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Aussie Household Spending Climbs 0.5% in June

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– Categories: Economics



Australian household spending rose 0.5% in June 2025, marking a second straight month of growth after a Reserve Bank of Australia (RBA) rate cut, though the pace fell short of expectations, signaling cautious consumer behavior.

Australian household spending increased by 0.5% month-on-month in June 2025, following a revised 1.0% rise in May, according to the Australian Bureau of Statistics (ABS). This marks the second consecutive month of growth, driven by a 1.3% surge in goods spending, particularly on food, new vehicles, and electronics, per ABS data. However, the uptick fell below economists' expectations of a 0.8% rise, as reported by Trading Economics, reflecting persistent consumer caution amid economic pressures. The Reserve Bank of Australia's (RBA) decision to cut the cash rate to 4.1% in May 2025,

with another cut anticipated on August 12, has spurred some spending, but high living costs continue to weigh on households.

The ABS noted that services spending declined by 0.5% in June, with reductions in air and sea transport, health, and catering services. Despite this, quarterly household spending volumes rose 0.7% in the June 2025 quarter, following a 0.5% increase in the March quarter, signaling steady but uneven growth. Robert Ewing, ABS head of business statistics, highlighted that discretionary spending, particularly on recreation and culture (up 1.8%) and hotels, cafes, and restaurants (up 1.6%), drove the quarterly rise. Annually, household spending grew 4.8% compared to June 2024, with food (7.5%) and health (7.2%) showing strong gains, per ABS data.

Critics argue the Australian Labor Party (ALP) government's economic policies have failed to adequately address cost-of-living pressures, with inflation at 3.8% in June 2025, per ABS figures. The Commonwealth Bank's Household Spending Insights Index reported a 0.3% rise in June, but senior economist Belinda Allen noted that consumers remain deliberate, prioritizing debt repayment over discretionary purchases. Only 10% of eligible home loan customers reduced mortgage payments post-rate cut, per Commonwealth Bank data. While spending grew in most states, Western Australia saw a 0.3% decline, per ABS.

The modest spending growth suggests rate cuts are providing some relief, but with inflation and housing costs still high, per Finder's Consumer Sentiment Tracker, Australian households remain cautious, limiting the economic boost from the ALP's policies.