

OpenVoiceNews Australia

Transparent. Unbiased. Yours.

Australian Consumer Spending Rises Slightly in June

August 5, 2025

– Categories: Economics



Australian household spending increased by 0.5% in June, according to data released by the Australian Bureau of Statistics (ABS). This marks a slowdown from May’s 1.0% rise, indicating restrained consumer activity despite two interest rate cuts by the Reserve Bank of Australia (RBA) earlier this year.

The Monthly Household Spending Indicator (MHSI) highlighted a divergence in household behaviour: spending on goods rose by 1.3%, led by stronger purchases of vehicles and electronics, while services spending declined by 0.5%, reflecting reduced outlays on travel and healthcare.

Annual spending growth reached 4.8%, the fastest pace since early 2024. However, this growth contributed just 0.2 percentage points to quarterly GDP, underscoring the continued fragility in domestic consumption, which accounts for over half of Australia's economic activity.



The weakness in services spending, coupled with subdued gains overall, has raised concerns among economists about the strength of the consumer recovery. ANZ's consumer sentiment index rose to 90.6 in July, but remains below levels typically associated with economic optimism.

The ABS noted the transition from retail sales figures to the broader MHSI provides more accurate insight, capturing approximately 68% of total consumption. Analysts point to this shift as offering a clearer picture of household behaviour during a period of declining inflation, now at four-year lows.

Market expectations currently fully price in another RBA rate cut at the August meeting, as policymakers seek to stimulate more robust economic activity. Despite improving real incomes and lower borrowing costs, spending remains uneven, particularly in discretionary categories.

The coming months will determine whether the recent economic tailwinds translate into stronger household consumption or whether

Australians will continue to prioritise essentials amid ongoing uncertainty.

