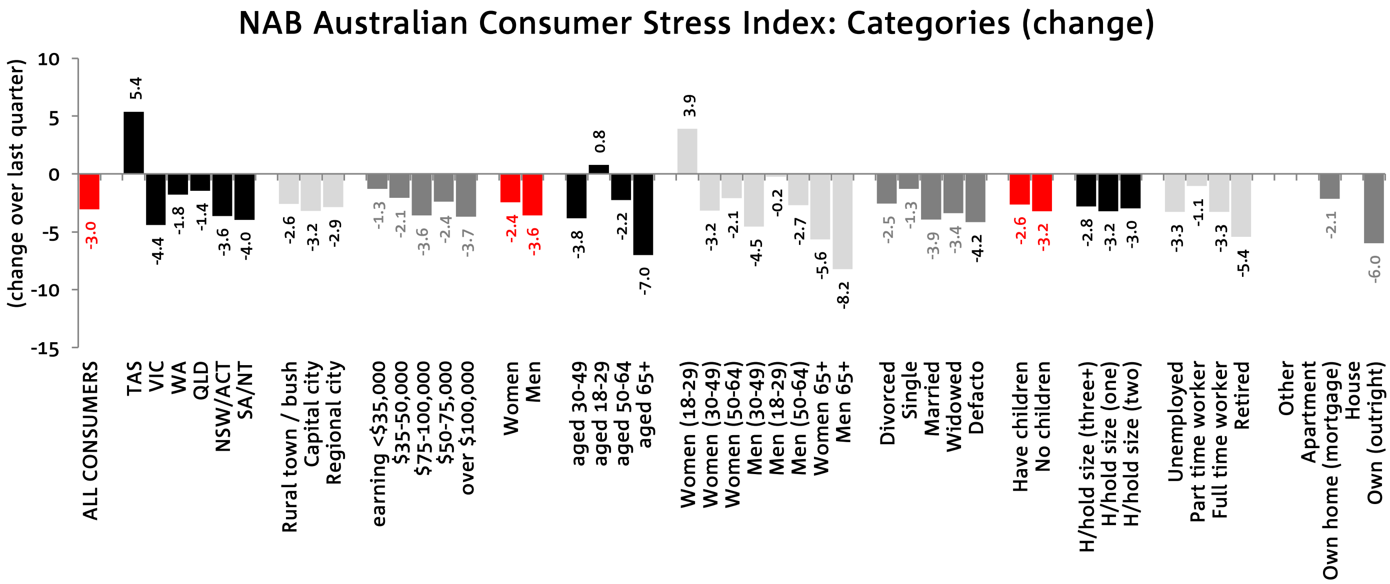
In the June quarter, consumer stress levels were highest for consumers in the lowest (down 1.3 to 59.7) and $35-50,000 (down 2.1 to 59.7) income groups, and lowest (and improved most) for those in the highest income group (down 3.7 to 53.5). Consumers in the $75-100,000 income group (down to 3.6 to 58.4) reported higher levels of stress than in the $50-75,000 income group (down 2.4 to 57.6).

By gender, overall stress levels eased for women (down 2.4 to 57.6) and men (down 3.6 to 55.5), though the larger decline reported by men saw the 'stress gap' widen to 2.0 (0.9 in March). Women also continue to report higher levels of stress than men in all age groups, with the gap widening by a considerable margin in the 18-29 age group, where 18-29 year old women (up 3.9 to

61.6) reported much higher stress than 18-29 year old men (down 0.2 to 56.6). Stress continues to print highest for 30-49 year olds (down 3.8 to 58.1), though now only marginally higher than in 18-29 (up 0.8 to 57.9) and 50-64 (down 2.2 to 57.3) age groups. Consumers over 65 continue to report much lower stress levels which also declined sharply in the June quarter (down 7.0 to 48.6) and was also considerably lower for men (down 8.2 to 47.8) and women down (down 5.6 to 49.4) in this age group.

Among other key findings, Australians with 'other' living arrangements reported the equal highest levels of stress along with 18-29 year women (61.6), followed by those who were unemployed (down 3.3 to 60.4). Men over the age of 65 (47.8) report the lowest stress, followed by retirees (48.0). The type of homes we live in seem to matter, with consumers living in apartments (58.6) reporting somewhat higher stress than those who live in a house (55.8). Interestingly, following a further interest rate cut in May, consumers who own their homes outright reported a noticeably bigger easing in overall stress levels (down 6.0 to 50.0) than consumers who own a home with a mortgage (down 2.1 to 57.8).





Job security

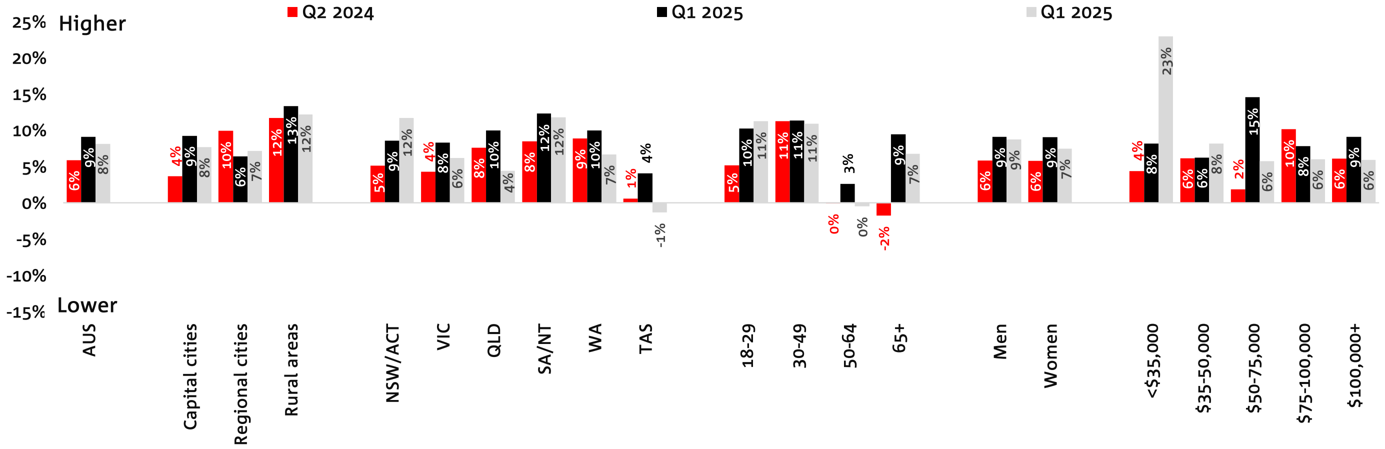
The correlation between the jobs market and consumer sentiment remains evident as employment levels and job security directly influence personal finances, consumer spending and overall economic growth. In times of strong job security, consumers are more likely to make major purchases and feel confident about their financial future.

The latest assessment from the NAB Economics team during this survey period is that the labour market remains in healthy balance. In the March quarter, there were an additional 58K employed persons, growing at a still healthy 0.4% over the quarter and 2.4% over the year. Similar to Q4, market sector employment growth has also risen notably compared to 2023 and much of 2024. Forward looking measures of labour demand have also been relatively stable since late-2024. Available labour data for

2025 suggests the job market remains healthy despite a sharp decline in employment during February. The labour market is still tight with unemployment steady at 4.1%, and the underemployment rate falling to its lowest level since August 2008.

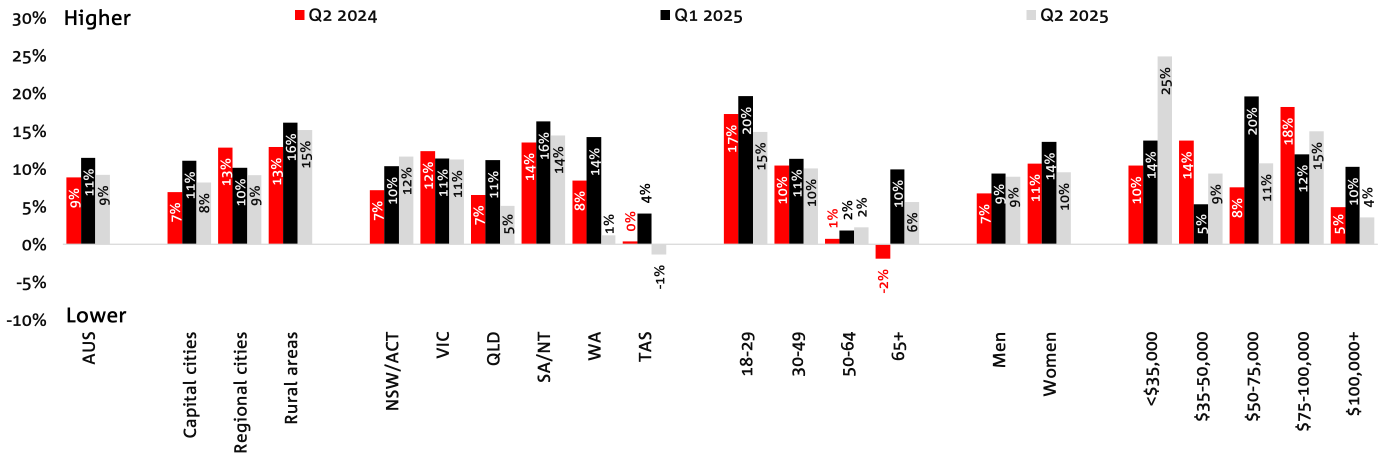
NAB has slightly revised up its unemployment rate in the near-term, and shaved growth for 2025 but ultimately expect a larger policy response is required to keep activity on track. NAB now sees the unemployment rate peaking slightly higher at around 4.4% before edging back down to around 4¼% at end 2026.

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



Against this background, more consumers on balance still expect higher job security in the next 3 months, though slightly lower at +8% (+9% in March). More consumers in all regions anticipate higher job security ranging from a basically unchanged +8% in capital cities and +12% in rural areas. Somewhat more consumers in NSW/ACT said they were positive about their job security in the next 3 months (+12% from +9%) and was equal highest with SA/NT (unchanged at +12%). It was however noticeably lower in QLD (+4% vs. +10%) and a little lower in WA (+7% vs. +10%) and VIC (+6% vs. +8%). In TAS, more people on balance now expect to have lower job security (-1% vs. +5%). More 30-49 (unchanged at +11%) and 18-29 year olds (+11% vs. +10%) are positive about their job security, particularly when compared to 50-64 year olds (unchanged at 0%). Slightly less women (+7% vs. +9%) were positive about their short-term job security but it was unchanged for men (+9%). By income, we also recorded a very steep rise in the lowest income group who expect their job security to be better in the next 3 months (+23% vs. +8%).

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



Looking 12 months forward, fewer Australians overall anticipate higher job security than in the previous quarter (+9% vs. +11%). They are also less confident in all regions, ranging from +8% capital cities (down from +11%) to +15% in rural areas (down from +16%). By state, expectations improved in NSW/ACT (+12% vs. +10%) and were unchanged in VIC (+11%). It fell in other states, especially TAS (-1% vs +4%) and WA (+1% vs. +14%), and remained highest in SA/NT (+14% vs. +16%). Net expectations were positive but fell in all age groups, and ranged widely from +15% among 18-29 year olds to +2% for 50-64 year olds. Expectations were unchanged for men (+9%) but fell for women (+10% vs. +14%). They varied widely by income. Noticeably more consumers in the lowest income group expect their job security to be higher in the next 12 months (+25% vs. +14%). However, it halved in the $50-75,000 (+11% vs. +20%) and $100,000+ (+4% vs. +10%) groups.

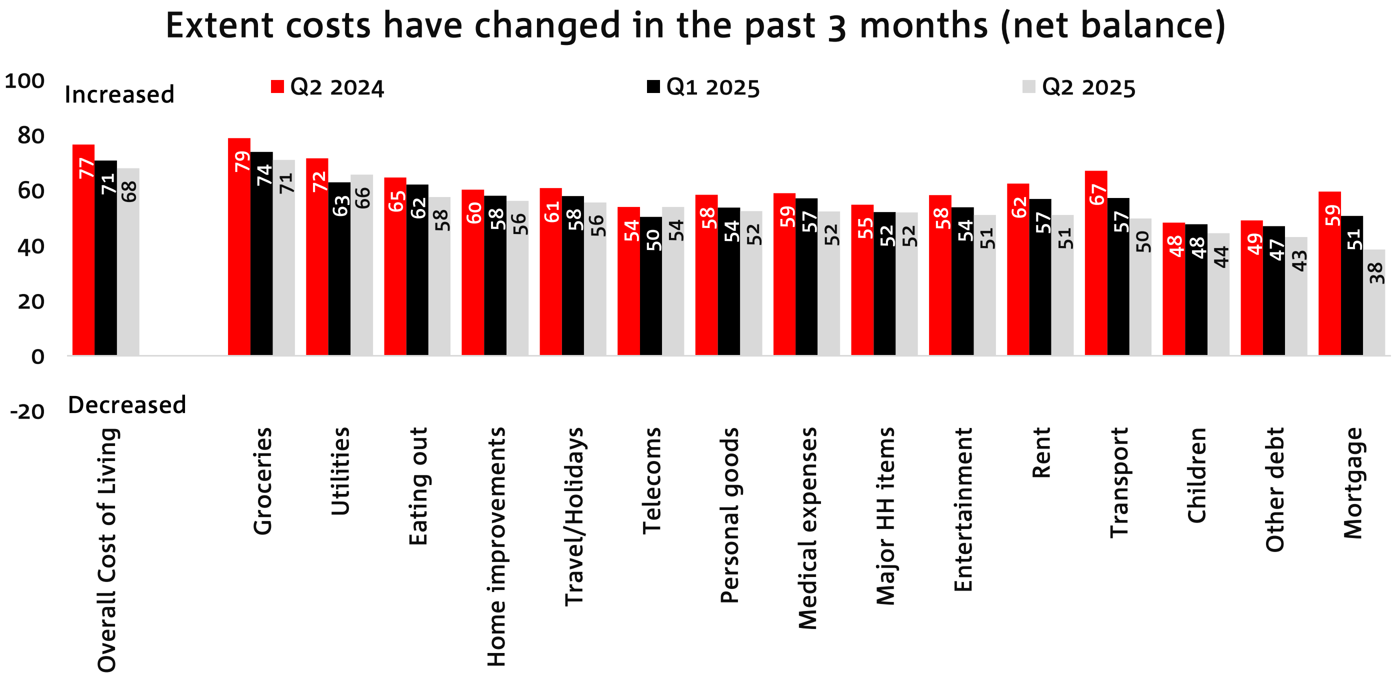
Cost of living stress in focus

Though falling in the June quarter, stress associated with the cost of living is still the biggest contributor to overall consumer stress. To help identify what consumers believe are driving these pressures, NAB asks them if the cost of several key goods and services increased or fell in the past 3 months. The 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 means that more believe costs fell than rose. Consumers tend to use a few key anchor prices or reference prices to determine the overall cost of living. As a result, how consumers perceive a price is often as important as the price itself.

Encouragingly, the net number of consumers who reported their overall living costs increased continued to trend down, though still remains very high. In the June quarter, the net number who reported that their cost of living over the past 3 months had increased fell to +68%, down from +71% in the previous quarter and from +77% at the same time last year.

It is also pleasing to report that fewer consumers on balance reported higher living costs for most key goods and services, particularly (and not surprisingly given further cuts in interest rates) their mortgages (+38% vs. +51% in March), transport costs (+50% vs. +57%) and rents (+51% vs. +57%). However, we did count a higher number who said the cost of telecoms (+54% vs. +50%) and utilities (+66% vs. +63%) had risen over the past 3 months.

Most consumers are still reporting higher prices for groceries (+71% down from +74%) and utilities (+66% vs. +63%). The net number who said their costs increased over the quarter was next highest for eating out (+58% vs. +62%), home improvements (+56% vs. +58%), travel & holidays (+56% vs. +58%), telecoms (+54% vs. +50%), personal goods (+52% vs. +54%), medical expenses (+52% vs. +57%), major household items (unchanged at +52%), entertainment (+51% vs. +54%), rent (+51% vs. +57%) and transport (+50% vs. +57%). The lowest number of consumers reported higher cost of living pressures from mortgages (+38% vs. +51%), other debt (+43% vs. +47%) and their children (+44% vs. +48%).



The extent overall costs changed in the June quarter did not vary materially by region, ranging from just +67% in capital cities to +72% in rural areas. However, we did note that more people living in rural areas reported higher costs for all goods and services than in capital and regional cities, especially for their mortgages (+55%), eating out (+66%), travel & holidays (+64%), telecoms (+61%) and their children (+55%).

By state, the overall number who reported higher costs in the June quarter was highest in WA (+75%) and SA/NT (+74%) and lowest in TAS (+56%). We also recorded somewhat higher numbers who reported higher costs for groceries in WA and SA/NT (+75%) and eating out in QLD and WA (+62%). Noticeably more consumers in QLD also said costs associated with home improvements increased (+64%), in WA personal goods (+61%) and SA/NT other debt (+52%) and mortgages (+49%).

There was a clear correlation with age, with the net number of consumers reporting higher living costs overall rising from +65% in the 18-29 age group stepping up in each successive group to +73% among over 65s. Relative to all other age groups, we also counted a somewhat higher number of over 65s who reported higher costs for groceries (+81%), eating out (+67%), home improvements (+68%) and major household items (+64%), but in the 18-29 age group mortgages (+43).

A similar number of consumers in the lowest (+67%) and highest (+66%) income groups said their overall cost of living increased in the June quarter. However, a far greater number in the lower income group said costs had risen for mortgages (+54% vs. +30%) and home improvements (+65% vs. +52%) over the last 3 months, but somewhat more in the higher income group travel & holidays (+55% vs. +49%).

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
Overall Cost of Living	**68**	**67**	**69**	**72**	**69**	**67**	**71**	**75**	**74**	**56**	**65**	**66**	**70**	**73**	**67**	**66**
Groceries	71	69	75	77	70	69	75	75	69	63	64	67	75	81	72	67
Utilities	66	65	64	70	65	63	70	66	67	63	56	64	71	73	66	65
Eating out	58	56	57	66	57	55	62	62	56	49	53	57	55	67	52	56
Home improvements	56	57	51	60	56	53	64	56	56	37	51	51	60	68	65	52
Travel/Holidays	56	55	52	64	58	50	60	57	54	38	52	54	58	62	49	55
Telecoms	54	53	53	61	54	52	57	56	52	55	46	52	57	61	54	49
Personal goods	52	52	52	55	50	50	56	61	53	43	52	50	52	57	55	49
Medical expenses	52	52	54	54	54	46	58	59	49	33	51	52	56	52	54	49
Major HH items	52	51	50	58	55	47	54	50	58	28	47	49	52	64	55	47
Entertainment	51	51	48	57	51	51	51	55	50	34	50	50	51	55	49	52
Rent	51	50	51	56	52	48	49	57	54	46	54	51	51	41	46	47
Transport	50	50	46	54	51	49	49	51	51	32	47	51	52	48	53	48
Children	44	45	36	55	50	40	47	42	47	10	42	45	48	39	52	46
Other debt	43	44	38	48	42	42	42	47	52	30	47	43	45	35	48	40
Mortgage	38	38	30	55	39	36	35	40	49	41	43	38	36	28	54	30

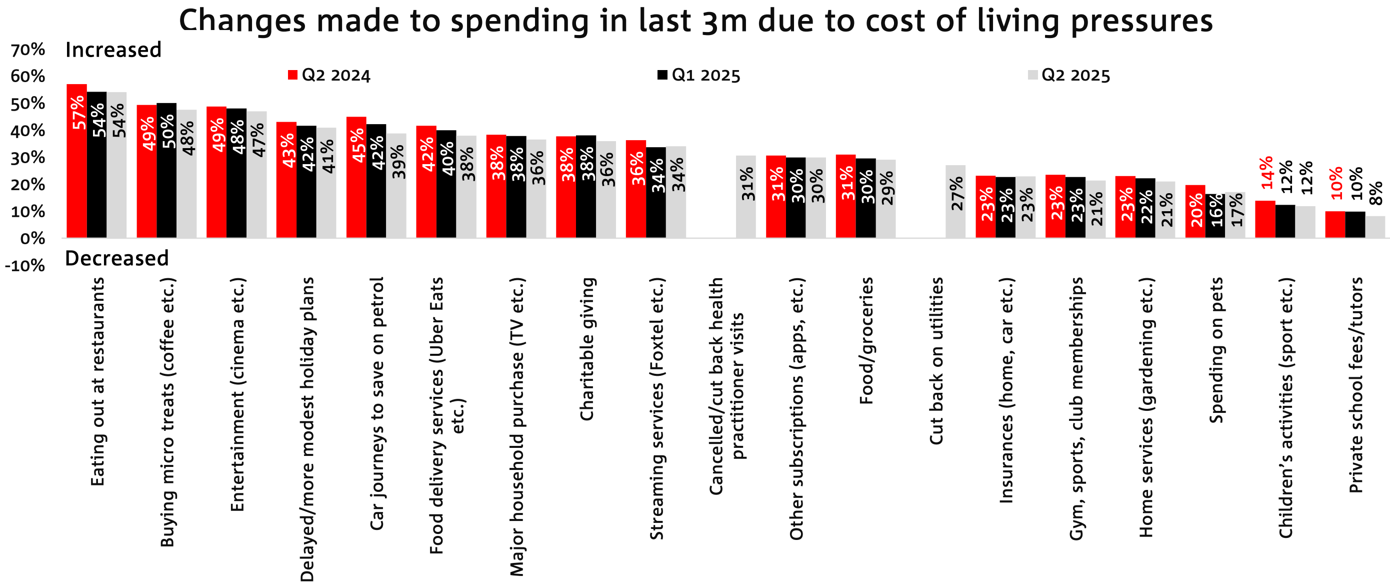
Spending changes made due to cost of living pressures, estimated savings & how they are used

Consumer stress associated with the cost of living eased in the June quarter. However, it is still having a negative influence on how consumers spend money, with large numbers scaling back or cutting spending on many key goods and services. That said, those who cut back in the June quarter inched down in most spending categories compared to the previous quarter.

Overall, the highest number of consumers continued to respond to cost of living pressures by scaling or cutting back on non-discretionary goods and services - eating out at restaurants (unchanged at 54%), micro treats (48% vs. 50% in March), entertainment (47% vs. 48%), travel & holiday plans (41% vs. 42%), car journeys to save petrol (39% vs. 42%), food delivery services (38% vs. 40%), major household purchases (36% vs. 38%), charitable giving (36% vs. 38%) and paid streaming services (unchanged at 34%).

For the first time, we also asked consumers how cost of living pressures had impacted their spending on health practitioners and utilities. Of some concern, 3 in 10 (31%) cancelled or cut back spending on health practitioner visits such as doctors and dentists, potentially compromising their own health. Over 1 in 4 (27%) also cut spending on utilities. Consumers remained least inclined to cut spending on private school fees & tutors (8% vs. 10%), their children's activities such as sports and hobbies (unchanged at 12%) and spending on their pets (17% vs. 16%).

Behaviours were however more nuanced by age, where we found that far fewer consumers over 65 typically pared back or cut spending on all goods and services, except for charitable giving were 18-29 year olds cut back least. And for the most part, considerably more consumers under the age of 50 made spending cuts for most goods and services, particularly food delivery services, other subscriptions and food & groceries. Also apparent was the somewhat higher number in the 30-49 age group who cut or reduced their spending on major household purchases (44%) and visits to health practitioners (38%) and children's activities (20%) when compared to all other age groups - see table below.



More women than men responded to cost of living pressures in the June quarter by cutting or cancelling their spending on nearly all goods and services except private school fees & tutors (9% men; 8% women). The biggest disparities related to spending on eating out at restaurants (59% women; 48% men), health practitioner visits (36% vs. 25%), entertainment (52% vs. 42%), buying micro treats (52% vs. 43%), holiday plans (45% vs. 37%), charitable giving (40% vs. 32%) and pets (21% vs. 13%).

When comparing behaviours in lower and higher income groups, considerably more consumers in the lower income group cut spending on food & groceries (36% vs. 25%), major household purchases (42% vs. 35%), utilities (29% vs. 23%) and on car journeys to save petrol (42% vs. 36%), but in the higher income group on food delivery services (42% vs. 31%), travel & holiday plans (43% vs. 33%) and entertainment (49% vs. 41%).

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

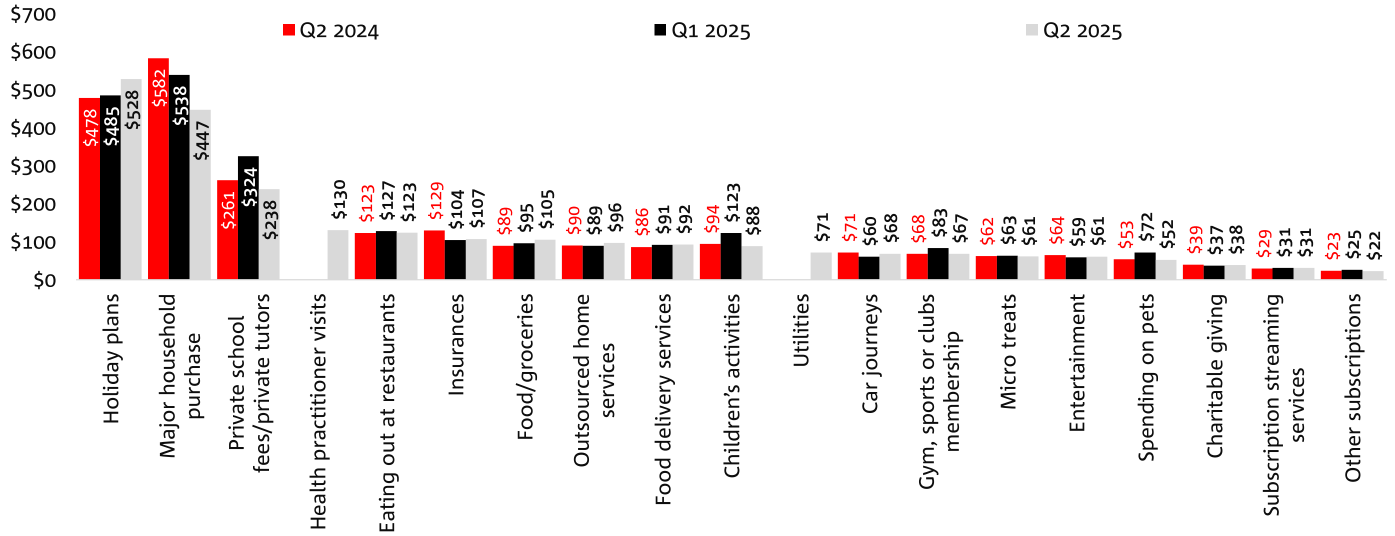
	All	18-29	30-49	50-64	65+	Men	Women	Lower Income	Higher Income
Eating out at restaurants	**54%**	55%	59%	56%	43%	48%	59%	50%	54%
Buying micro treats (coffee etc.)	**48%**	53%	52%	50%	32%	43%	52%	46%	49%
Entertainment (cinema etc.)	**47%**	50%	53%	48%	31%	42%	52%	41%	49%
Delayed/more modest holiday plans	**41%**	40%	47%	42%	30%	37%	45%	33%	43%
Car journeys to save on petrol	**39%**	36%	41%	42%	34%	36%	42%	42%	36%
Food delivery services (Uber Eats etc.)	**38%**	48%	49%	34%	12%	36%	40%	31%	42%
Major household purchase (TV etc.)	**36%**	34%	44%	36%	27%	33%	40%	42%	35%
Charitable giving	**36%**	29%	39%	42%	31%	32%	40%	36%	34%
Streaming services (Foxtel etc.)	**34%**	44%	42%	29%	16%	31%	37%	30%	35%
Cancelled/cut back health practitioner visits	**31%**	30%	38%	32%	16%	25%	36%	29%	29%
Other subscriptions (apps, etc.)	**30%**	35%	35%	27%	18%	28%	32%	27%	31%
Food/groceries	**29%**	35%	35%	27%	16%	26%	32%	36%	25%
Cut back on utilities	**27%**	26%	31%	30%	18%	23%	31%	29%	23%
Insurances (home, car etc.)	**23%**	24%	26%	22%	17%	21%	24%	23%	21%
Gym, sports, club memberships	**21%**	28%	26%	19%	8%	21%	22%	17%	24%
Home services (gardening etc.)	**21%**	23%	27%	20%	10%	19%	22%	20%	21%
Spending on pets	**17%**	20%	23%	15%	6%	13%	21%	20%	17%
Children's activities (sport etc.)	**12%**	12%	20%	9%	1%	11%	13%	10%	13%
Private school fees/tutors	**8%**	11%	11%	6%	1%	9%	8%	7%	8%

Consumers who cancelled, delayed, or cut spending were also asked to estimate how much they saved per month by doing so. In the June quarter, they saved most money by cancelling or delaying their holiday plans ($528 vs. $485 in the previous quarter), major household purchases ($447 vs. $538) and private school fees & tutors ($238 vs $324). The next biggest saving came from scaling back or cancelling visits to health practitioners ($130).

Significant savings were also made on goods and services where the highest number of consumers said they had cut back or stopped spending on - eating out at restaurants ($123 vs. $127), buying micro treats such as coffee and snacks ($61 vs. $63), entertainment such as cinema and theatre ($61 vs. $59), car journeys to save petrol ($68 vs. $60) and food delivery services ($92 vs. $91).

Combined, these items alone totalled monthly savings of $405, leaving a potential savings buffer of $4,860 a year if these behaviours continued. Even cutting spending in areas where savings were smallest - other subscriptions such as newspapers, magazines, audio books and apps ($22 vs. $25) and subscription streaming services like Foxtel, Netflix and Stan (unchanged at $31) - could alone also potentially save consumers $636 annually.

Estimated savings per month from spending cutbacks (avg $)



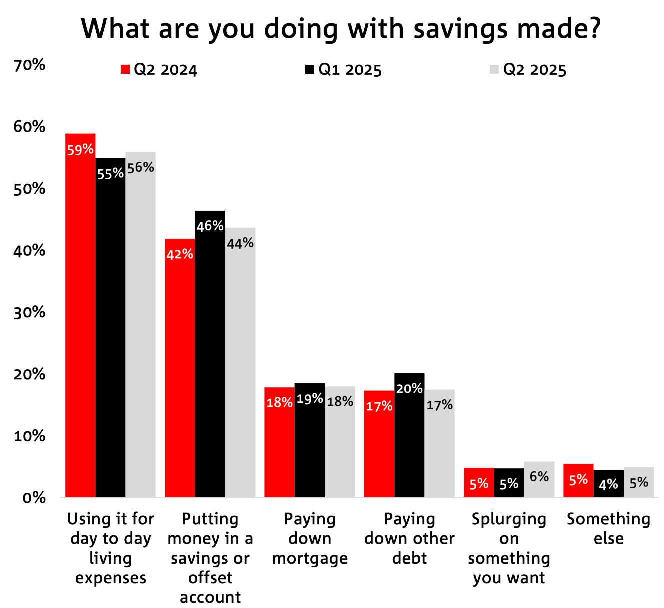
Estimated monthly savings from cutbacks: age, gender, higher/lower income

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Holiday plans	**$528**	$415	$688	$501	$527	$399	$668	$500	$550
Major household purchase	**$447**	$249	$490	$626	$374	$363	$520	$358	$548
Private school fees/private tutors	**$238**	$317	$234	$220	$0	$244	$251	$278	$267
Health practitioner visits	**$130**	$146	$133	$89	$173	$111	$144	$130	$116
Eating out at restaurants	**$123**	$132	$137	$118	$87	$114	$132	$86	$151
Insurances	**$107**	$112	$128	$85	$75	$107	$107	$75	$126
Food/groceries	**$105**	$121	$124	$72	$72	$117	$99	$82	$141
Outsourced home services	**$96**	$105	$101	$90	$86	$100	$96	$79	$116
Food delivery services	**$92**	$103	$97	$80	$43	$91	$93	$65	$100
Children's activities	**$88**	$104	$92	$94	$0	$86	$90	$66	$97
Utilities	**$71**	$100	$65	$64	$54	$68	$71	$50	$77
Car journeys	**$68**	$103	$66	$57	$49	$66	$70	$55	$76
Gym, sports or clubs membership	**$67**	$70	$74	$62	$44	$60	$75	$45	$76
Micro treats	**$61**	$67	$74	$52	$35	$58	$64	$42	$76
Entertainment	**$61**	$60	$75	$49	$40	$58	$64	$36	$70
Spending on pets	**$52**	$70	$60	$24	$30	$49	$54	$47	$61
Charitable giving	**$38**	$57	$37	$35	$38	$39	$37	$22	$45
Subscription streaming services	**$31**	$32	$31	$31	$24	$33	$29	$22	$33
Other subscriptions	**$22**	$27	$21	$18	$25	$24	$20	$15	$24

Among key groups, we noted comparatively higher savings made by 18-29 year olds on private school fees & tutors ($317), utilities ($100), car journeys to save petrol ($103) and charitable giving ($57). Bigger savings were reported by 30-49 year olds on holiday plans ($688), insurances ($128) and entertainment ($75), but in the 50-64 age group on major household purchases ($626). Savings on health practitioner visits were considerably higher in the over 65 age group ($173).

Women said they saved more than men on bigger ticket items like holiday plans ($668 vs. $399) and major household items ($520 vs. $363), as well as on health practitioner visits ($144 vs. $111), eating out at restaurants ($132 vs. $114) and gym, sports or clubs memberships ($75 vs. $60), but men on food & groceries ($117 vs. $99). Savings were broadly similar for all other goods and services.

Consumers in the higher income group made substantially bigger dollar amount savings than in the lower income group for all goods and services, except spending on health practitioners visits ($130 low income vs. $116 high income). However, the actual dollar amount does not reflect the fact that total monthly saving made in the lower income group on all goods and services amounted to around 6% of their annual income (taken from a base of $35,000). This was twice more than total monthly savings made in the higher income group of around 3% (taken from a base of $100,000).



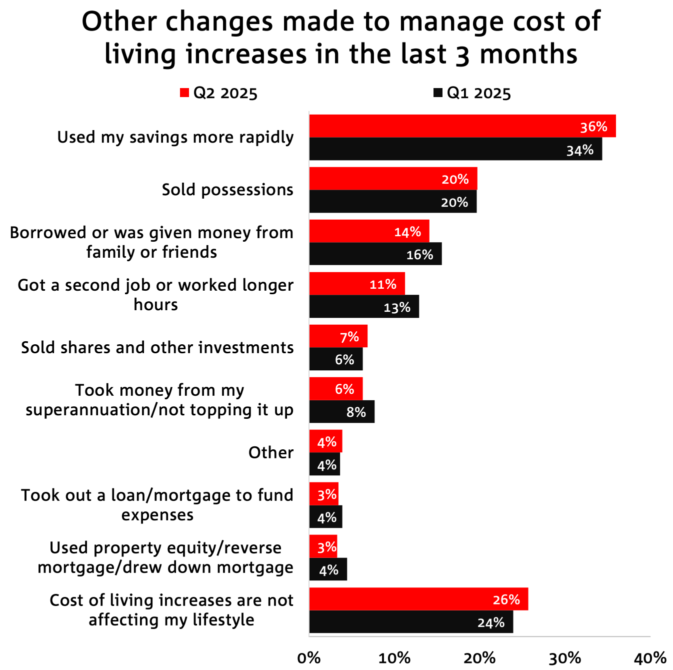
Spend management and savings are still the main priorities for consumers who saved money. In the June quarter, nearly 6 in 10 (56%) used the savings they made from scaling back or cutting spending for daily living expenses, and over 4 in 10 (44%) put it into savings or offset accounts (though down slightly from 46% in the previous quarter). A slightly lower number paid down their mortgage (18% vs. 19%), and somewhat fewer paid down other debt (17% vs. 20%). Slightly more however splurged on something they wanted (6% vs. 5%) and 1 in 20 (5%) did something else.

Priorities did however vary across age groups. Whereas most consumers aged 30 and above used these savings for their day to day living expenses, most 18-29 year olds (6 in 10 or 60%) put them into a savings or offset accounts. Considerably more 30-49 (25%) and 50-64 year olds (21%) paid down their mortgage, with somewhat more 30-49 year olds also paying down other debt (21%). 1 in 10 (10%) 18-29 year olds however used these savings to splurge on something, or twice more than in all other age groups.

Most women used the savings they made for day to day living expenses (61%), but men were evenly split between day to day living expenses (50%) and putting it into a savings or offset account (49%). Somewhat more men than women also paid down mortgages (20% vs. 16%), other debt (19% vs. 16%) and splurged on something (7% vs. 4%). Far more consumers in the lower than higher income group used the saving they made for their day to day living expenses (69% vs. 51%), but far more in the higher income group used the money they saved to pay down mortgages (28% vs. 6%) or put it into a savings or offset account (48% vs. 33%).

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
All	**56%**	**44%**	**18%**	**17%**	**6%**	**5%**
18-29	45%	60%	15%	17%	10%	5%
30-49	58%	40%	25%	21%	5%	4%
50-64	59%	37%	21%	15%	4%	6%
65+	65%	34%	3%	14%	4%	6%
Men	50%	49%	20%	19%	7%	5%
Women	61%	39%	16%	16%	4%	5%
Lower income	69%	33%	6%	16%	7%	8%
Higher income	51%	48%	28%	18%	6%	4%



Consumers were also doing more than just cutting back on spending to manage cost of increases over the last 3 months.

When we again asked what other changes they had made, over 1 in 3 (36%) used their savings more rapidly (up from 34% in the previous quarter), while an unchanged 1 in 5 (20%) sold possessions to help them manage.

A slightly lower 14% borrowed or were given money from family or friends (down from 16% in the previous quarter), and slightly fewer also got a second job or worked longer hours (11% vs. 13%).

A slightly higher number sold shares and other investments (7% vs. 6%) but somewhat less took money from their super or did not top it up (6% vs. 8%). An unchanged 4% reverted to 'other' means to help them manage. Slightly fewer took out a loan or mortgage to fund their expenses (3% vs. 4%), or used their equity in their property, took out a reverse mortgage or drew down their mortgage (3% vs. 4%).

Over 1 in 4 (26%) consumers overall said cost of living increases were not affecting their lifestyle, up slightly from 24% in the March quarter.

By age, significantly more 18-29 (26%) and 30-49 (23%) year olds managed cost of living increases in the June quarter by selling goods and in the 18-29 group alone by borrowing or being given money from family or friends (27%) and getting a second job or working longer hours (21%). A much higher number of 65s however managed by taking money from their super or not topping it up (10%). Far more Australians over 65 also said cost of living was not affecting their lifestyle (41%) than in all other age groups, particularly when compared to 18-29 year olds (14%).

Considerably more women than men used their savings to manage cost of living increases (40% vs. 32%). Somewhat more also sold possessions (21% vs. 18%) and borrowed or were given money from family or friends (16% vs. 12%). However, somewhat more men managed by selling shares and other investments (8% vs. 5%) and taking money from their super or not topping up (8% vs. 5%). Noticeably more men than women also said cost of living increases over the past 3 months did not affect their lifestyle (29% vs. 23%).

Key differences in how lower and higher income groups managed cost of living increases included the much greater number in the lower income group who borrowed or were given money by family or friends (20% vs. 10%), took money from their super or did not top it up (8% vs. 3%) or reverted to 'other' means (7% vs. 3%). In the higher income group, somewhat more managed by selling shares and other investments (9% vs. 4%) or getting a second job or working longer hours (12% vs. 8%). Far more people in the higher income group also said that cost of living was not affecting their lifestyle (31% vs. 21%).

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

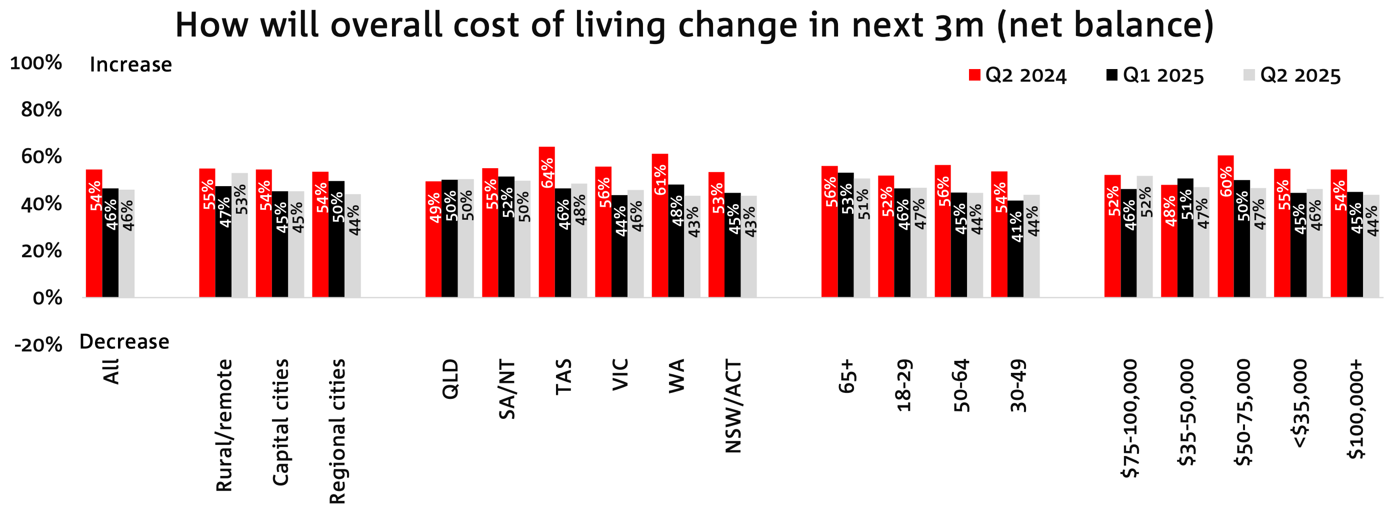
	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Used my savings more rapidly	**36%**	37%	40%	34%	31%	32%	40%	36%	34%
Sold possessions	**20%**	26%	23%	16%	12%	18%	21%	18%	21%
Borrowed or given money from family/friends	**14%**	27%	16%	9%	3%	12%	16%	20%	10%
Got a second job or worked longer hours	**11%**	21%	14%	7%	2%	11%	11%	8%	12%
Sold shares and other investments	**7%**	10%	8%	4%	5%	8%	5%	4%	9%
Took money from my super/not topping it up	**6%**	6%	5%	5%	10%	8%	5%	8%	3%
Other	**4%**	2%	3%	5%	5%	3%	4%	7%	3%
Took out loan/mortgage to fund expenses	**3%**	7%	4%	2%	0%	4%	3%	2%	3%
Used home equity/reverse mortgage	**3%**	4%	4%	3%	2%	3%	3%	3%	3%
Cost of living increases not affecting lifestyle	**26%**	14%	22%	29%	41%	29%	23%	21%	31%

Future cost of living expectations

Future expectations about how cost of living may change can significantly influence current consumer behaviours by providing a framework for decision-making and motivating actions based on anticipated outcomes. Consumers who anticipate positive future expectations around their cost of living are more likely to engage in behaviour that align with their expected future and spend more, while those with negative or uncertain expectations may be more cautious about their spending and less motivated to cut back or spend.

The NAB Economics team believe that broader domestic inflation pressures are consistent with an economy around balance and inflation settling around the middle of the RBA's target band from mid-to-late 2025.

The team also sees see the risks around their forecast as broadly balanced. Productivity and housing constraints point to upside risk over the next 18 months given the balanced starting point for potential output, but these risks are offset by global factors that represent a risk to growth, the labour market and therefore consumer demand.

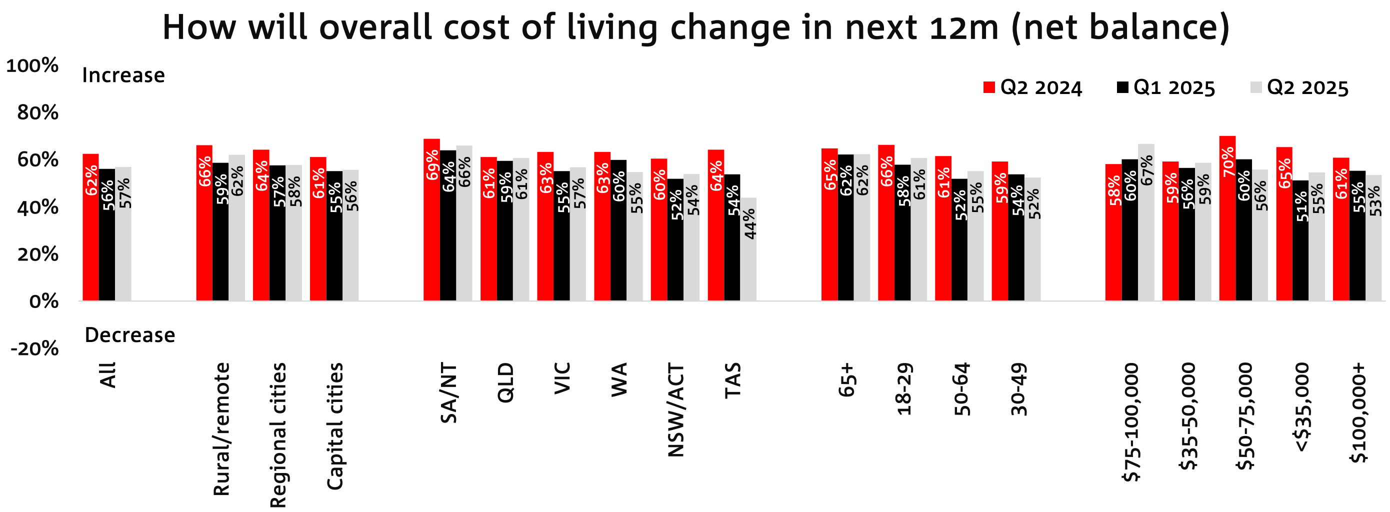


But when we asked consumers how they expect their overall cost of living to change in the next 3 & 12 months, many still see no respite in the short-term. In net balance terms, the number who said living costs will increase was unchanged at an elevated +46% (though down from +54% a year ago).

The net number who believe their living costs will increase continue to heavily outstrip those who believe it will fall in all key groups without exception.

In addition, in the June quarter we also counted higher numbers expecting to face higher living costs in the next 3 months in rural areas (+53% vs. +47% in March), in TAS (+48% vs. +46%) and VIC (+46% vs. +44%), in 18-29 (+47% vs. +46%) and 30-49 (+44% vs. +41%) age groups, and among consumers in the $75-100,000 (+52% vs. +46%) and lowest (+46% vs. +45%) income groups.

On balance, slightly more consumers also have a dimmer view of their long-term living costs, with those expecting their living costs to increase in the longer term exceeding those who expect them to increase in the short term (+57% vs. +56% though down from +62% in June 2024). This is evident in all groups without exception.



In the June quarter we found higher net number of consumers living in all regions expecting their overall living costs in the next 12 months to increase compared to the previous quarter, and in all states except consumers living in WA (+55% vs. +60%) and TAS (+44% vs. +54%).

We also counted a higher number of 18-29 (+61% vs. +58%) and 50-64 year olds (+55% vs. +52%) who also expect their living costs to increase over the next year, and for consumers in all income groups except those in the $50-75,000 (+56% vs. +60%) and $100,000+ (+53% vs. +55%) groups.

General level of concern over the economy

The latest domestic data during the time this survey was conducted show private sector growth may be recovering more slowly than expected 6 months ago. The Q1 national accounts pointed to some loss in momentum in household consumption growth and an ongoing softer trend in business investment growth relative to the strong outcomes over recent years. Early data for Q2 point to a similar trend, and the NAB Monthly Business Survey still shows below average business conditions.

Against this, the NAB Economics team forecast growth of 1.7% over this year and around 2¼% next year - a forecast that embodies an improvement in household spending growth, a continued rise in dwelling investment and more consistent business investment growth. We expect public demand to continue to rise, though at a slower pace than over recent years.

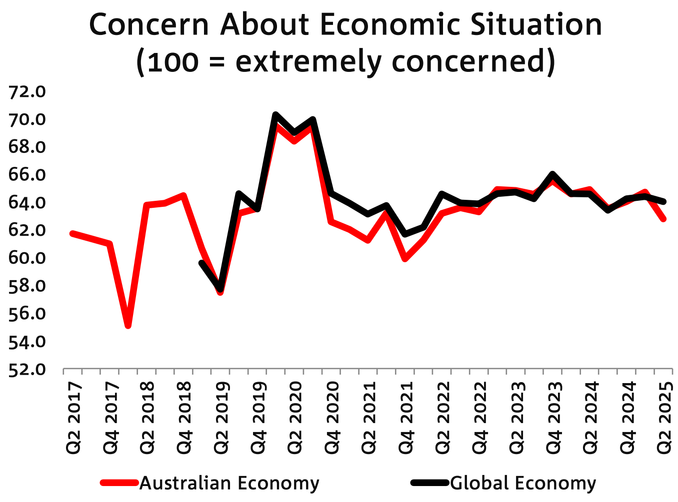
Though growth has picked up more slowly than expected, the labour market has remained tighter than forecast 6 months ago. The NAB team continue to see the unemployment rate rising to 4.4% by late- 2025 and then stabilising at around 4.25% by end-2026. Underlying inflation is also expected to settle around the middle of the RBA's target band by late-2025.

Against this, the NAB team continue to expect three further 25bp cuts in 2025 taking the cash rate back to a broadly neutral rate of 3.1%.

The NAB team see the risks around their forecast as broadly balanced. Productivity and housing constraints point to upside risk over the next 18 months given the balanced starting point for potential output, but these risks are offset by global factors that represent a risk to growth, the labour market and therefore, consumer demand.

For NAB, the key policy risk is a slower than expected pickup in household consumption growth as population growth slows and real incomes recover more gradually than expected. These dynamics could lead to a faster increase in unemployment alongside less ability for businesses to pass on cost pressures.

However, while inflation is expected to settle around the middle of the target band, the NAB team see both upside and downside risks amid elevated global uncertainty and volatile domestic data flow.



Against this backdrop, Australian consumers were also less concerned about the about the impact of the domestic economy on their future spending and savings plans, scoring on average a lower 62.8 pts in the June quarter. This was down from 64.7 in the March quarter and the lowest result in 2½ years.

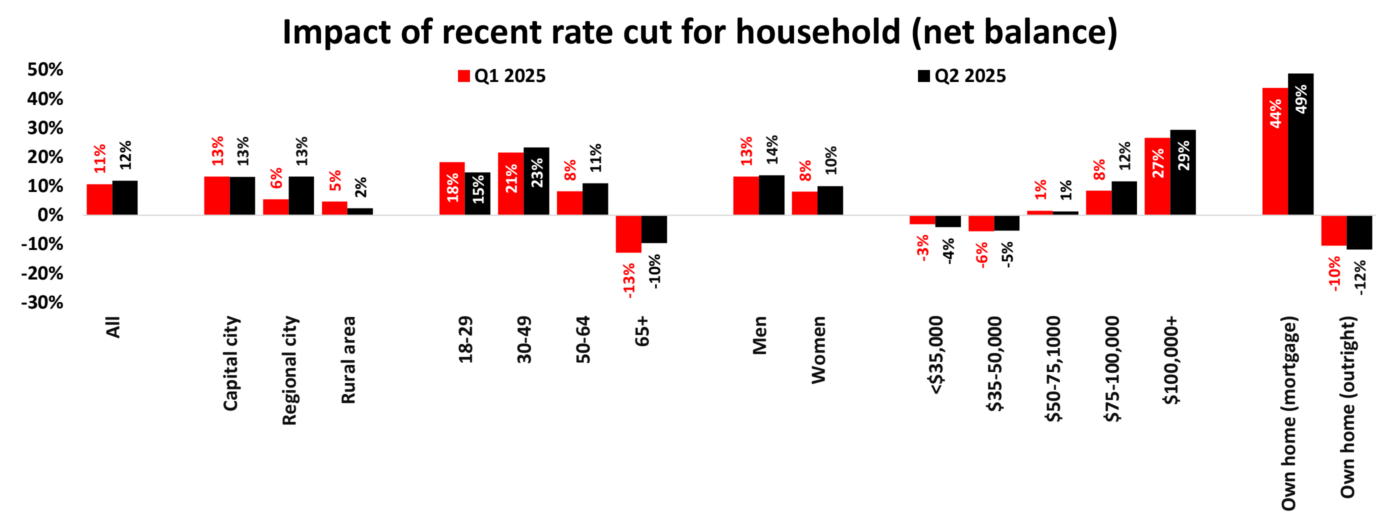
The level of concern over the domestic economy also ranged narrowly from 61.4 in NSW/ACT to 65.4 in QLD in the June quarter. It fell in most states and territories except QLD (up 1.9 to 65.4) and SA/NT (up 0.5 to 63.5). Concern however fell most in VIC (down 5.2 to 62.5).

But amid continued challenges posed by US tariffs, consumer concern about the impact from the international economy fell much less (64.0 vs. 64.4 in March).

The impact of recent interest rate cuts on Australian consumers

Between April 2002 and November 2023, the RBA increased the cash from a historical low 0.1% to 4.35% - it's highest level in 12 years. Rising rates and growing inflation during this time impacted consumers by increasing mortgage, loan and credit card costs, leading to reduced spending, higher living expenses and increased financial strain, especially for Australians with high debt or low savings. Interest rates remained on hold until February 2025 when they were cut 25 bps to 4.1% with a further 25 bps cut to 3.85% in May, offering further relief to households struggling with cost of living pressures.

Following the first cut, NAB asked Australians about their perceptions of the impact of the recent interest rate cut for them and their household. Typically, lower rates make borrowing money and paying it back cheaper and can encourage more spending. At the same time however, it can also punish savers and help boost asset prices such as for housing.



With this in mind, the overall number of consumers who said recent rate cuts had a positive impact outweighed those who said the impact was negative and also climbed slightly in the June quarter (+12% vs. +11% in March).

Consumers in different groups however continue to react differently. By region, the net number who said the impact of recent rate cuts was positive was equal highest in capital (unchanged at +13%) and regional cities (13% and up sharply from +6%). In rural areas however it fell (+2% vs. +5%).

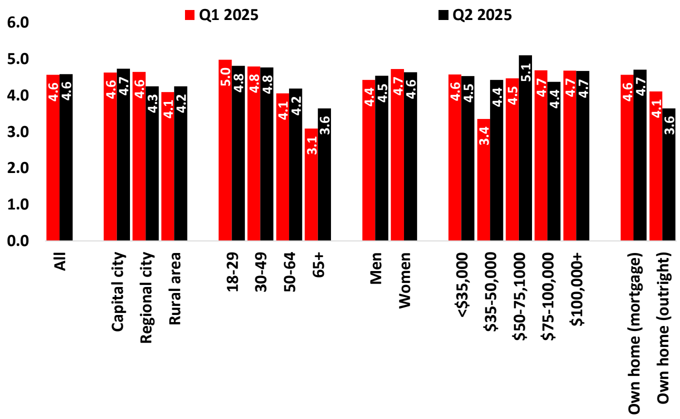
By age, more consumers aged 30-49 (+23% vs. +21%) and 50-64 (+11% vs. +8%) said it had a positive impact, whereas fewer in the 18-29 group did (+15% vs. -18%). In the over 65 group, the number who said it rate cuts had a negative impact again exceeded those who said it had a positive impact positive (-10% vs. -13%), with this probably reflecting the negative impact on their earnings on their retirement savings.

More men (+14% vs. +13%) and women (+10% vs. +8%) said the net impact was positive in the June quarter. Income matters, with more people in lower income groups reporting a net negative impact from recent rate cuts, with the net number reporting a positive impact rising along with incomes.

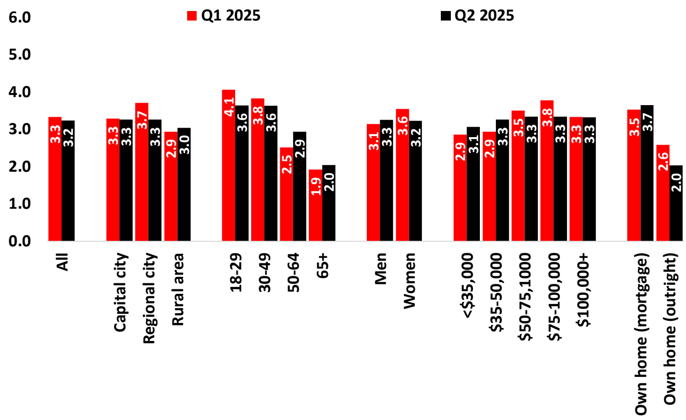
Not surprisingly, a much higher net number of consumers who own homes with a mortgage said the impact was positive and it also rose to +49% in the June quarter (+44% in March). But among Australians who own their homes outright, the net impact was negative and also for more consumers in this group (-12% vs. -10%).

Consumers who said the impact of the recent rate cut was positive were also asked to again rate the extent it eased their concern or stress over their home loan. Overall, they scored an unchanged and moderate 4.6 pts (10 is considerably), suggesting they are hoping for more cuts. Not surprisingly, stress has eased most in capital cities, where mortgages are typically higher (4.7 vs. 4.6 in March) and was lowest in rural areas (4.2 vs. 4.1). Stress relief also remains much higher in aged groups below 50 and scored equally in the 18-29 (4.8 vs. 5.0) and 30-49 (unchanged at 4.8) age groups. Stress relief improved marginally for men (4.5 vs. 4.4) but was a little lower for women (4.6 vs. 4.7). It improved strongly in $35-50,000 (4.4 vs. 3.4) and $50-75,000 (5.1 vs. 4.5) income groups and also improved among homeowners with a mortgage (4.7 vs. 4.6).

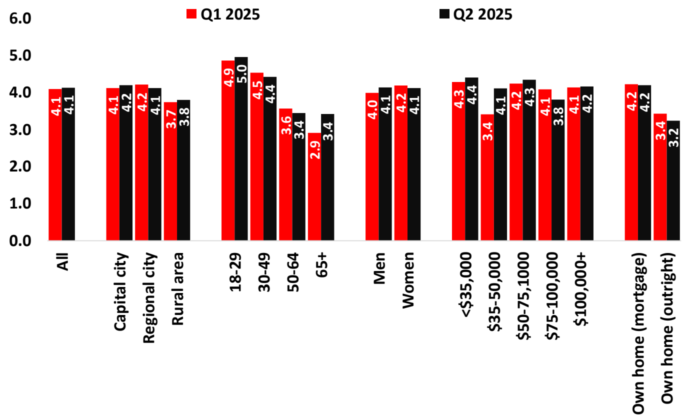
Extent recent rate cut eased stress: Home loan (10 = considerably)



Extent recent rate cut eased stress: Other debt (10 = considerably)



Extent recent rate cut eased stress: Cost of living (10 = considerably)



Consumers who said the impact of the recent rate cut was positive were also again asked to rate the extent it eased their concern or stress over their other debts such as credit cards and personal loans.

Overall, they scored the impact just 3.2 pts (3.3 in March). By region, stress relief for this type of debt was unchanged in capital cities (3.3) and improved in rural areas (3.0 vs. 2.9) but was lower in regional cities (3.3 vs. 3.7). It was highest but fell for 18-29 (3.6 vs. 4.1) and 30-49 year olds 3.6 vs. 3.8). It improved for men (3.3 vs. 3.1) but fell for women (3.2 vs. 3.6).

By income, it ranged 3.1 in the $35-50,000 group (up from 2.9) and was highest in the $75-100,000 (3.3 down from 3.8) and highest income group (unchanged at 3.3). Mortgage holders reported greater stress relief (3.7 vs. 3.5) but those who own their homes outright less relief (2.0 vs. 2.6).

Consumers who said the impact of the recent rate cut was positive were also again asked to rate the extent it eased their concern or stress over their cost of living. Overall, they scored the impact unchanged at a moderate 4.1 pts in the June quarter, implying that consumers still need rates to fall further to help ease their cost of living pressures.

By region, the impact on their cost of living stress was again scored somewhat more positively by consumers in capital (4.2 up from 4.1) and regional cities (4.1 pts vs. 4.2) than in rural areas (3.8 vs. 3.7). It was also noticeably higher for 18-29 (5.0 up from 4.9) and 30-49 year olds (4.4 vs. 4.5 pts) compared to 50-64 year olds (3.4 vs. 3.6) and over 65s (3.4 vs. 2.9). It was scored the same by men (4.1 vs. 4.0) and women (4.2 vs. 4.1). By income, it ranged from 3.8 in the $75-100,000 group (down from 4.1 in March) to 4.4 in the lowest income group (4.3 in March). Stress relief from rate cuts was also more prominent for mortgage holders (unchanged at 4.2) than for those who own their home outright (3.2 vs. 3.4).

Future household spending intentions

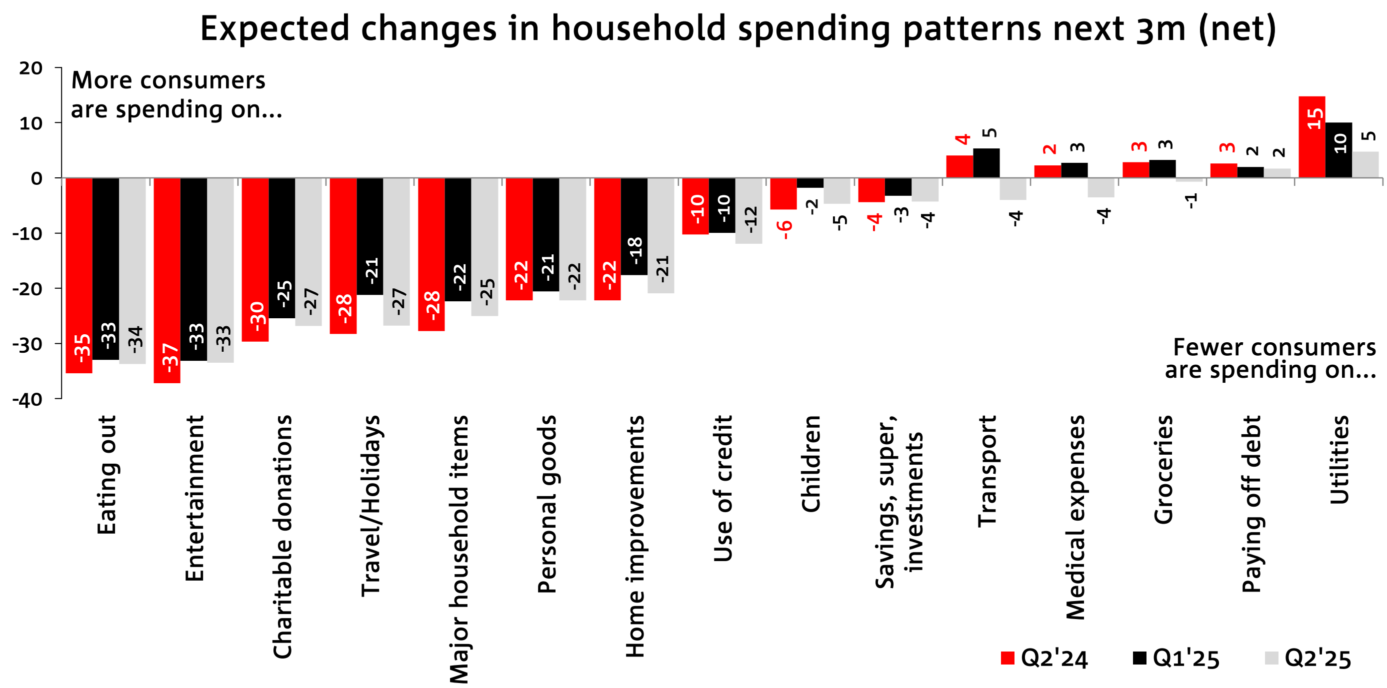
NAB's Consumer Spending Pulse tracks expected changes in household spending intentions in the next 3 months - i.e., whether they plan to spend more or less on a range of goods and services. Stressed consumers typically show increased saving intentions but also increased spending on products they perceive as necessities. These behaviours occur to gain control in an otherwise uncontrollable environment. The June quarter survey painted a picture of a more cautious consumer, with the overall net number planning to cut back on all spending in the next 3 months rising to -14 from -11 in the previous quarter and also higher than reported at the same time last year (-13).

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) and this widened to -27 in June (-25 in March). In terms of spending on essentials (groceries, utilities, medical expenses, transport, and children), the net number who planned to less outweighed those who plan to spend more (-2), reversing spend the trend from the previous quarter when those planning to spend more exceeded those planning to spend less (+4). Intentions around financial spending (paying off debt, using credit and super, savings & investments) were also a little more restrained (-5 down from -4 in March quarter).

Spending intentions (net balance)

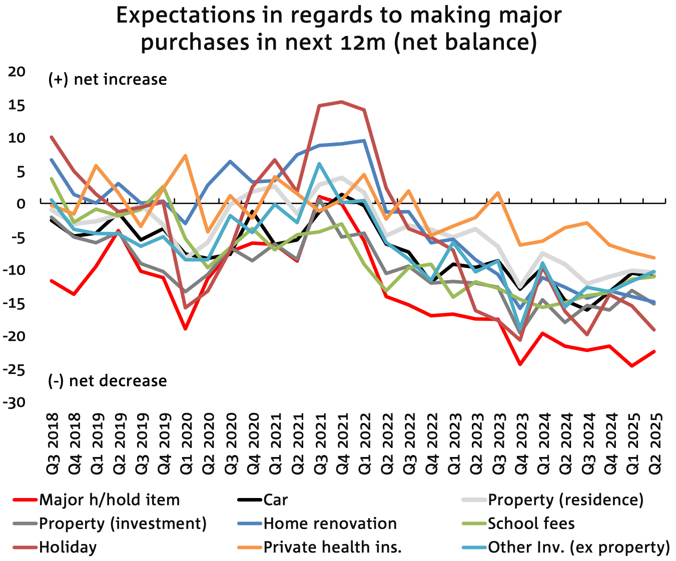
	Non-essentials			Essentials			Financial spending			Overall		
	Q2'25	Q1'25	Q2'24	Q2'25	Q1'25	Q2'24	Q2'25	Q1'25	Q2'24	Q2'25	Q1'25	Q2'24
AUS	**-27**	**-25**	**-29**	**-2**	**+4**	**+4**	**-5**	**-4**	**-4**	**-14**	**-11**	**-13**
NSW/ACT	-27	-21	-30	-3	+6	+2	-7	-2	-5	-15	-8	-14
VIC	-28	-27	-28	-4	+3	+5	-5	-5	-3	-15	-12	-12
QLD	-28	-30	-32	0	+1	+3	-3	-5	-6	-14	-15	-15
WA	-29	-19	-34	-2	+4	+4	-4	-2	-4	-15	-8	-15
SA/NT	-20	-29	-19	+6	+6	+9	0	-10	-2	-8	-14	-7
TAS	-21	-14	-13	+3	+3	+1	-6	+2	8	-10	-5	-5

Overall future spending plans remained conservative across the country in the June quarter, with the overall net number that planned to cut back all spending ranging from -8 in SA/NT to -15 in NSW/ACT, VIC and WA. In terms of non-essential spending, more consumers also expect to cut back in all states, ranging from -20 in SA/NT to -29 in WA. When it came to essentials, intentions were mixed, with more consumers in VIC (-4), NSW/ACT (-3) and WA (-2) planning to cut back in the next 3 months, spend more in SA/NT (+6) and TAS (+3) and balanced in QLD (0%). More consumers on balance in most states also plan to lower their financial spending in the next 3 months in all states bar SA/NT (0%), ranging from -3 in QLD to -7 in NSW/ACT across the rest of the country - see Appendix 2 for more State detail.



By spend category, the highest number of consumers in the June quarter indicated that they expect to cut back spending in the next 3 months on eating out (-34 vs. -33 in March), entertainment (unchanged at -33), charitable donations (-27 vs. -25), travel &

holidays (-27 vs. -21), major household items (-25 vs. -22), personal goods (-22 vs. -21), home improvements (-21 vs. -18), use of credit (-12 vs. -10), children (-5 vs. -2), savings, super & investments (-4 vs. -3), transport (-4 vs. +5), medical expenses (-4 vs. +3) and groceries (-1 vs. +3). A higher number in net terms however plan to spend more on utilities (+5 vs. +10) and paying off debt (unchanged at +2) - see chart above and Appendix 2 for state detail.



Consumer expectations for making major purchases over the next 12 months were mixed in the June quarter of 2025, but the net number of planning to spend less continued to outweigh those planning to spend more in all spend categories.

The highest number of consumers expect to rein in their spending on major household items, though it fell to -22 (-25 in the March quarter). This was followed by holidays (-19 up from -16), home renovations (-15 vs. -14), investment property (-15 vs. -13), cars (unchanged at -11), school fees (unchanged at -11), residential property (unchanged at -10) and other investments (-10 vs. -12) and private health insurance (-8 vs. -7).

Intentions about making major purchases however varied across key groups. On balance, more consumers in all age groups expect to spend less on all big ticket items, except the over 65 age group where the number expecting to spend more on private health insurance exceeded those who expected to spend less (+2). More consumers aged 50-64 planned spend less in all categories, bar private health and holidays where more 30-49 year olds planned to cut back.

More men and women in all age groups plan to spend less in the next 12 months, with noticeably more women cutting expenditure on investment property (-16 vs. -6) and school fees (-15 vs. -8) but somewhat more men on cars (-13 vs. -9). More consumers in lower and higher income groups also plan to cut back spending on big ticket items in the next 12 months, with more consumers in the higher income group planning to reduce spending in all categories except home renovations (-16 lower income; -12 higher income).

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.	**-8**	-10	-14	-5	2	-7	-9	-4	-7
Other Inv. (ex property)	**-10**	-5	-13	-16	-8	-16	-6	-5	-8
Property (residence)	**-10**	-6	-11	-14	-11	-10	-12	-2	-9
Car	**-11**	-8	-12	-18	-5	-9	-13	-9	-10
School fees	**-11**	-8	-12	-13	-12	-15	-8	-3	-5
Home renovation	**-15**	-13	-17	-18	-10	-14	-16	-16	-12
Property (investment)	**-15**	-11	-19	-20	-5	-16	-15	-6	-12
Holiday	**-19**	-13	-23	-22	-16	-21	-18	-17	-19
Major h/hold item	**-22**	-20	-19	-28	-25	-21	-24	-15	-22

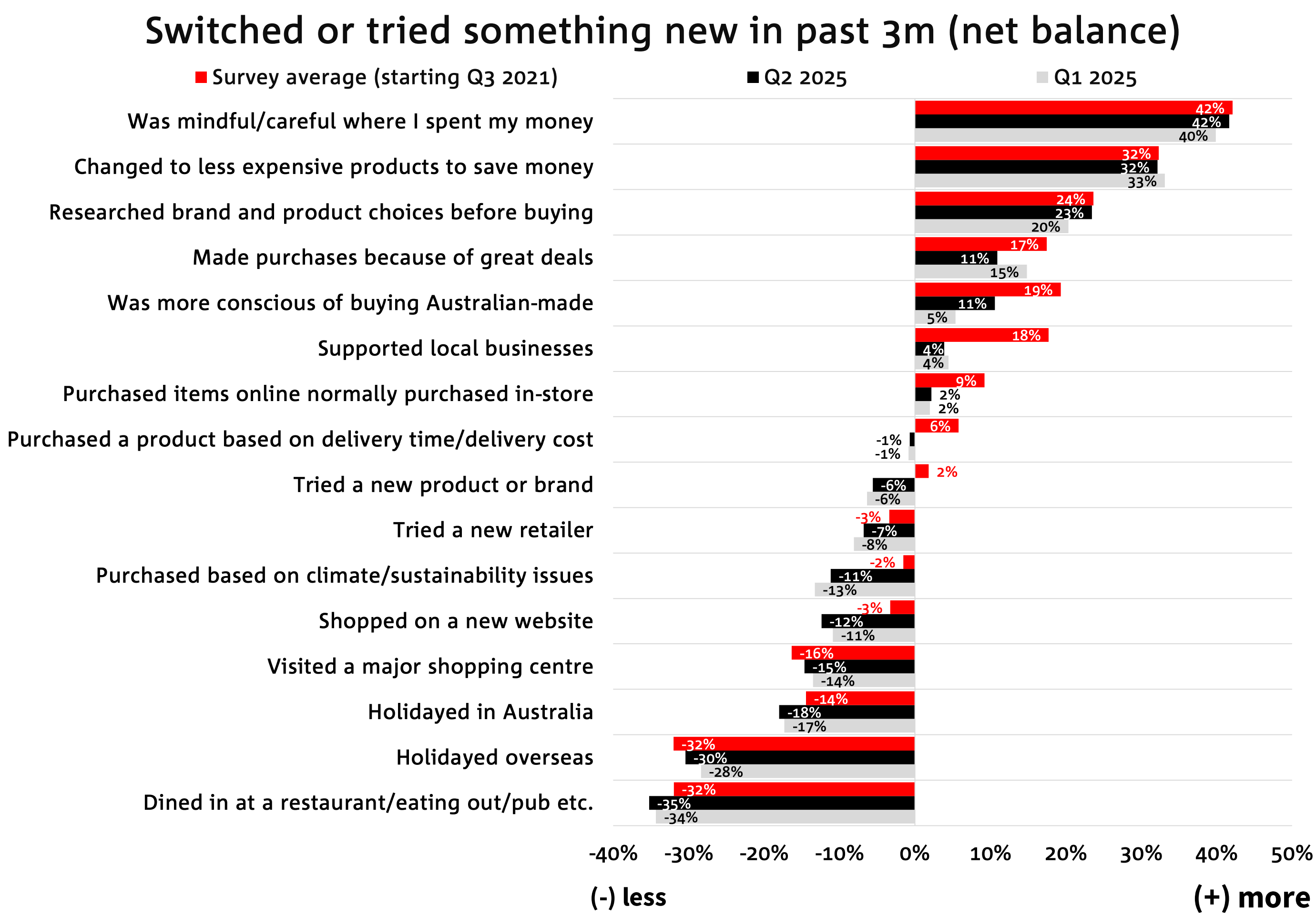
Shopping Behaviours

In this section, we explore how Australian consumer shopping behaviours and habits have changed over the last 3 months. In particular, 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).

Higher living costs continue to drive a range of consumers spending behaviours, with shoppers in all demographic groups looking for ways to save money. In the June quarter, behavioural change among consumers remained most common for being mindful or careful about where they spent their money, with the net number doing so heavily outweighing those less mindful about where they were spending. Moreover, the net number of consumers who behaved this way in the June quarter increased to +42%, from +40% in the March quarter, in line with the survey average, suggesting this behaviour is firmly entrenched.

Positive behavioural change was next most common for switching to less expensive products to save money (though falling slightly to +32% from +33% in March), researching brands & product choices before buying (+23% vs. +20%) and making purchases because of great deals, though considerably fewer consumers were doing more of this compared to the last quarter (+11% vs. +15%) and when compared to the longer-term survey average (+17%).

Australians were much more conscious of buying Australian made, with the net number doing so in June more than doubling (+11% up from +5%), though was still well below survey average levels (+19%). An unchanged +4% supported local business but also still trended well below average (+18%). An unchanged number also purchased items online they normally purchased in-store (+2%), with this trend now firmly re-established at much lower levels after hitting highs of over +40% at the height of COVID and currently also well below average (+9%).



In terms of doing less, we recorded a higher number who dined in less at restaurants or ate out (-35% vs. -34%), holidayed overseas (-30% vs. -28%), holidayed in Australia (-18% vs. -17%), visited a major shopping centre (-15% vs. -14%) or shopped on a new website (-12% vs. -11%).

However, the net number who were less inclined to make purchases based on climate or sustainability issues fell to -11% (-13% in March) and remains well below the longer-term trend (-2%). Slightly fewer consumers also said they avoided trying a new retailer (-7% vs. -8%), but behaviour related to trying new products or brands (-6%) and buying products based on delivery times or delivery cost (-1%) were unchanged.

Shopping behaviours were more nuanced by age. In the June quarter, we counted a far greater number of 18-29 year olds who made purchases because of great deals (+20%) and based on delivery times and cost (+8%) compared to other age groups, and far fewer also cutting back on making purchases based on climate or sustainability issues (-4%), visiting major shopping centre (-3%), holidaying in Australia (-12%) and dining in at restaurants or eating out (-25%). Sngnificantly more Australians over the age of 65 however were more conscious of buying Australian made (+29%) and supporting local businesses (+15%). Most shoppers in all age groups were more mindful or careful about where they spent their money, but this ranged from +35% in the 18-29 age group to +47% in the 50-64 group.

Switched or tried something new in the past 3 months (net balance more or less)

	All	18-29	30-40	50-64	65+	Men	Women	Low income	High income
Was mindful/careful where I spent my money	**42%**	35%	43%	47%	40%	38%	45%	39%	46%
Changed to less expensive products to save money	**32%**	31%	33%	31%	33%	27%	37%	30%	33%
Researched brand/product choices before buying	**23%**	22%	23%	26%	22%	24%	23%	19%	28%
Made purchases because of great deals	**11%**	20%	14%	9%	-2%	13%	9%	-2%	18%
Was more conscious of buying Australian-made	**11%**	0%	4%	14%	29%	10%	11%	12%	8%
Supported local businesses	**4%**	-1%	-3%	9%	15%	5%	2%	3%	1%
Bought items online normally purchased in-store	**2%**	6%	4%	-4%	1%	4%	1%	1%	6%
Purchased based on delivery time/delivery cost	**-1%**	8%	0%	-5%	-7%	-1%	-1%	-8%	3%
Tried a new product or brand	**-6%**	-3%	-3%	-6%	-11%	-6%	-6%	-13%	-2%
Tried a new retailer	**-7%**	-2%	-7%	-10%	-9%	-4%	-9%	-13%	-4%
Purchased based on climate/sustainability issues	**-11%**	-4%	-12%	-14%	-15%	-9%	-14%	-13%	-12%
Shopped on a new website	**-12%**	-7%	-9%	-16%	-20%	-8%	-17%	-18%	-9%
Visited a major shopping centre	**-15%**	-3%	-17%	-22%	-16%	-6%	-23%	-18%	-17%
Holidayed in Australia	**-18%**	-12%	-20%	-18%	-20%	-14%	-22%	-21%	-16%
Holidayed overseas	**-30%**	-23%	-29%	-36%	-35%	-24%	-37%	-35%	-26%
Dined in at a restaurant/eating out/pub etc.	**-35%**	-25%	-35%	-41%	-41%	-29%	-42%	-37%	-31%

By gender, far more women than men were mindful about where they spent their money (+45% vs. +38%) and changing to less expensive products (+37% vs. +27%). Somewhat more men however made purchases because of great deals (+13% vs. +9%), and considerably fewer dined out at restaurants or ate out less (-29% vs. -42%), holidayed overseas less (-24% vs. -37%), holidayed in Australia less (-14% vs. -22%), visited a major shopping centre less (-6% vs. -23%) or shopped on a new website less (-8% vs. -17%).

Significant differences were also noted in the shopping behaviours of consumers in lower and higher income groups in the June quarter. These were most obvious in relation to making purchases because of great deals (-2% lower income; +18% higher income), buying products based on delivery times and cost (-8% lower income: +3% higher income), trying a new product or brand (-13% lower income; -2% higher income) and trying a new retailer (-13% lower income; -4% higher income). More lower income earners were however more conscious of buying Australian made (+12% vs. +8%).

How consumers see the year ahead

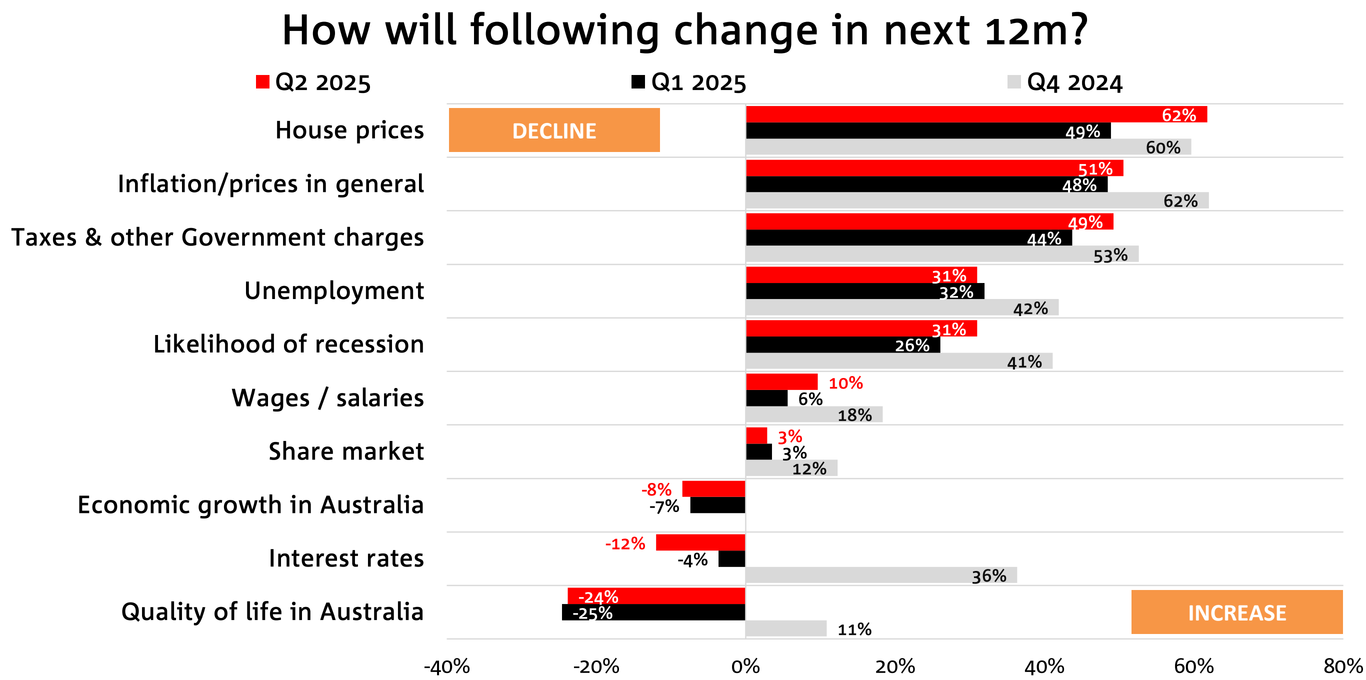
Consumer behaviour can be influenced by several factors including economic, social, political, cultural, personal, psychological, and technical. These can affect how much consumers think they can afford to spend in the future, what they prioritise and how they perceive value. In this section, we again ask consumers how they expect some key factors to change in the next 12 months. These insights help to frame the mindset of consumers when thinking about their spending and saving patterns over the next year.

CoreLogic data shows that Australian dwelling prices climbed 1.7% over the first five months of 2025, with momentum across almost all markets being fuelled by recent interest rate cuts. And with the potential for more cuts on the horizon, the net number of Australians who expect house prices to increase to over the next 12 months also grew sharply to +62% from +49% in the previous quarter. Uncertatainty however still surrounds the outlook for inflation, with the number of Australians expecting inflation and prices in general to increase lifting slightly to +51% (+48% in March).

More Australians on balance also expect to be hit with higher taxes and other Government charges (+49% vs. +44%) over the next year, but slightly fewer see unemployment increasing (+31% vs. +32%). The risk of a recession has also increased according to a growing number of Australians (+31% vs. +26%), though more also see their wages and salaries increasing (+10% vs. +6%). An unchanged number however expect the share market to rise over the next 12 months (+3%).

On balance, more consumers expect economic growth to decline than increase in the next 12 months (-8%) with this number also rising slightly from -7% in March. A much higher number of Australians on balance now expect interest rates to decrease in the next 12 months (-12% vs. -4%) - positive for mortgage holders but less so for Australians reliant on their savings.

It is perhaps of greatest concern that a significantly large number of Australians on balance still expect the quality of life in their country to decrease over the next year (-24% down slightly from -25% in the March quarter). This is important as research suggests when consumers anticipate a decline in their future quality of life, they can also become more price-sensitive, shift spending priorities and seek greater value, with can impact business and the economy overall.



Responses mostly aligned by state. The major differences related to the somewhat lower number of people living in the ACT who said taxes and other Government charges (+35%) will increase in the next 12 months, the lower number in TAS (+6%) and the ACT (+9%) who see unemployment increasing, and in TAS the much lower number who expect the likelihood of recession to increase (+17%). The ACT sits alone for having more residents who expect wages and salaries to decline than increase (-9%), whereas a much higher +18% in WA expect wages and salaries to increase. Australians living in SA are somewhat less optimistic about the share market (-6% see it decreasing), while in TAS (-14%), QLD (-13%) and VIC (-12%) significantly more on balance expect economic growth to decrease. Australians living in the NT are the only group where more people expect the quality of life in Australia (+22%) and interest rates (+14%) to increase than decline in the next 12 months.

How will the following change in the next 12 months: Q1 2025 (net balance)

	NSW	VIC	QLD	SA	ACT	WA	TAS	NT	28-29	30-49	50-64	65+	Men	Women	Low income	High income
House prices	63%	58%	64%	62%	53%	65%	58%	57%	57%	58%	70%	66%	62%	62%	62%	63%
Inflation	46%	48%	55%	57%	48%	57%	52%	64%	46%	48%	54%	55%	48%	54%	54%	46%
Taxes/Govt charges	43%	54%	56%	47%	35%	47%	46%	50%	36%	45%	55%	64%	46%	53%	46%	45%
Unemployment	32%	34%	31%	29%	9%	29%	27%	6%	30%	35%	31%	25%	29%	32%	26%	31%
Recession	28%	31%	39%	30%	32%	29%	17%	29%	28%	35%	30%	28%	29%	32%	30%	31%
Wages/salaries	10%	9%	9%	4%	-9%	18%	9%	7%	11%	2%	7%	25%	15%	5%	9%	9%
Share market	4%	4%	-1%	-6%	1%	8%	4%	7%	12%	1%	-4%	4%	7%	-1%	-1%	4%
Economic growth	-7%	-12%	-13%	-7%	9%	3%	-14%	-7%	3%	-9%	-12%	-15%	-5%	-11%	-4%	-10%
Interest rates	-14%	-12%	-14%	-6%	-8%	-8%	-22%	14%	14%	-3%	-25%	-41%	-21%	-4%	-3%	-22%
Quality of life	-21%	-26%	-29%	-22%	-12%	-27%	-22%	22%	-11%	-23%	-30%	-32%	-21%	-26%	-27%	-23%

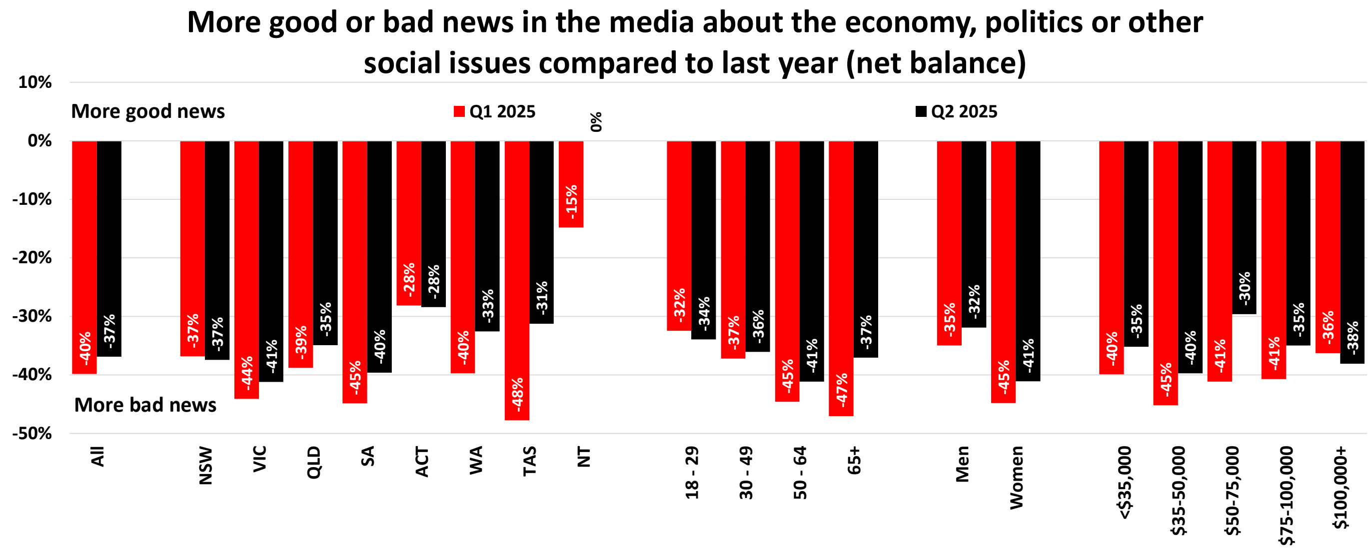
By age, far more Australians over 65 on balance expect taxes and other Government charges (+64%) and wages and salaries (+25%) to increase in the next 12 months. 18-29 year olds are the most positive by a large margin about the share market rising (+12%) and also the only age group where more also expect interest rates to increase (+14%). They are however also the least negative about the quality of life in Australia in the next 12 months by some margin (-11%).

By gender, considerably more men see interest rates decreasing over the next 12 months than women (-21% vs -4%). A lot more men also expect wages and salaries to increase (+15% vs. +5%). By far the biggest discrepancy between consumers in the lower and higher income groups was the significantly greater number in the higher income group who expect interest rates to decrease over the next 12 months (-22% vs. -3%).

Media & consumer perceptions

Research from the Federal Reserve Bank of San Francisco suggests that news media affects consumers' perceptions of the economy via three channels. First, it conveys the latest economic data and opinions of professionals to consumers. Second, consumers receive a signal about the economy through the tone and volume of economic reporting. Lastly, the greater the volume of news about the economy, the greater the likelihood consumers will update their expectations about the economy. Their research also found periods when reporting on the economy has not been consistent with actual economic events. As a result, there are times when consumer sentiment is driven away from what economic fundamentals would suggest. They also found evidence that consumers update their expectations about the economy much more frequently during periods of high news coverage than in periods of low news coverage.

In this section, we revisit how the media is impacting the perception of Australian consumers of their country and how that has changed over the past quarter. We do this by asking them to think about what they have been reading, hearing or seeing in the media (TV, radio, newspapers, social media, podcasts etc.) about the economy, politics or other social issues, and tell us if there was more good news or bad news now compared to the same time last year. Results are reported in net balance terms. A positive result indicates that the number who said there was more good news outweighed those who said there was more bad news, and a negative results indicates that more people saw more bad news than good news.



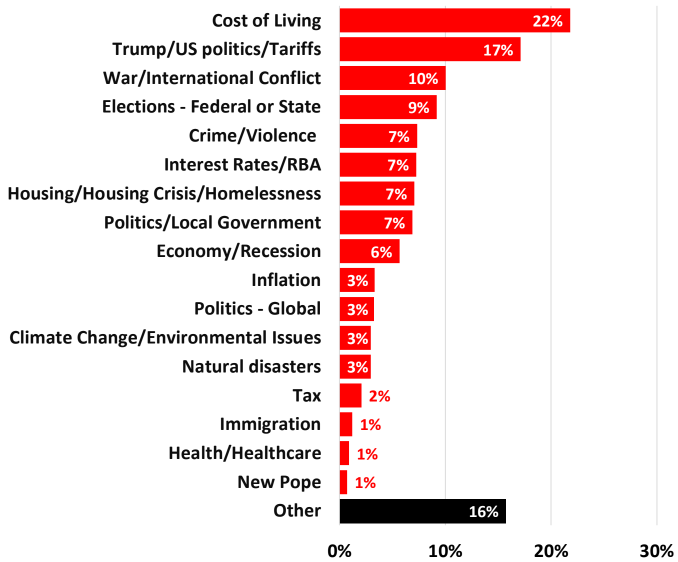
On balance, the number of Australians overall again indicated there was more bad news than good news in the media, though it is encouraging to report that the net number who said there was more bad news fell slightly to -37% in the June quarter (-40% in March). Though perceptions varied across key monitored groups, more people in all groups continue to report more bad news than good news compared to last year, except in the NT where those who said there was more bad news and good news cancelled each other out (0%).

In other states and territories, those reporting more bad news was highest in VIC (-41% down from -44% in March), followed by SA (-40% also down from -45%) and NSW (unchanged at -37%). Those reporting more bad news was lowest in the ACT (unchanged at -28%), followed by TAS (-31% down from -48%), WA (-33% vs. -40%) and QLD (-35% vs. -39%).

Though Australians in most groups on said there was more bad news than good news compared to the same time last year, the number that did fell in all age groups except the 18-29 group (-34% up from -32% in the previous quarter but still lowest overall). Though improving, the net number reporting more bad news was highest in the 50-64 age group (-41% vs. -45%), followed by over 65s (-37% vs. -47%) and 30-49 year olds (-36% vs. -37%).

Though improving, a much higher number of women (-41% vs. -45%) in net terms again reported that there was more bad news than good news in the media than men (-32% vs. -35%). Australians in all income groups also said there was more bad news than good in the June quarter, but the net number that did fell in all income cohorts bar the $100,000+ group (-38% vs. -36%). The number reporting more bad news was highest the $35-50,000 income group (-40% vs. -45%) and lowest in the $50-75,000 group (-30% vs. -41%).

Key issues media focussing on (Q2 2025)



In order to establish what was driving their overall perceptions of the news, Australians were again asked to tell us in their own words what they believed was the key theme or issue the media had focussed on most (either positive or negative) in the June quarter.

Over 1 in 5 (22%) Australians told us that cost of living dominated the media. What was happening in other parts of the world were also key, with around 17% indicating that media mostly focussed on Trump, US politics and tariffs, while a further 1 in 10 said the main theme related to war or international conflict (10%) or federal and state elections (9%).

Many Australians also highlighted local issues as key themes domination media in the June quarter, including crime & violence (7%), interest rates & the RBA (7%), housing, the housing crisis and homelessness (7%), politics and local Government (7%) and the economy and recession (6%).

Less common themes identified included inflation (3%), global politics (3%), climate change & environmental issues (3%), natural disasters (3%), tax (2%), immigration (1%), health & healthcare (1%) and the new Pope (1%). In addition, just over 1 in 6 (16%) consumers overall identified ‘other’ themes such as defence, terrorism, AI and sports.

Key issues the media has been focussing on (Q2 2025)

	All	NSW/ACT	VIC	QLD	SA/NT	WA	TAS	18-29	30-49	50-64	65+	Men	Women
Cost of Living	22%	20%	21%	22%	23%	22%	27%	21%	43%	26%	21%	24%	17%
Trump/US politics/Tariffs	17%	18%	13%	22%	18%	22%	14%	11%	7%	10%	17%	21%	21%
War/International Conflict	10%	10%	13%	6%	5%	9%	12%	11%	14%	12%	10%	8%	10%
Elections - Federal or State	9%	10%	10%	8%	12%	6%	6%	14%	0%	4%	10%	8%	15%
Crime/Violence	7%	6%	10%	10%	6%	0%	3%	4%	7%	10%	6%	7%	7%
Interest Rates/RBA	7%	8%	7%	6%	5%	6%	9%	2%	14%	5%	7%	8%	8%
Housing/Housing Crisis/Homelessness	7%	6%	4%	7%	8%	10%	16%	5%	14%	9%	9%	6%	3%
Politics/Local Government	7%	8%	9%	6%	4%	12%	4%	0%	0%	3%	5%	8%	13%
Economy/Recession	6%	6%	6%	5%	4%	0%	5%	6%	0%	9%	4%	4%	7%
Inflation	3%	4%	4%	2%	4%	0%	4%	2%	14%	5%	4%	2%	1%
Politics - Global	3%	4%	3%	3%	4%	9%	4%	0%	0%	4%	3%	3%	3%
Climate Change/Environmental Issues	3%	3%	2%	4%	2%	0%	3%	4%	0%	3%	3%	3%	3%
Natural disasters	3%	5%	3%	2%	2%	7%	1%	0%	0%	2%	3%	4%	4%
Tax	2%	1%	4%	2%	1%	0%	1%	6%	0%	2%	2%	2%	2%
Immigration	1%	1%	1%	1%	0%	0%	2%	2%	0%	2%	1%	1%	1%
Health/Healthcare	1%	1%	1%	0%	2%	3%	1%	2%	0%	1%	1%	2%	0%
New Pope	1%	1%	1%	0%	0%	3%	1%	0%	0%	0%	0%	1%	1%
Other	16%	17%	14%	15%	20%	9%	16%	17%	14%	21%	15%	13%	15%

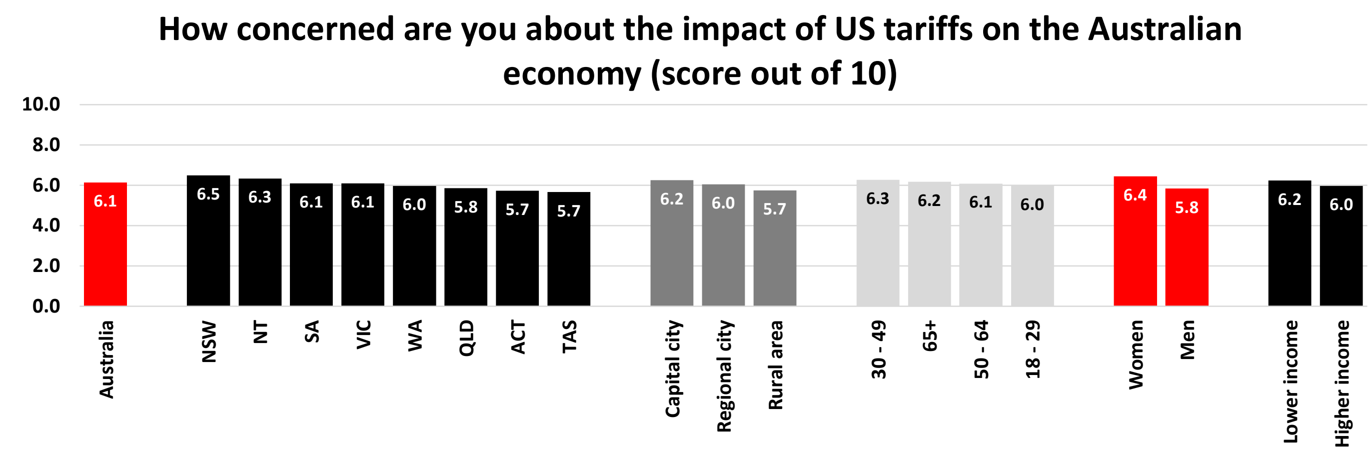
But what were identified as key themes in June differed in some areas across states. We mainly noted somewhat higher numbers in TAS who said cost of living was a key theme (27%), in QLD and WA Trump, US politics and tariffs (22%), in VIC & QLD crime and violence (10%), in TAS housing, housing crisis and homelessness (16%) and in WA politics & local Government (12%).

Across age groups, we also counted a significantly higher number of 30-49 year who highlighted cost of living as a key media compared to all other age groups (43%), and noticeably more in this age group also pointing to interest rates and the RBA (14%), housing, the housing crisis and homelessness (14%) and inflation (14%) as key themes. Somewhat more 18-24 year olds however said the main focus was on state and federal elections (14%) and 50-64 year olds on crime and violence (10%). By gender, considerably more men than women highlighted the costs of living as the key media theme (24% vs. 17%), but noticeably more women than men federal and state elections (15% vs. 8%) and politics and local Government (13% vs. 8%).

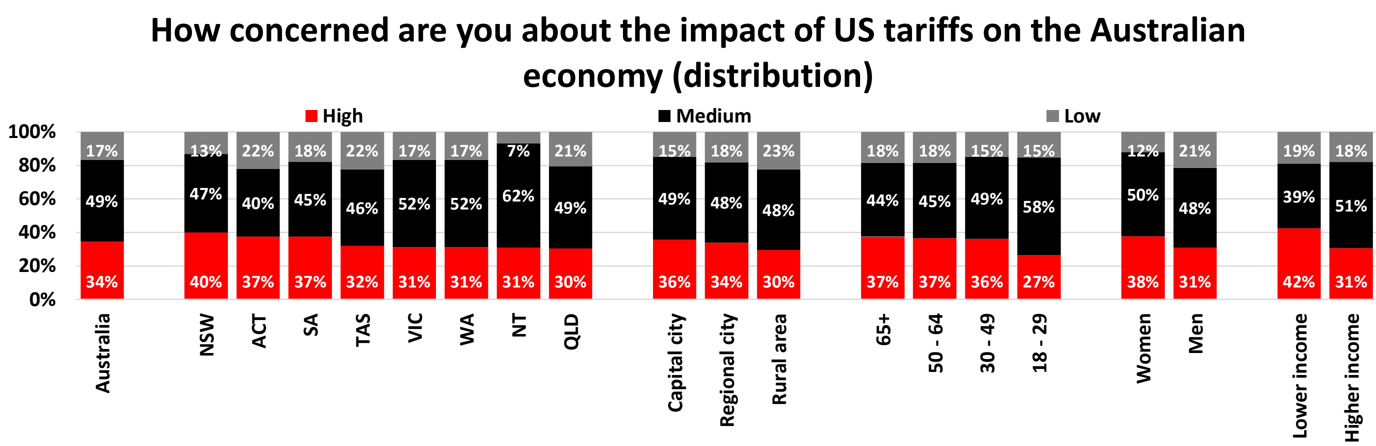
Impact of US tariffs

Australia imports substantially more from the US than we export to them so the direct impact of the tariffs will be limited overall, and we may even benefit from lower import prices. A major risk for Australia is the potential slowdown in East and Southeast Asia - key destinations for our exports. However, we are well placed to weather global storm clouds. But what do Australian consumers think? In this survey, we asked how concerned they are about the impact of US tariffs on our economy.

Overall, they were only 'moderately' concerned, scoring on average 6.1 out of 10 (10 is extremely concerned). Concern ranged from 5.7 in TAS and the ACT to 6.5 in NSW. Interestingly, consumers in WA (by far the largest exporter in Australia) scored mid-range (6.0), and also at the lower end in QLD (5.8) Australia's second biggest exporter. Consumers in capital cities (6.2) were somewhat more concerned than in regional cities (6.0) and rural areas (5.7). It ranged narrowly from 6.0 among 18-29 year olds to 6.3 in the 30-49 age group. Men were somewhat more worried about the impact on the economy than women (6.4 vs. 5.8). There was marginal difference between consumers in the lower (6.2) and higher (6.0) income groups.



However, over 1 in 3 (34%) Australians said they were 'very' concerned about the impact of US Tariffs on the Australian economy (scored 8+). This ranged from 3 in 10 in QLD (30%) to 4 in 10 (40%) in NSW. Over 1 in 3 (36%) in capital cities were very concerned, falling to 3 in 10 (30%) in rural areas. It ranged more widely from around 1 in 4 (27%) 18-29 year olds to almost 4 in 10 (37%) over 50s, from 38% of women to 31% of men (31%) and from 42% in the lower income group to 31% in the higher income group.

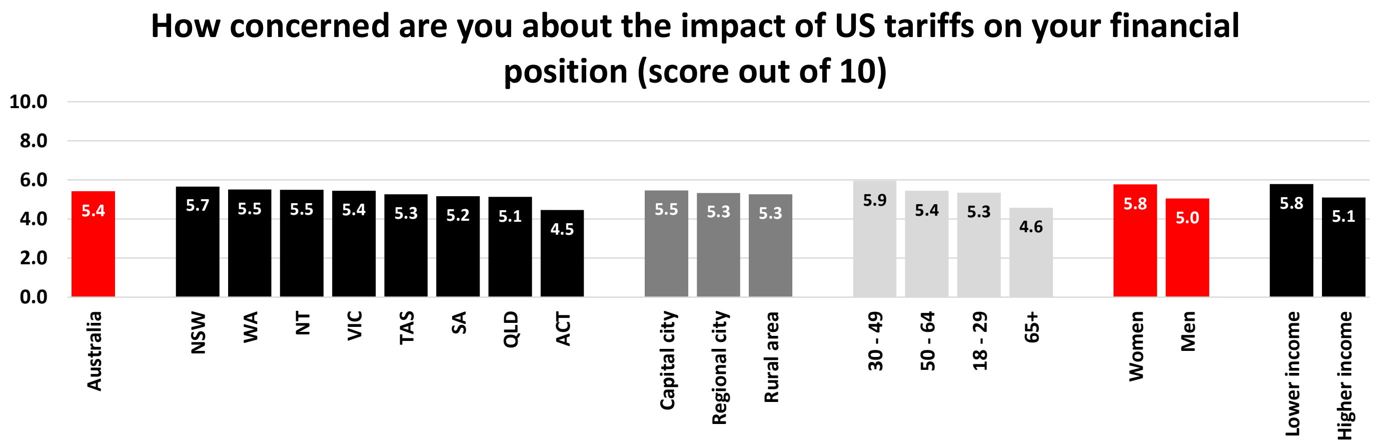


Australian consumers were however noticeably less concerned about the impact of US tariffs on their own financial situation, scoring on average a more moderate 5.4 out of 10. The level of concern about the impact of US tariffs on their financial position was also scored lower than the impact on the economy in all groups.

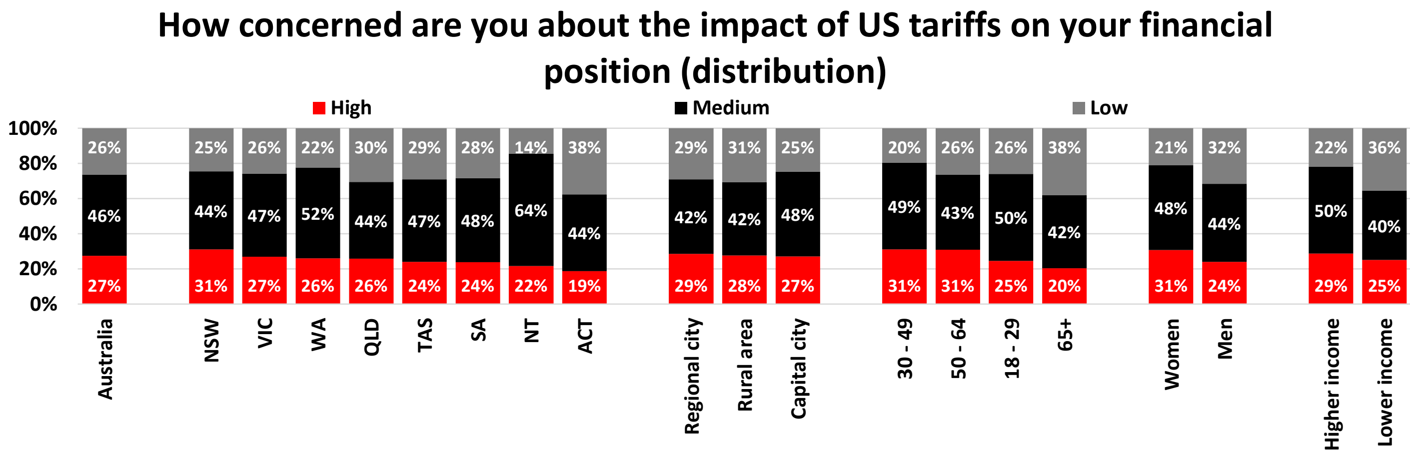
By state, concern about the impact on their financial position ranged from 4.5 in the ACT to 5.7 in NSW. The difference in the level of concern over the economy and their financial position was much wider in the ACT (5.7 economy; 4.5 financial position), particularly when compared to TAS where the difference was smallest (5.7 economy; 5.3 financial position).

Australians living in capital cities (5.5) were a little more concerned the impact on their financial position than those in regional cities and rural areas (5.3). The 30-49 age group (5.9) most worried, and considerably more than those over 65 (4.6). Over 65s also scored the impact on their financial position significantly below their level of concern over the impact of US tariffs on the Australian economy (4.6 vs. 6.2).

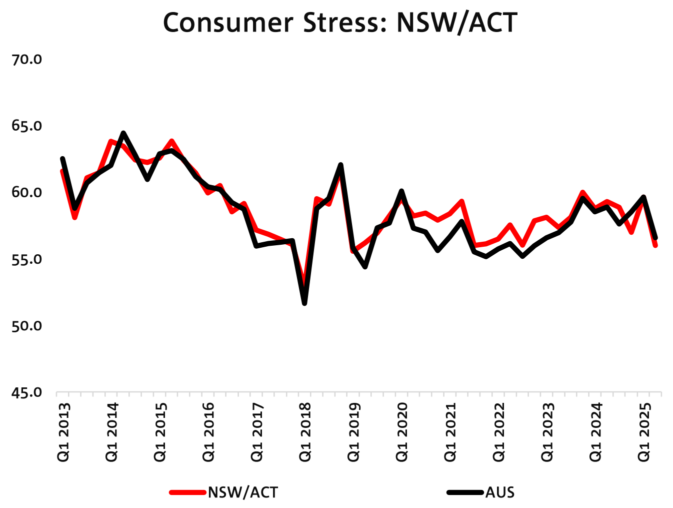
Women (5.8) expressed noticeably higher levels of concern about the impact on their financial position than men (5.0), as did Australians in the lower (5.8) than higher income (5.1) group.

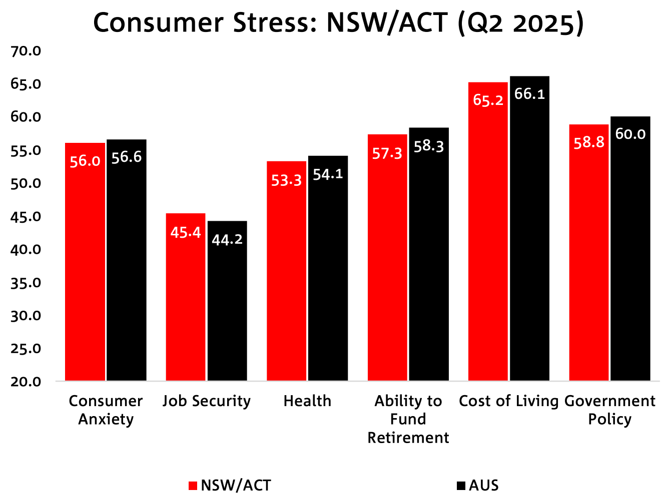


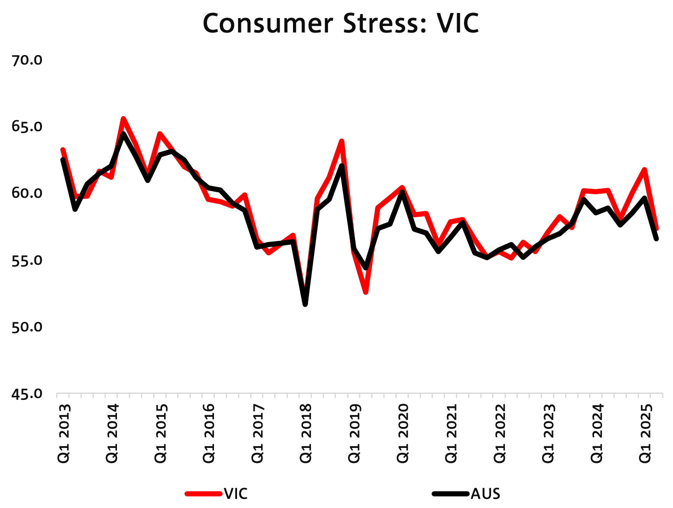
Just over 1 in 4 (27%) Australians overall said they were 'very' concerned about the impact of US tariffs on their financial position (scored 8+). It ranged from around 3 in 10 (31%) in NSW to around 1 in 5 (19%) in the ACT. Those very concerned by region ranged more narrowly from 29% in regional cities to 27% in capital cities. Just over 3 in 10 (31%) 30-49 year olds were very concerned, compared to 1 in 5 (20%) consumers 65 an over. Somewhat more women than men were very concerned about the impact on their financial position (31% vs. 24%) and somewhat more on higher (29%) than lower incomes (25%).

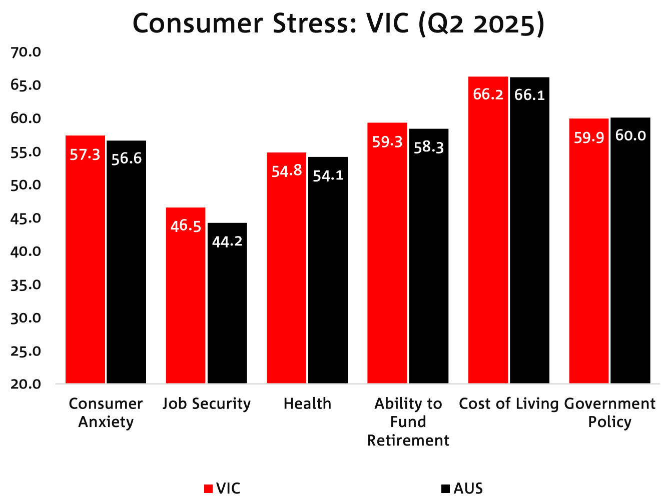


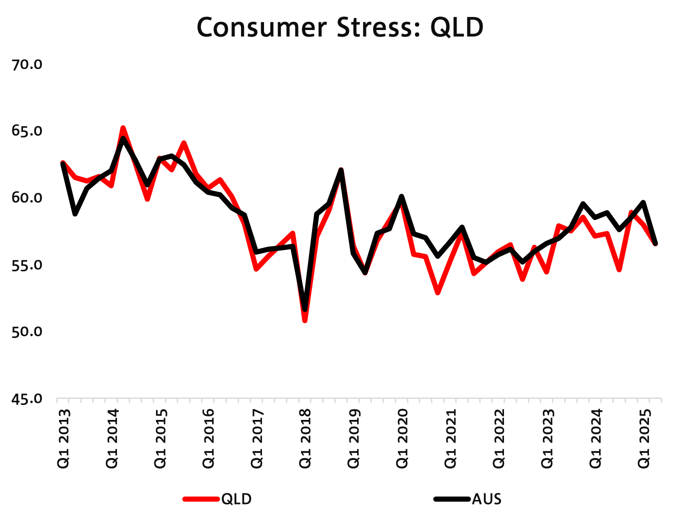
Appendix 1: Consumer Stress Index - States

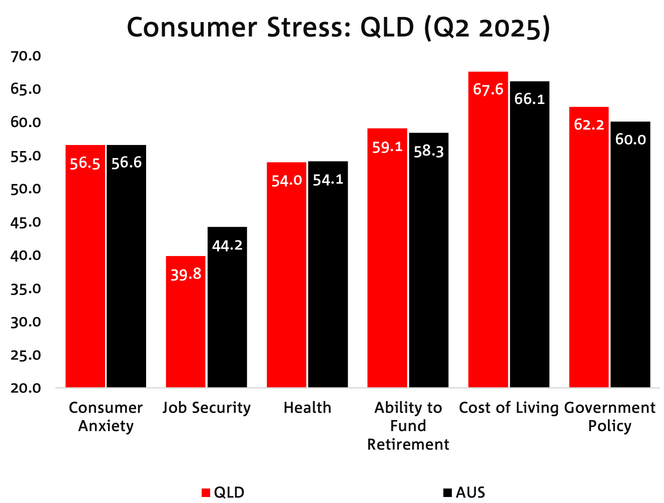


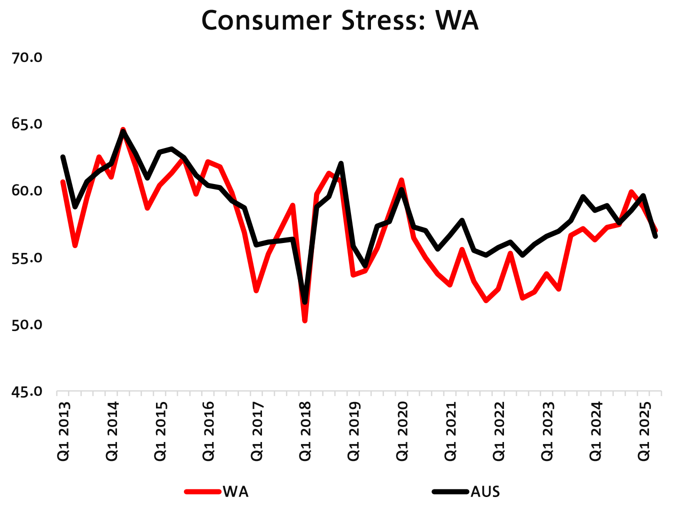


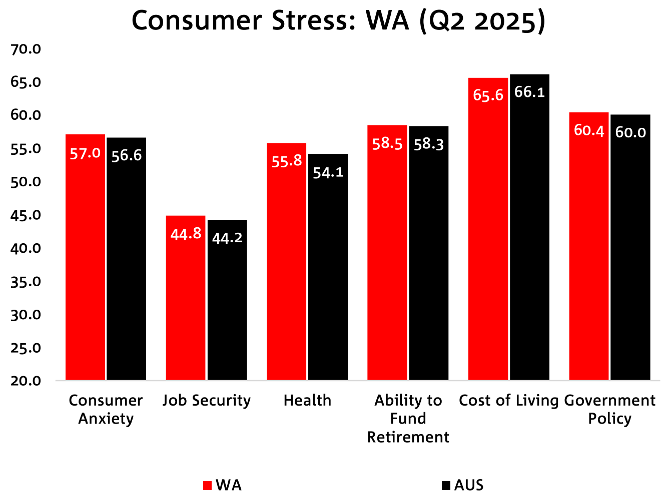


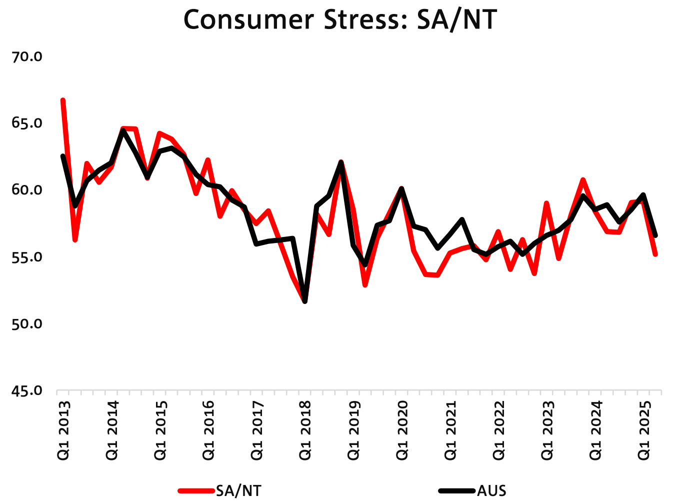


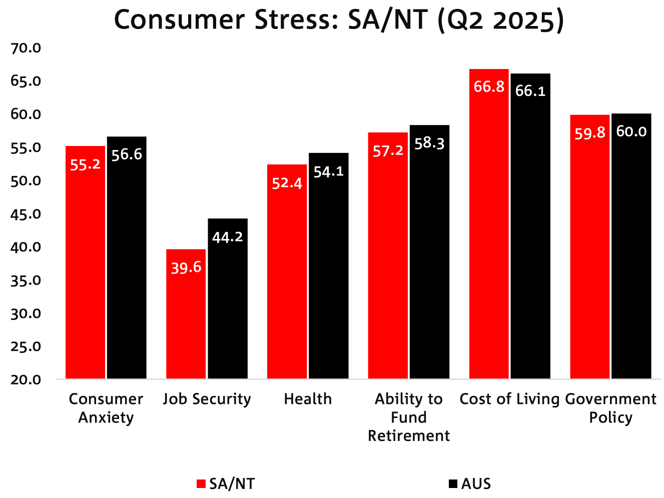


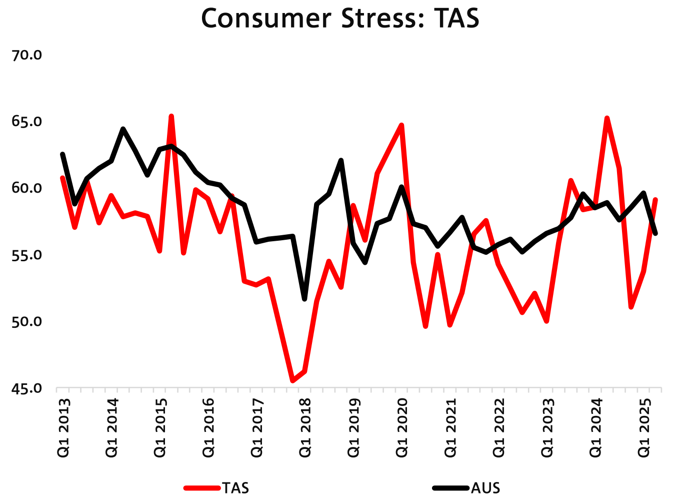


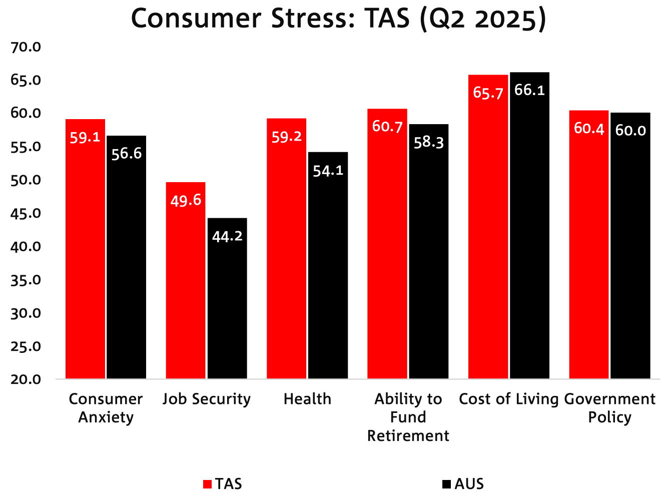

Consumer Stress: WA
70.0
65.0
60.0
55.0
50.0
45.0
Q1 2013
Q1 2014
Q1 2015
Q1 2016
Q1 2017
Q1 2018
Q1 2019
Q1 2020
Q1 2021
Q1 2022
Q1 2023
Q1 2024
Q1 2025
WA
AUS


Consumer Stress: WA (Q2 2025)
57.0
56.6
44.8
44.2
55.8
54.1
58.5
58.3
65.6
66.1
60.4
60.0
Consumer Anxiety
Job Security
Health
Ability to Fund Retirement
Cost of Living
Government Policy
WA
AUS

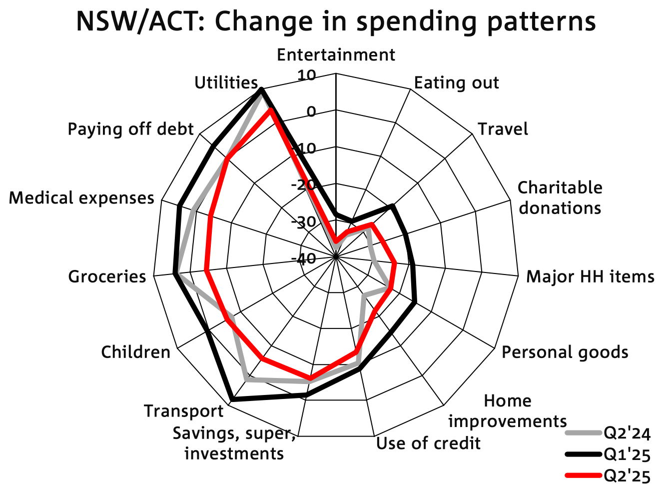

Consumer Stress: SA/NT
SA/NT
AUS

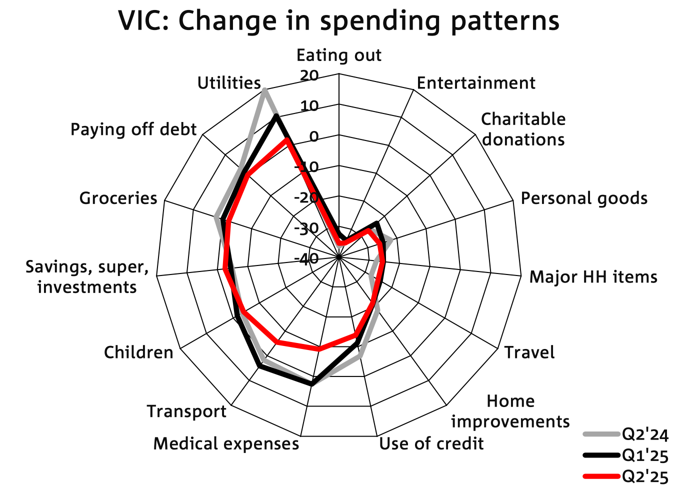

Consumer Stress: SA/NT (Q2 2025)
55.2
56.6
39.6
44.2
52.4
54.1
57.2
58.3
66.8
66.1
59.8
60.0
Consumer Anxiety
Job Security
Health
Ability to Fund Retirement
Cost of Living
Government Policy
SA/NT
AUS

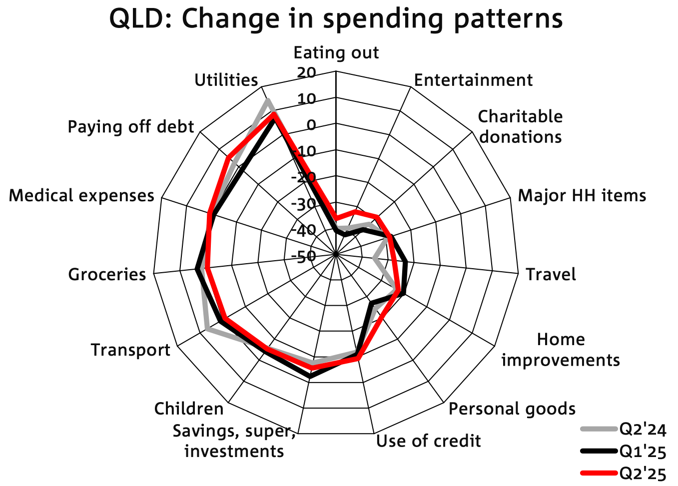

Consumer Stress: TAS
TAS
AUS

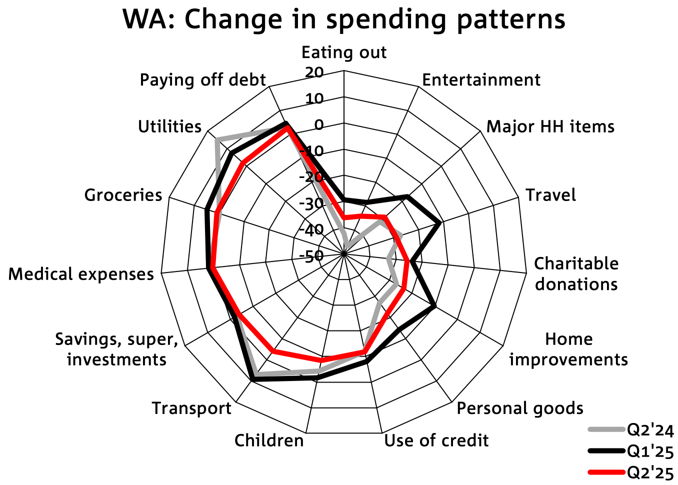

Consumer Stress: TAS (Q2 2025)
59.1
56.6
49.6
44.2
59.2
54.1
60.7
58.3
65.7
66.1
60.4
60.0
Consumer Anxiety
Job Security
Health
Ability to Fund Retirement
Cost of Living
Government Policy
TAS
AUS

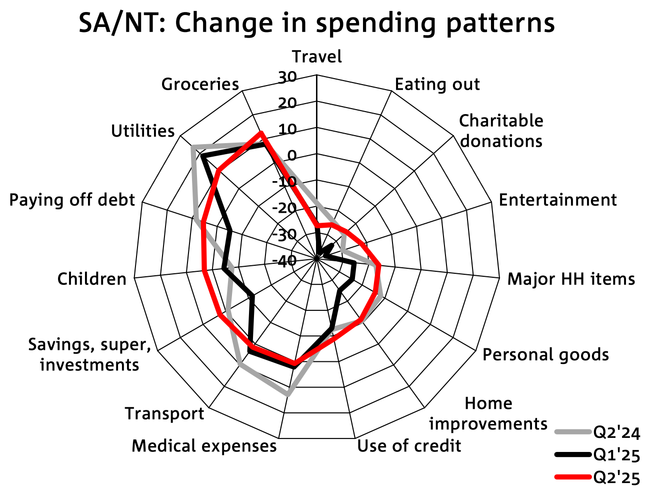
Appendix 2: Future Change in Spending Patterns: States

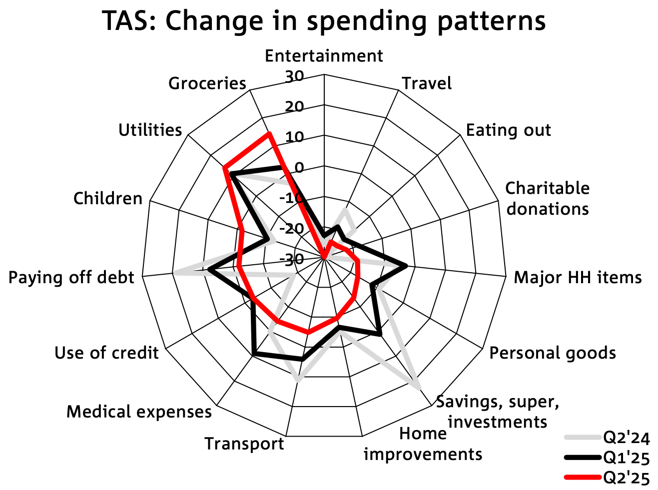












Authors

Dean Pearson,
Head of Behavioural & Industry Economics
Dean.Pearson@nab.com.au
+61 0 457 517 342

Robert De Iure
Director - Behavioural & Industry Economics
Robert.De.Iure@nab.com.au
+61 0 477 723 769

Contact

nab.media@nab.com.au