

Australian Economic Update

4 April 2025

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Modest uplift in consumer spending

	Feb	Jan	ANZ	Mkt
Monthly Household Spending Indicator				
Household spending, % m/m	+0.2	+0.3	+0.4	+0.3
Retail Trade				
Retail sales, % m/m	+0.2	+0.5	+0.2	+0.3

Source: ABS, ANZ Research

Household spending rose 0.2% m/m in February, following an upwardly revised 0.5% m/m increase in January. Consumption has been on a steady recovery, with growth seen across the past five months. This month's increase was mainly led by discretionary spending, which rose 0.3% m/m. There was increased spending in recreation (+0.9% m/m), food (+0.6% m/m) and hospitality (+0.5% m/m). Essential (i.e. non-discretionary) spending declined 0.1% m/m, as people spent less on health (-0.1% m/m). This marks the first decline in health-related spending since September 2024.

- Goods consumption rose 0.3% m/m after falling 0.6% in January. Services consumption on the other hand was flat in the month but remains elevated in through-the-year terms (at +5.2% y/y).
- Across the states, New South Wales and Tasmania saw the largest growth in household spending, both rising 0.4% m/m.

Retail sales, which is a narrower measure of consumer spending, rose by a modest 0.2% m/m in February after a 0.3% m/m increase in January. The print was slightly below market expectations of a 0.3% m/m rise.

- By industry, the strongest increases were in department stores (+1.5% m/m) and food retailing (+0.6% m/m). Household goods fell for the second consecutive month (-0.3% m/m) after a string of strong results in Q4 2024.

This week's consumption data affirm that consumer spending is gradually recovering, as the RBA has been expecting. The positive growth in discretionary spending in February, especially without any significant discounting events, is a welcome sign. The rate cut in February will provide additional support to household finances. That said, increased global uncertainty around tariffs could impact domestic consumer confidence, although [we now expect rate cuts from the RBA in May, July and August](#), which should help offset that.

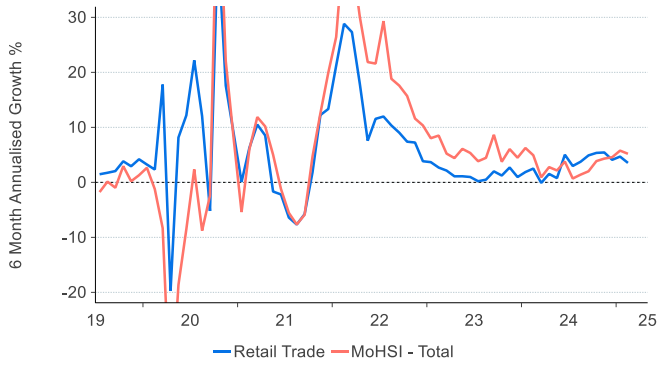
The Monthly Household Spending Indicator will replace the Retail Trade series as ABS's key consumer spending series when the latter ceases publication in July 2025. We have previously [discussed](#) the key difference between the two series.

Details

Page 2 includes charts on Monthly Household Spending Indicator and Retail Trade.

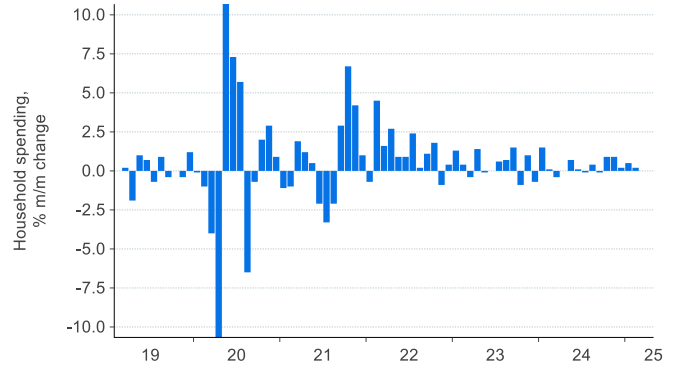
Monthly Household Spending Indicator (MoHSI)

Figure 1. MoHSI and retail trade



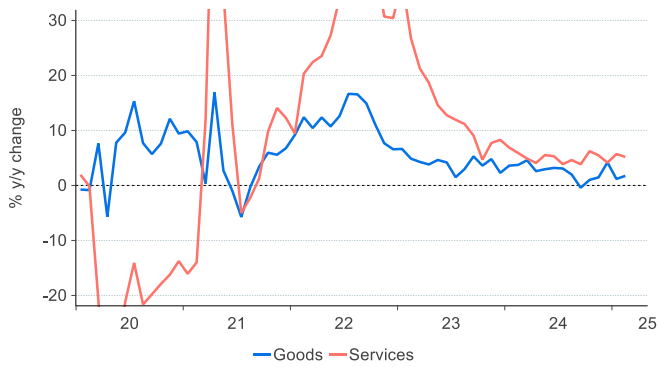
Source: ABS, Macrobond, ANZ Research

Figure 2. MoHSI % m/m



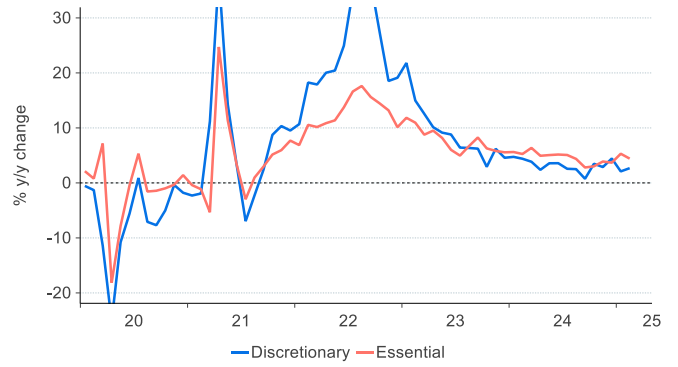
Source: ABS, Macrobond, ANZ Research

Figure 3. Goods & services spending



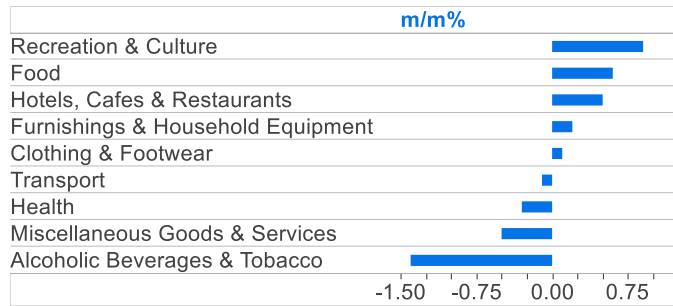
Source: ABS, Macrobond, ANZ Research

Figure 4. Discretionary & essential spending



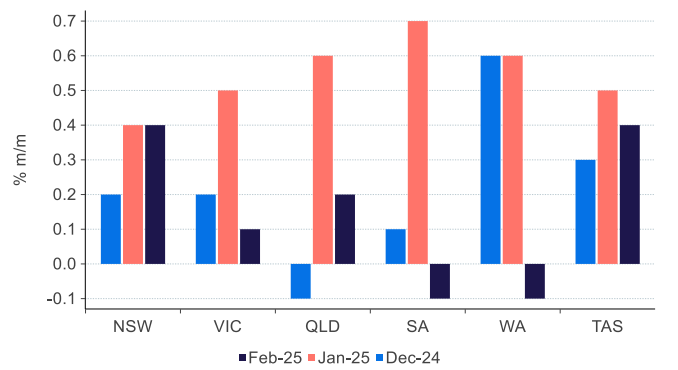
Source: ABS, Macrobond, ANZ Research

Figure 5. Household spending by category



Source: ABS, Macrobond, ANZ Research

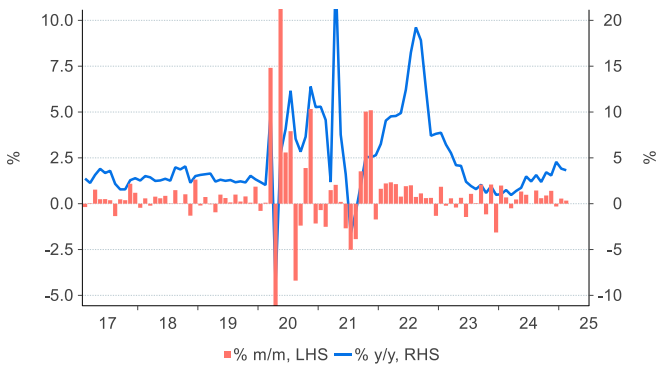
Figure 6. Household spending by state



Source: ABS, Macrobond, ANZ Research

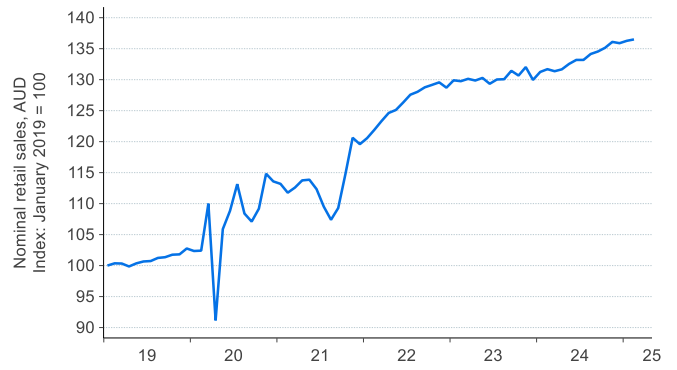
Retail sales

Figure 7. Retail sales growth



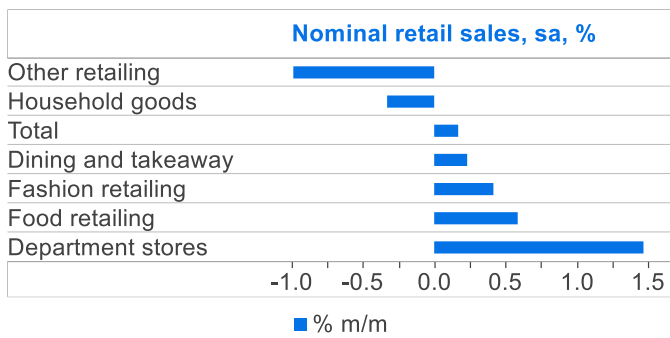
Source: ABS, Macrobond, ANZ Research

Figure 8. Level of monthly retail sales



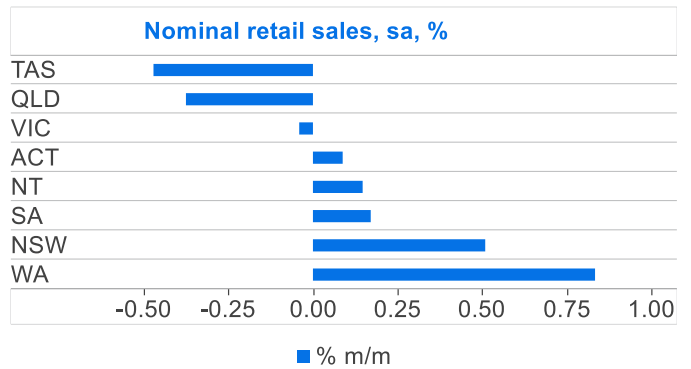
Source: ABS, Bloomberg, Macrobond, ANZ Research

Figure 9. Monthly change in retail sales by category



Source: ABS, Macrobond, ANZ Research

Figure 10. Monthly change in retail sales by state



Source: ABS, Macrobond, ANZ Research

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Last updated: 19 November 2024

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