



Retail Forecasts

A chill in the air

August 2026

Deloitte
Access Economics

Retail Forecasts is produced quarterly and provides analysis of current retail spending and the economic drivers that influence this. It includes ten year forecasts of retail sales by major category and of key economic drivers.

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EXECUTIVE SUMMARY

A chill in the air

The economic shadows from the first half of 2026 are starting to loom over Australian retailers. A cocktail of higher interest rates, a softening labour market, real wages going backwards, and now falling house prices is providing an unwanted headache for households which isn't going away overnight.

While spending has held up well so far, supported by strong end of financial year discounting, the medium-term outlook looks subdued. Growth in real retail turnover is expected to slow from 2.8% in 2025-26, to 1.5% in 2026-27 as the economic realities quell household spending.

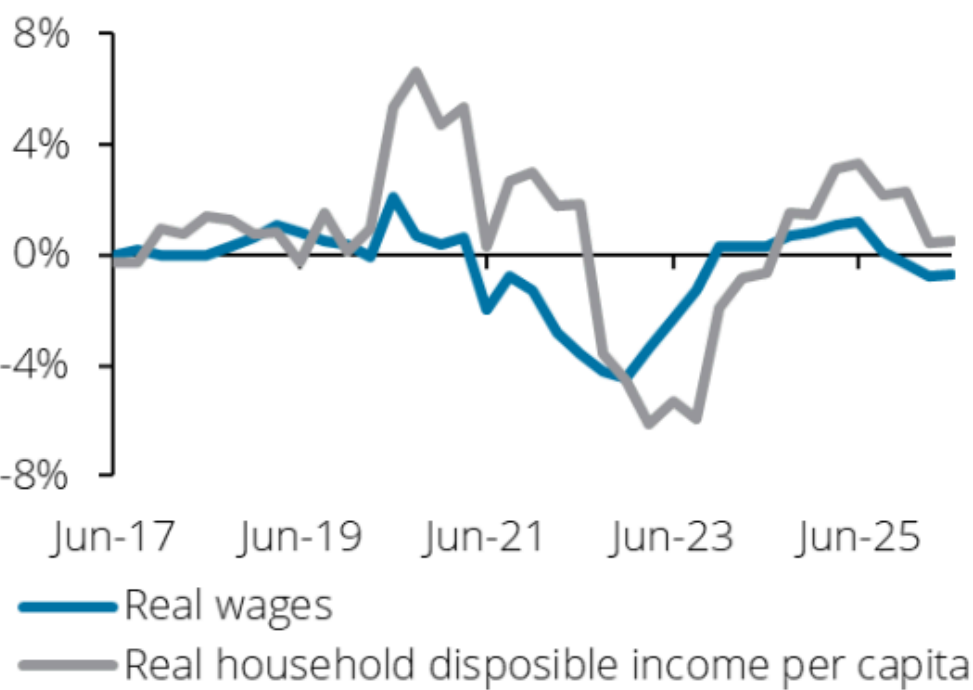
The economic consequences of events over the first half of 2026 are starting to come home to roost for Australian households.

A combination of domestic price pressures and energy cost increases due to the conflict in the Middle East mean that inflation is still running too hot. Yet despite three consecutive interest rate hikes in the first half of this year, the RBA does not forecast inflation will return to target until mid-2027.

The realities of this situation are starting to show up for households. There has been a weakening in the labour market, with the unemployment rate rising to 4.5% in July. Meanwhile the rising cost-of-living is outpacing wage growth. The result – wages declined by 0.7% in real terms over the year to June. Meanwhile, a combination of rising mortgage costs and the Federal Budget's tax changes are causing housing prices to soften.

With price pressures set to linger, many of these trends are likely to continue in the short-term. This paints a bleak outlook for both the economy and household finances. While still positive, growth in real household disposable income per capita is trending downwards. Reflecting this, consumer sentiment remains weak, despite having lifted from the historic lows seen immediately after the outbreak of the Middle East conflict.

Chart 1: Growth in real wages and household disposable income, year to

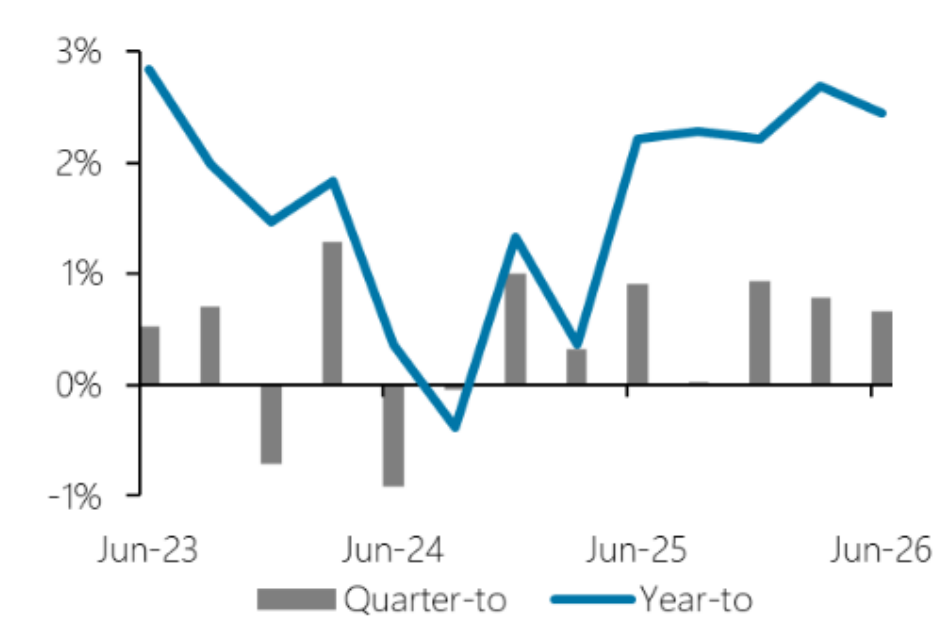


Source: Australian Bureau of Statistics

The positive for retailers is that, for now at least, household spending has been relatively resilient in the face of these economic headwinds. The ABS Monthly Household Spending Indicator showed that consumer spending increased by 0.7% in real terms in the June quarter, down from the 0.8% growth in the March quarter and 0.9% in December 2025. A gradual slowdown, rather than abrupt halt in spending.

However, digging into the data there are signs of some cracks emerging. While headline spending was relatively strong in June, the strength was uneven and supported by heavy end of financial year (EOFY) discounting.

Chart 2: Quarterly change in real household spending



Source: Monthly Household Spending Indicator

Most of the strength in spending in June was in non-retail categories. For example, Transport spending performed well due to a combination of strong EV sales as households adjust their spending behaviour in response to rising fuel prices, and a recovery in air travel following disruptions due to the Middle East conflict. In contrast, growth in retail turnover was more modest, with heavy discounting for EOFY sales events supporting marginal volumes growth in June.

In part this reflects the return of the value conscious consumer. Deloitte’s [Retail Report](#) show that 66% of Australian’s are changing shopping behaviour due to cost-of-living pressures – either spending less overall or switching products to cheaper options. Searching for value is not the same as being cheap though – product quality still ranks first in what matters most for consumers when making purchasing decisions.

The emergence of AI is supporting consumers in their search for value. The special feature in this report notes that a growing number of consumers are using AI to inform spending decisions. AI is making online shopping faster and more convenient by bringing price, delivery and product fit into view earlier in the process. These trends further support the continued rise in online shopping (up 14% in 2025). However, basket sizes are down, while the average household is purchasing from an increasing number of retailers.

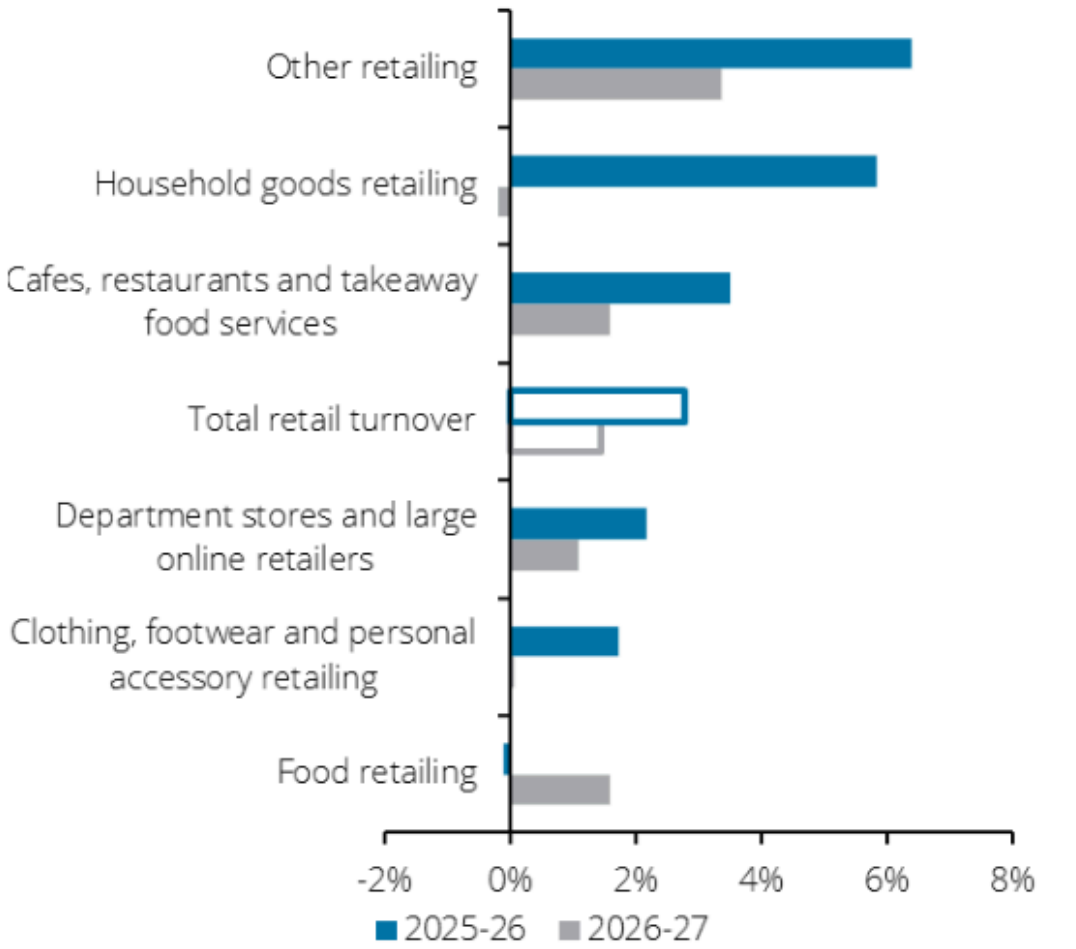
The implication of this is that price competition is becoming more intense than ever in the retail sector and brand loyalty is decreasing. In a world where widespread comparison is made easy, price is the dominant signal. Because of this, it is expected that the rising use of AI will provide a deflationary force on consumer prices over the medium-term.

Looking ahead, a moderation in household spending is expected in the September quarter as mid-year discounts unwind, cost-of-living pressures continue to build and the impact of the recent softening in house prices feeds through to consumer spending decisions.

Discretionary spending is likely to bear the brunt of the slow down as households delay, trade down or pull back on non-essential spending. Overall, discretionary spending growth is expected to slow from 1.9% in 2025-26 to 0.7% in 2026-27. Non-discretionary spending will not be immune to the spending pinch though and is expected to decrease from 2.6% to 1.7% over the same period.

For the retail sector, 2026 looks like being a year of two halves. Volumes were supported in the June quarter by strong discounting which helped entice consumers to bring forward spending. But this combined with the growing financial pressures on household finances is likely to weigh on demand over the second half of the year as prices normalise.

Chart 3: Real growth in retail turnover by category, annual % change



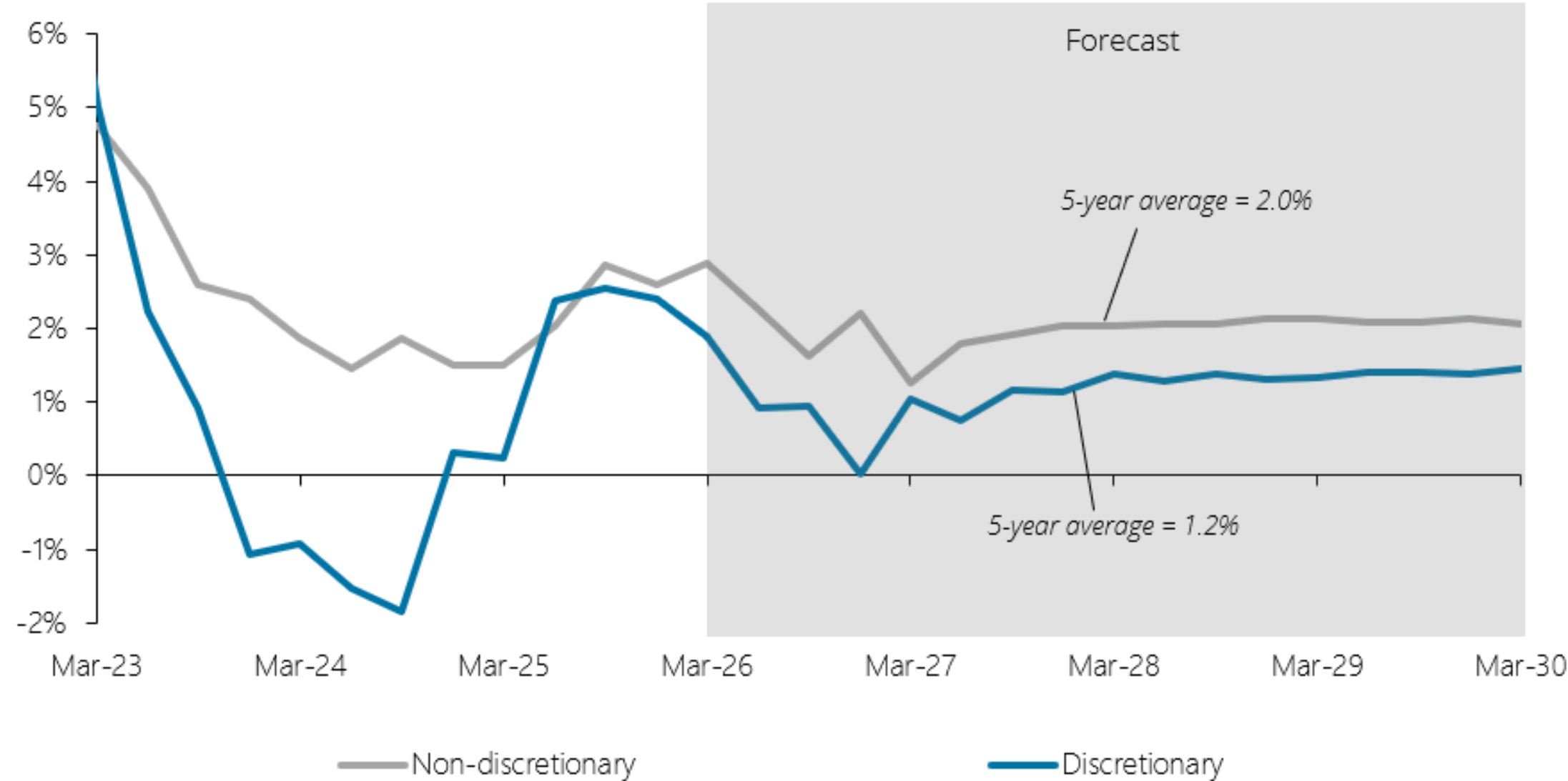
Source: Deloitte Access Economics

In aggregate growth in real retail turnover is forecast to slow from 2.8% in 2025-26 to 1.5% in 2026-27. This aligns with the findings from Deloitte’s Retail Report. While most retailers (77%) still expect to see sales growth this holiday season, optimism has eased from last year, with the share expecting robust 5–10% growth down by around a third (from 25% to 16%), while those bracing for an outright decline have nearly doubled (from 8% to 15%).

The outlook is clouded by substantive risks around both the path of the Middle East conflict as well as the domestic economic environment. More persistent inflation could lead to interest rates going higher than currently anticipated. This or a more prolonged downturn in the housing market would amplify the pressures on household budgets.

There are opportunities as well, principally the potential for AI to drive an acceleration in productivity growth across the economy which would support increases in real income growth across Australia.

Chart 4: Discretionary and non-discretionary volumes, year to change



Source: Deloitte Access Economics, ABS National Accounts.

Key forecast tables

Retail sales forecasts by category: volume, price and value

% change		History		Forecasts					5 yr avg	
		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2025-26	2030-31
Volumes										
Food	Food retailing	-0.2%	-0.1%	1.6%	1.8%	1.7%	1.7%	1.5%	-0.7%	1.7%
	Cafés, restaurants and takeaway	2.0%	3.5%	1.6%	0.8%	1.8%	2.2%	2.0%	4.4%	1.7%
	Total food	0.3%	0.9%	1.6%	1.5%	1.7%	1.8%	1.7%	0.6%	1.7%
Non-food retailing	Department stores and large online	3.3%	2.2%	1.1%	0.6%	1.0%	1.1%	1.5%	-1.4%	1.0%
	Apparel	-1.0%	1.7%	0.1%	0.5%	1.3%	1.3%	1.3%	3.6%	0.9%
	Household goods	4.8%	5.8%	-0.2%	0.7%	1.7%	1.6%	1.8%	0.3%	1.1%
	Other retailing	5.9%	6.4%	3.4%	1.3%	1.6%	1.4%	1.7%	5.9%	1.9%
	Total non-food	4.0%	5.0%	1.3%	0.9%	1.5%	1.4%	1.6%	2.5%	1.4%
Total turnover		2.0%	2.8%	1.5%	1.2%	1.6%	1.6%	1.6%	1.4%	1.5%
Prices										
Food	Food retailing	3.1%	3.2%	3.8%	3.5%	2.8%	2.3%	2.1%	4.4%	2.9%
	Cafés, restaurants and takeaway	2.7%	3.7%	4.4%	3.9%	2.8%	2.7%	2.6%	4.4%	3.3%
	Total food	3.0%	3.3%	3.9%	3.6%	2.8%	2.4%	2.2%	4.4%	3.0%
Non-food retailing	Department stores and large online	0.6%	2.1%	1.9%	1.0%	0.7%	0.7%	0.8%	1.4%	1.0%
	Apparel	1.5%	3.5%	1.1%	0.1%	0.2%	0.4%	0.4%	1.6%	0.4%
	Household goods	-0.4%	-0.1%	2.3%	1.5%	1.3%	1.2%	0.9%	2.7%	1.4%
	Other retailing	1.5%	1.3%	1.3%	2.4%	1.7%	1.4%	0.9%	2.5%	1.5%
	Total non-food	0.7%	1.2%	1.7%	1.6%	1.2%	1.1%	0.8%	2.3%	1.3%
Total turnover		2.0%	2.3%	2.9%	2.7%	2.1%	1.8%	1.6%	3.5%	2.2%

Key forecast tables

Retail sales forecasts by category: volume, price and value (cont.)

% change		History		Forecasts					5 yr avg	
		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2025-26	2030-31
Values										
Food	Food retailing	2.9%	3.1%	5.4%	5.3%	4.6%	4.0%	3.6%	3.7%	4.6%
	Cafés, restaurants and takeaway	4.7%	7.3%	6.0%	4.7%	4.6%	4.9%	4.7%	9.0%	5.0%
	Total food	3.4%	4.2%	5.6%	5.2%	4.6%	4.3%	3.9%	5.0%	4.7%
Non-food retailing	Department stores and large online	3.9%	4.3%	3.0%	1.6%	1.7%	1.8%	2.3%	0.0%	2.1%
	Apparel retailing	0.4%	5.3%	1.1%	0.6%	1.5%	1.8%	1.7%	5.2%	1.3%
	Household goods	4.5%	5.7%	2.1%	2.3%	2.9%	2.8%	2.8%	2.8%	2.6%
	Other retailing	7.4%	7.7%	4.7%	3.7%	3.3%	2.8%	2.5%	8.6%	3.4%
	Total non-food	4.8%	6.3%	3.0%	2.5%	2.8%	2.5%	2.5%	4.9%	2.7%
Total turnover		4.0%	5.2%	4.4%	3.9%	3.8%	3.5%	3.3%	4.9%	3.8%

Category definitions in terms of ANZSIC classes

Food retailing: Includes supermarket and grocery stores (4110), non-petrol sales (convenience stores) of selected Fuel retailing (4000), liquor retailing (4123), fresh meat, fish and poultry retailing (4121), fruit & vegetable retailing (4122) and other specialised food retailing (4129).

Cafes and restuarants: Includes cafes and restaurants (4511), takeaway food services (4512) and catering services (4513).

Department stores and large online retailers: Includes department stores (4260), and some share of non-store retailing (4310).

Apparel: Includes clothing retailing (4251), footwear retailing (4252), watch and jewellery retailing (4253) and other personal accessory retailing (4259).

Household goods retailing: Includes furniture retailing (4211), floor coverings retailing (4212) , houseware retailing (4213), manchester and other textile goods retailing (4214), electrical, electronic and gas appliance retailing (4221), computer and computer peripheral retailing (4222), other electrical and electronic goods retailing (4229), hardware and building supplies retailing (4231) and garden supplies retailing (4232).

Other retailing: Includes newspaper and book retailing (4244), other recreational goods retailing ° Sport and camping equipment retailing (4241), entertainment media retailing (4242), toy and game retailing (4243), pharmaceutical, cosmetic and toiletry goods retailing (4271), stationery goods retailing (4272), antique and used goods retailing (4273), flower retailing (4274), other-store based retailing n.e.c (4279), retail commission-based buying and/or selling (4320), and some share of non-store retailing (4310).

ECONOMIC DRIVERS

Losing steam

Australia’s economy entered the third quarter of 2026 with inflation easing but still well above target. Consumer sentiment remains fragile and risks around the Middle East conflict continue to cast a long shadow over the outlook for fuel prices and supply chains.

A slight decrease in headline inflation and signs of softening in the labour market provided the RBA with enough evidence to hold the cash rate at 4.35% at its August board meeting. A move that was in line with market expectations.

Headline inflation fell to 3.5% in year-ended terms in July, although, trimmed mean inflation – the RBA’s preferred measure of underlying inflation – remains high at 3.6%. The RBA has not ruled out further rate rises as a result.

Meanwhile the impact of earlier rate hikes is starting to show up in economic activity. There has been a softening in the labour market, with the unemployment rate rising to 4.5% in July, which has contributed to some easing of domestic demand pressures. This was paired with a real wage decline of 0.7% over the year to June – a worrying sign for consumers.

This slow down looks set to continue in the coming months with inflation forecast to remain above the RBA’s target until mid-2027 and the impact of previous rate increases still feeding through the economy. On top of this, house prices – for so long a strong tailwind for household wealth are now falling in many cities, adding to the pressure on household budgets.

As a result, consumer sentiment remains weak, despite having lifted from the historic lows seen immediately after the outbreak of the Middle East conflict. Business sentiment is also low, with Retail Trade in particular bearing the weight of recent geopolitical uncertainties and supply disruptions through pressures on margins.

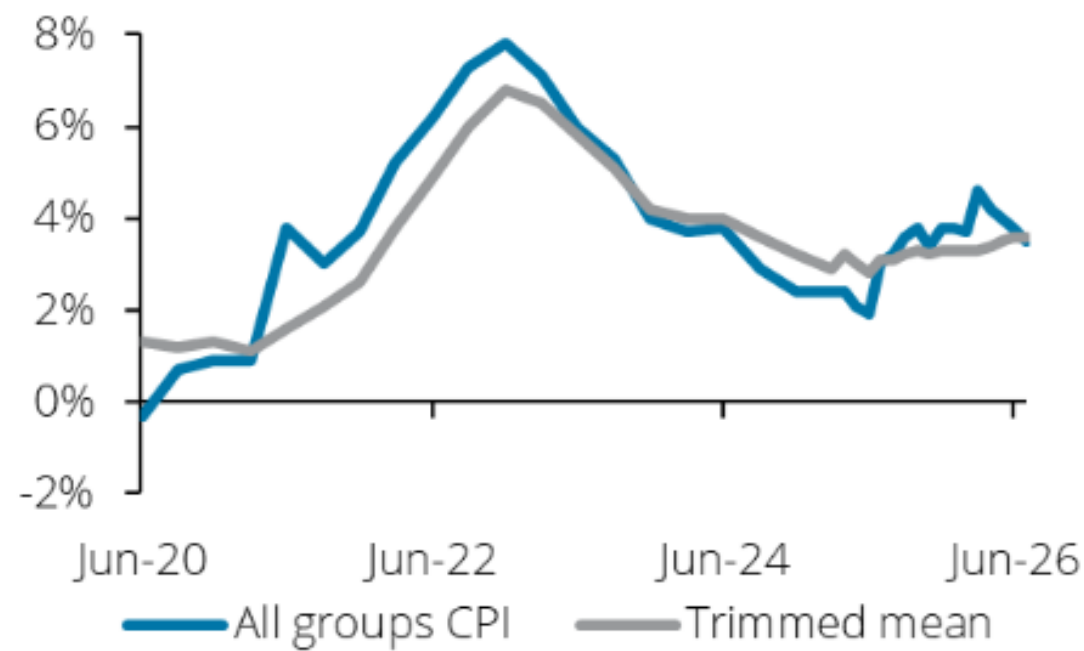
Taken together these factors point to a subdued economic outlook for the second half of 2026 as Australian households adjust their budgets to account for yet another drawn out cost-of-living crunch.

Inflation

Inflation softened slightly in the second quarter of 2026 – falling to 3.9% over the year to the June quarter. This came in well below the 4.8% increase that the RBA forecast in their May Statement on Monetary Policy (SoMP). The difference reflects a sharper than expected decline in fuel prices in the months of May and June as oil prices stabilised. The downward trajectory for headline inflation continued in July with year to inflation falling to 3.5%.

While the softening in headline inflation is a positive signal, inflation still sits materially outside the RBA’s 2-3% target band. Furthermore, trimmed mean inflation remained elevated at 3.6% in year-ended terms in July – its highest level since September 2024.

Chart 5: Annual all groups CPI and trimmed mean movement

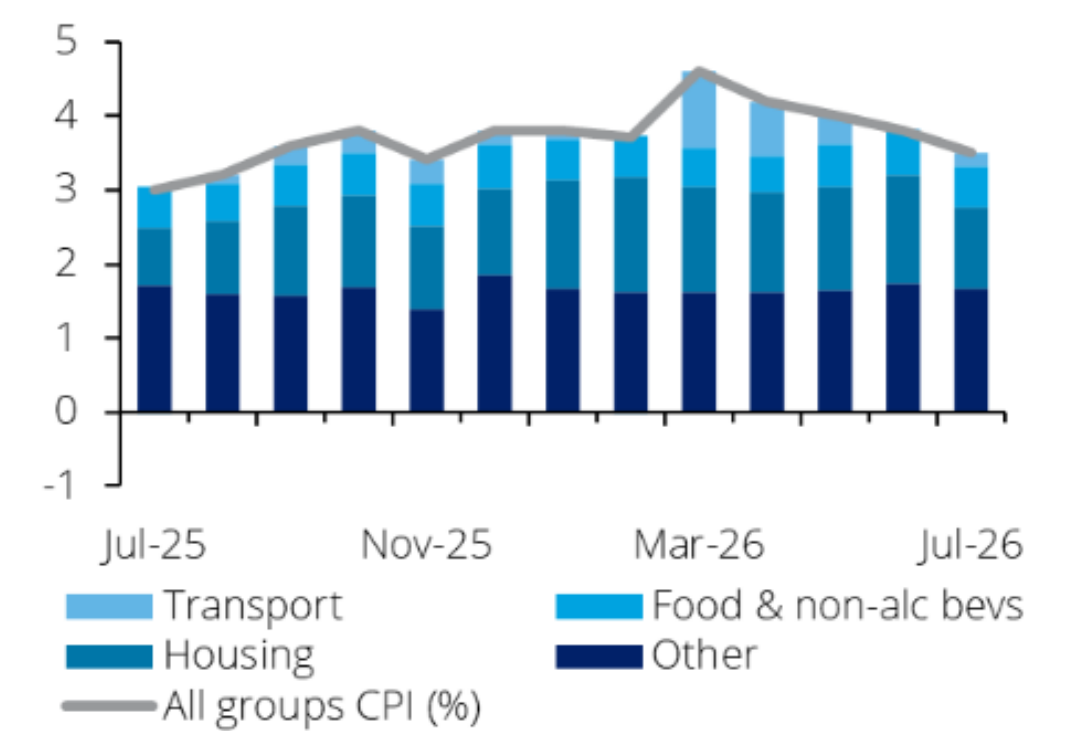


Source: ABS Consumer Price Index.

High price growth in the services and non-tradables components of the CPI basket is particularly concerning. In the year to July, price growth of non-tradables (4.4%) has outpaced that of tradables (1.7%), while service inflation (3.7%) outpaced goods inflation (3.2%). These trends reflect home-grown price pressures, with domestic inflation remaining high even when looking through the volatility arising from the Middle East conflict.

Considering the individual components of the CPI basket, Transport prices in capital cities rose 1.6% over the year to July, with Housing (5.0%) and Food and non-alcoholic beverages (3.2%) seeing the strongest contribution to overall inflation over the same period.

Chart 6: Annual all groups CPI and trimmed mean movement



Source: ABS Consumer Price Index.

A stabilisation in global oil prices combined with the federal government's fuel excise relief drove down Transport prices significantly over the June quarter. Transport's contribution to headline inflation fell from over 30% in March to zero in June. The partial unwinding of the fuel excise cut meant prices increased by 2.6% in July, with events in the Middle East continuing to be a key uncertainty.

Housing price growth remains the largest contributor to headline inflation, making up around 30% of price growth in the CPI basket. Electricity prices (6.1%) were a large contributor, owing to the ending of government electricity rebates. However, new dwelling prices (+5.7%) and rent (+3.6%) prices also contributed.

Rental price growth has been particularly persistent with capital city rents up over 40% in the last five years. Lack of availability continues to be the main driver of this, potentially worsened by recent capital gains tax changes.

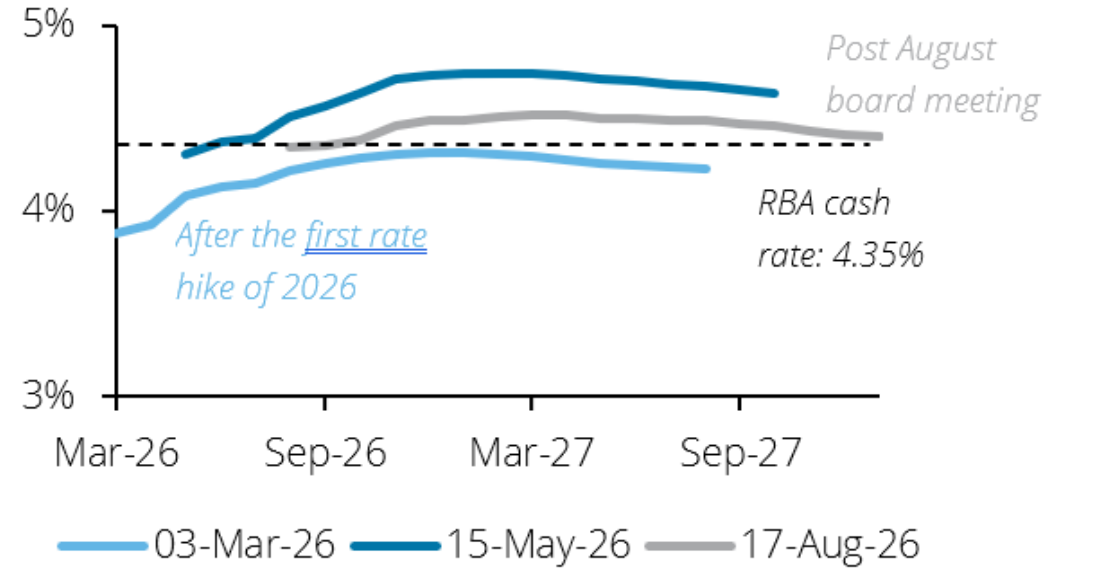
Moving forwards, domestic price pressures are set to remain stubborn. The RBA does not expect underlying inflation to return to its 2-3% target band until mid-2027. The risks are also skewed to the upside. As a result, Governor Bullock has stated that further rate hikes are a possibility, meaning that the pressure is not yet off consumers.

Interest rates

For two board meetings in a row now, the RBA has held the cash rate at 4.35% as they continue to assess how the economy is evolving. In their August SoMP the RBA noted that while financial conditions are tightening, inflation remains too high and capacity pressures need to be reduced to ensure high inflation does not become embedded.

With the RBA forecasting that inflation will not return to target until mid-2027, financial markets expect that **interest rates will remain elevated for some time.** The cash rate is expected to peak at around 4.5% in late 2026, before starting to come down in the second half of 2027. Still, this reflects a material improvement on expectations at the time of the RBA's May SoMP when the cash rate was expected to hit 4.7% this year.

Chart 7: 30-day interbank cash rate target implied expectation of change



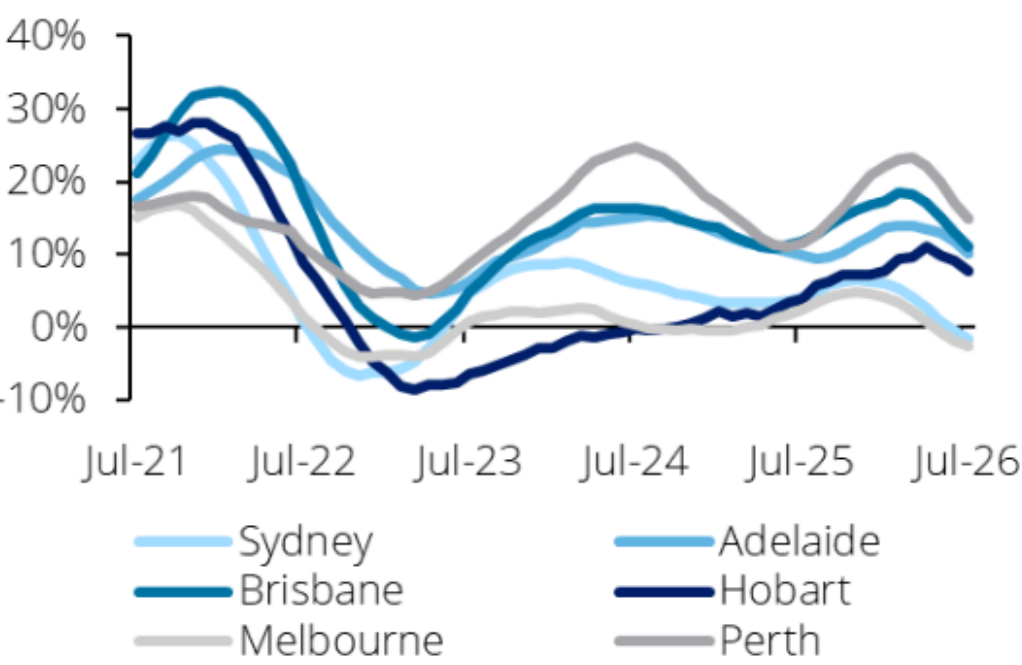
Source: ASX Rate Tracker.

Meanwhile the impact of three consecutive cash rate increases earlier in 2026 have begun to take effect. **Higher interest rates alongside the Federal Budget's tax changes are causing housing prices to soften.** Cotality's Home Value Index estimates that house prices fell 0.7% in July – the largest single-month decline since December 2022. Sydney and Melbourne felt this decline the most, although other states are starting to see growth soften.

Low auction clearance rates and low auction volumes are symptoms of this decline, both falling below their long-run averages. As a result, sellers have been required to adjust prices to match the decrease in demand for new listings.

This is likely to be a short-term story though. Australia’s housing market continues to be defined by a structural undersupply of homes, and despite increasing, dwelling approval are still well short of the level needed to meet the Government’s home building targets.

Chart 8: Annual house price growth



Source: PropTrack Home Price Index.

Higher interest rates may have pushed down home values, but they have also put upward pressure on mortgage repayments. According to [Roy Morgan](#), the share of mortgage holders that are ‘extremely at risk’ of mortgage stress increased to 19.8% (1.06 million mortgage holders) in June 2026, up from 16.7% in December 2025. Lower socio-economic mortgage holders have been particularly impacted.

Looking forward, **Deloitte Access Economics expects one further interest rate hike this year, most likely in November**, meaning pressures on house prices and mortgages costs look set to continue to build in the short-term.

Wealth

Household wealth rose again in March, albeit only by 1.2% – less than half of the 2.5% increase that households experienced in December 2025 as headwinds began to materialise.

The increase in household wealth was driven predominantly by property values in the March quarter, although with house prices having started to retreat in many capital cities since- this may weigh on household wealth growth going forward.

With around two-thirds of Australians’ net household wealth in property, any downturn in the property market risks leading some consumers to cut back on spending a trend that is reflected in the historic link between household wealth and spending.

Chart 9: Household wealth and household spending (annual growth, deviation from mean)

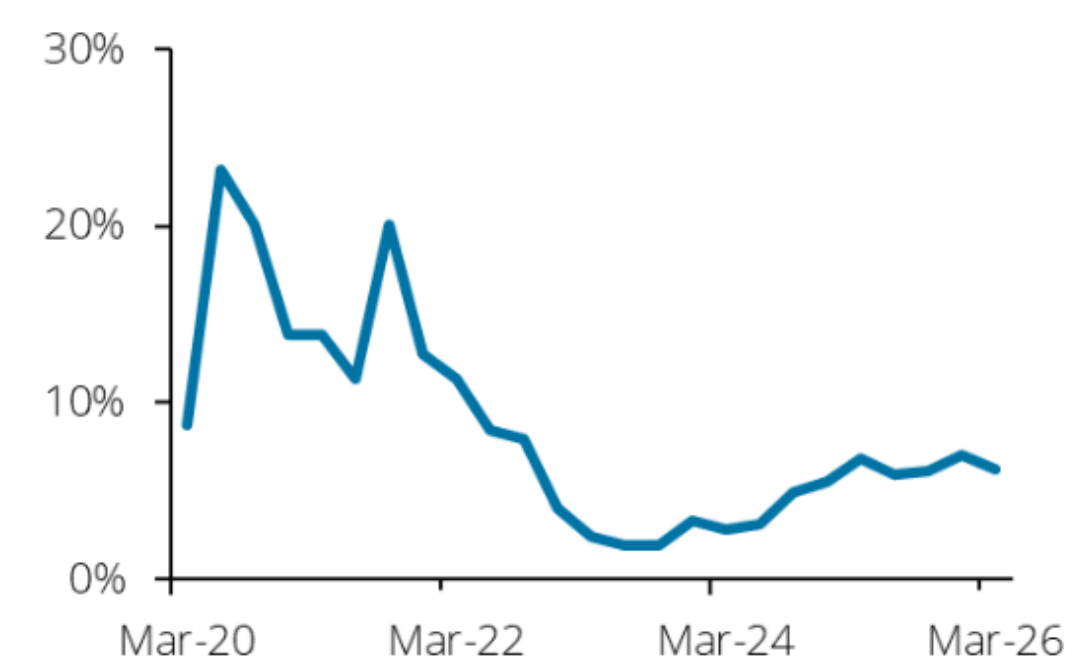


Source: ABS National Accounts, ABS Monthly Household Spending Indicator.

Note: Reflects the number of standard deviations from the mean annual growth rate for household wealth (March 2015 to March 2025) and household consumption (March 2016 to March 2026)

Meanwhile Australian’s are saving less of their income each month as cost-of-living pressures rise. The household saving ratio fell to 6.2% in March, down from 7.0% in December. This trend looks set to continue as pressures build on household finances. [Deloitte’s ConsumerSignals](#) survey shows that- that savings and investment intentions amongst Australian’s are now negative at -3%, down from +3% at the end of 2025.

Chart 10: Household saving ratio



Source: ABS National Accounts.

Population

Australia’s population grew by 1.5% (or 412,500 people) over the year to December 2025 – a slight decrease over the previous quarter and lower than the 1.6% growth a year earlier.

Net overseas migration remains the primary driver of population growth, contributing approximately three-quarters of total population growth in the year to December 2025, while natural increase (births minus deaths) accounted for the remaining quarter.

The 2026–27 Migration Program, as outlined in the 2026–27 Budget, will likely place further downward pressure on net overseas migration. As a result, net overseas migration is expected to continue declining from its 2022-23 peak, falling to an estimated 295,000 people in 2025-26, before slowing to 245,000 in 2026-27 and 225,000 people in 2027–28.

Despite ongoing population growth, Australia faces significant long-term demographic challenges. Australians are increasingly choosing to have fewer children and to start families later in life, reflecting factors such as housing affordability pressures, rising living costs and broader economic uncertainty. As a result, Australia is experiencing two long-term demographic trends simultaneously: low fertility and an ageing population.

While migration can partially offset some of these pressures, it is unlikely to fully counterbalance them over the long term. Consequently, Australia’s dependency ratio is projected to rise, with a smaller proportion of working-age people supporting a growing older population.

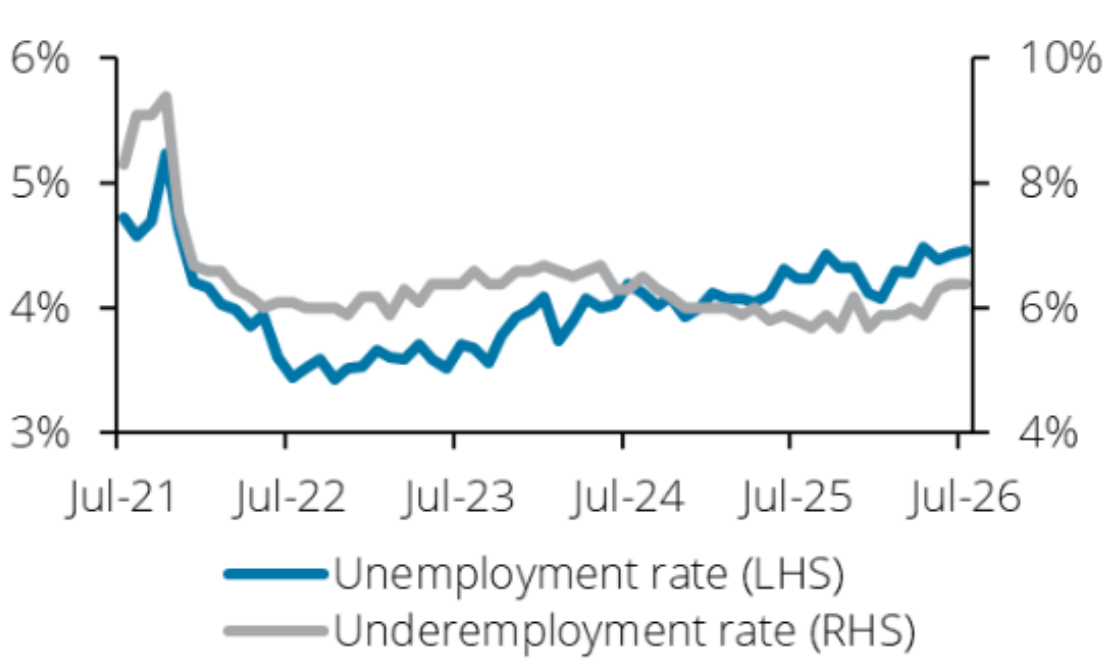
Labour force

The labour market has eased in recent months as hiring activity dampened due to geopolitical and economic uncertainty.

In July, the unemployment rate increased to 4.5%, with employment falling by 15,800 jobs on the month. Yet the unemployment rate remains only 0.3 percentage points higher than it was 12 months ago, indicating a degree of resilience in the job market.

Underling indicators also point to a slight softening in labour market conditions. The underemployment rate has been trending upwards and sat at 6.4% in July. Underutilisation and the employment-to-population ratio also showed signs of a loosening in the market.

Chart 11: Unemployment and underemployment rate



Source: ABS Labour Force Survey.

Leading indicators point towards the possibility of further easing. Job vacancies fell by 2.1% over the quarter to May in seasonally adjusted terms. This was mainly driven by a 7.9% decrease in public sector job vacancies, while the private decreased by only 1.4%. More recently, Jobs and Skills Australia reported that online job advertisements increased by 2.7% in July to 212,500, bringing them down 0.3% on the year.

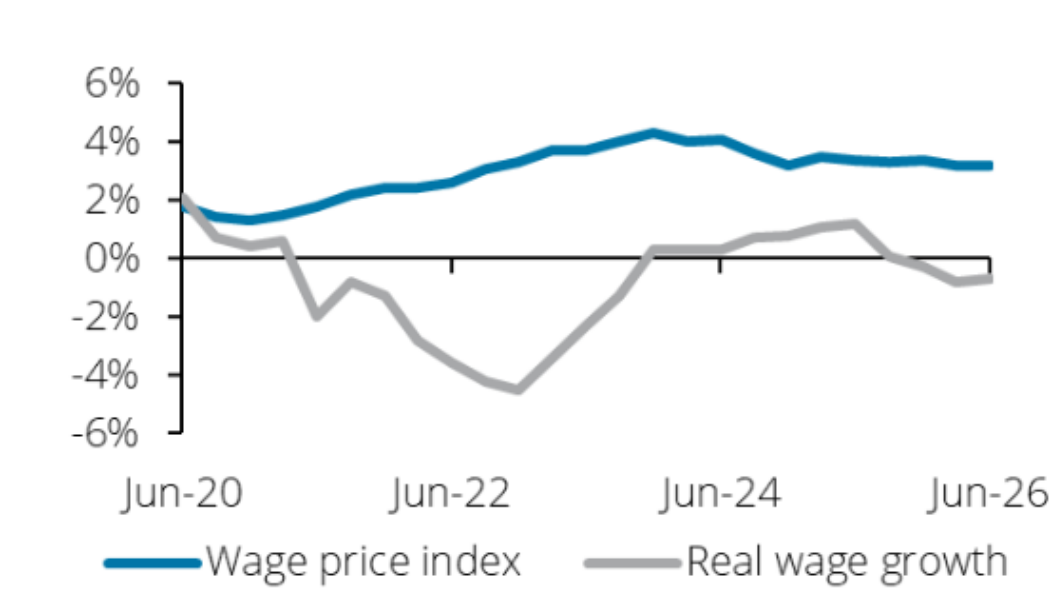
It is evident that some of the impacts of the broader softening in economic conditions is coming through in labour market data. **Despite this, there are signs of resilience, and the labour market remains relatively strong by historic standards.**

Wages

In the June quarter, wage growth continued to track below headline inflation, as consumer purchasing power decreased. The wage price index (WPI) increased 0.8% over the quarter to June – the fifth quarterly change of this size in a row. This leaves the WPI up 3.2% over the year to June. The increase in wages was relatively similar across the sectors, with public sector wages (+3.4%) rising only slightly more over the year to June than private sector wages (+3.1%).

With inflation elevated, in real terms wages were still down 0.7% over the year to the June quarter. This is still well above the low seen at the peak of the cost-of-living crisis in 2022/23 though. Nevertheless, as a key source of income for households, declining real wages are already showing up in slowing growth in household disposable income.

Chart 12: Wage price index and real wage growth



Source: ABS Wage Price Index.

For many households, the Fair Work Commission’s 4.75% increase to all modern award wages – which kicked in on 1 July – is expected to provide a notable boost. Almost 2.8 million workers are expected to benefit from the change, amounting to around 21% of all employees in Australia and 11% of the national wage bill according to the Fair Work Commission.

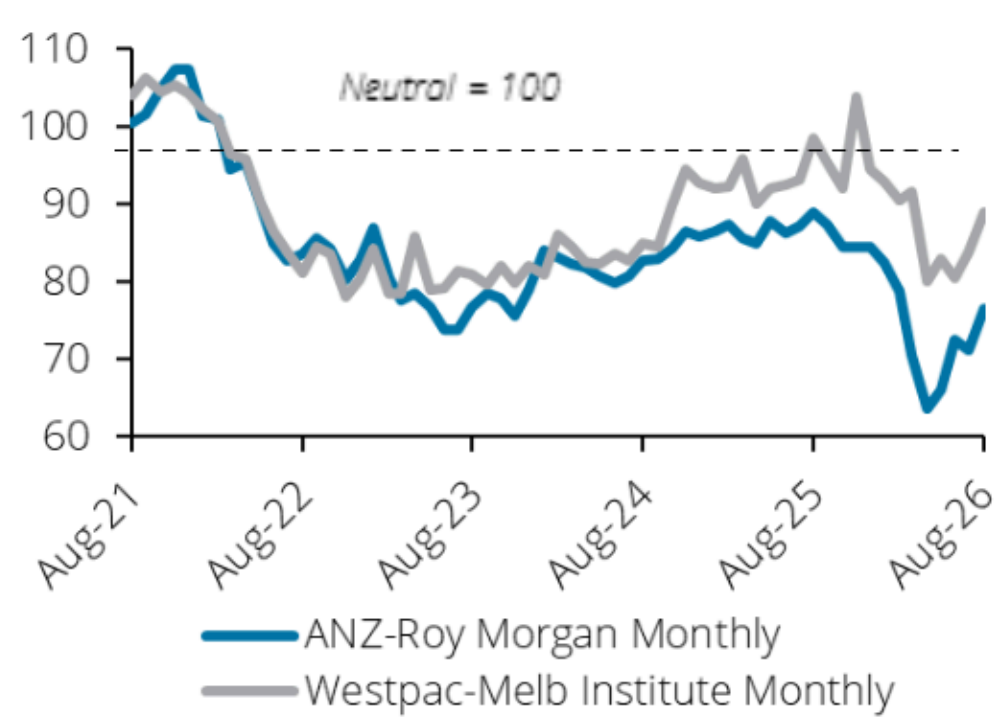
Despite this, **the trend of real wage decline is likely to continue in the short-term. Deloitte Access Economics forecast that inflation will continue to outpace wage growth until the December quarter of 2026.**

Consumer sentiment

The combination of elevated inflation, rising interest rates, falling house prices and a softening in the labour market mean that consumer sentiment remains weak, despite having lifted from the historic lows seen immediately after the outbreak of the Middle East conflict.

The Westpac Consumer Sentiment Index increased by 4.1% from June to July, before increasing again by 6% in August. Despite this, the index remains down 9.7% on the year at 88.9, reflecting a deeply pessimistic attitude amongst consumers. Looking into the sub-indexes shows a similar story around purchasing intentions. While the ‘time to buy a major household item’ sub-index improved by 8.1% over the month to July, it is 7.7% lower than the same time last year.

Chart 13: Consumer sentiment index



Source: ANZ-Roy Morgan, Westpac-Melb Institute.

Note: ANZ-Roy Morgan reflects a monthly average to August 16.

The ANZ-Roy Morgan Customer Confidence Index painted a similar picture in the week commencing 10 August 2026. The index increased by only 1.5 pts following the August RBA board meeting, reflecting the strong market expectation that the cash rate would be unchanged in August. Net buying intentions remained low, with only 17% of respondents reporting that now is a ‘good time to buy’ major household items.

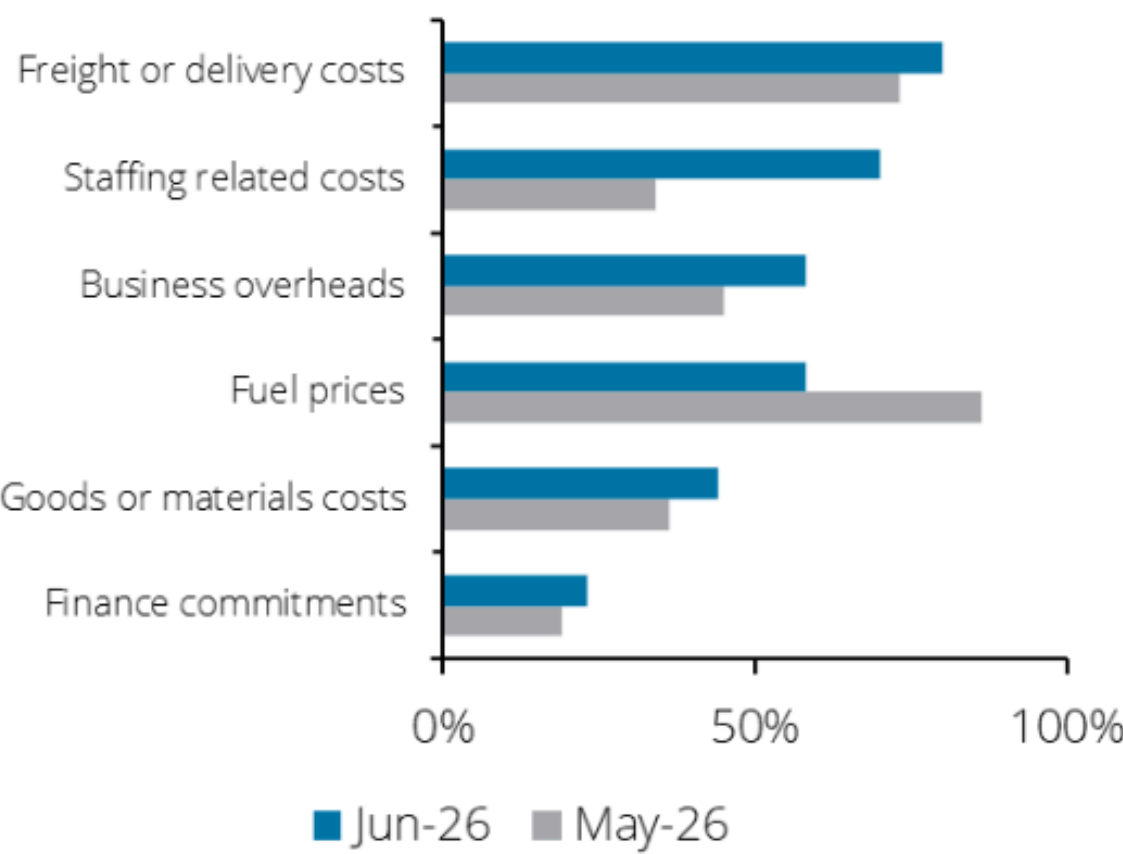
Business conditions

The pessimism being seen amongst consumers since the start of the Middle East conflict is also reflected in business sentiment. Industries that rely on complex and far-reaching supply chains, such as the Retail Trade, have been particularly impacted.

In June 2026, 46% of Retail Trade businesses reported an increase in operating expenses, moderating slightly from 58% in May. Retailers reported freight or delivery costs and staff costs as the main reasons for increased operating expenses.

To combat these impacts, 22% of businesses in the industry chose to increase prices over the month of June, while 44% absorbed cost increases suggesting a degree of margin erosion is taking place.

Chart 14: Reasons for increasing operating expenses



Source: ABS Business Conditions and Sentiment.

Weak revenue performance over the same period acted to compound pressures. Some 31% of businesses in the Retail Trade industry reporting decreasing revenue in June 2026, with a further 56% reporting no change.

As a result of these trends, the Retail Trade industry saw a decline in commercial operating conditions in the June quarter. Westpac’s Commercial Industry Performance Gauge saw operating conditions for the industry decline by 1.2% over the period. Interestingly the effects were amplified for large corporates (businesses with turnover of over \$150m) which saw operating conditions fall 2.4% over the quarter. These firms may have seen a greater degree of margin erosion as a result of absorbing recent cost increases.

CONSUMER TRENDS

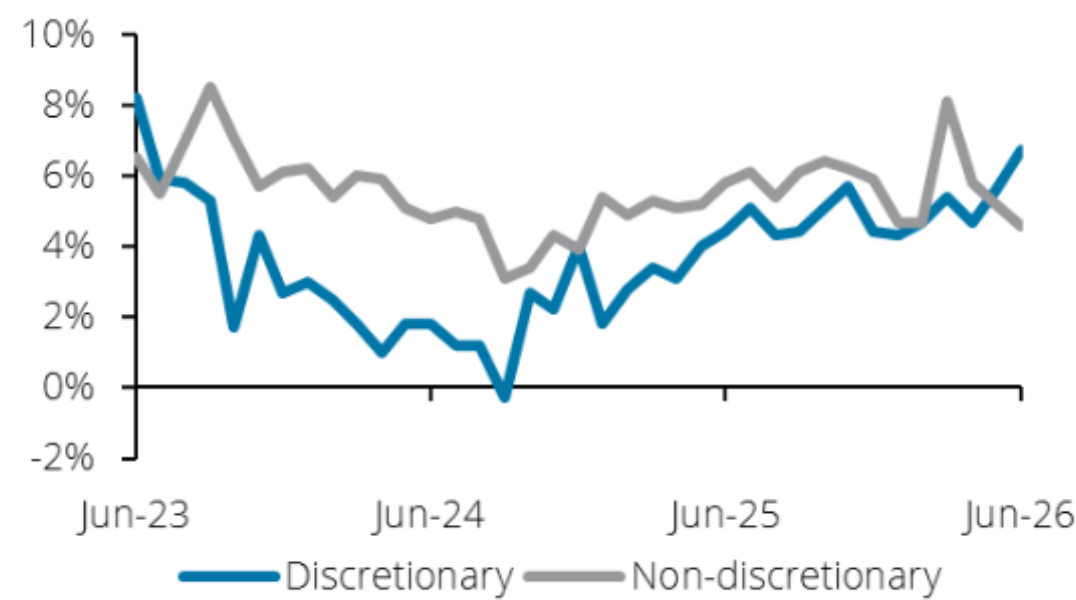
Selective spenders

In aggregate household spending was resilient in the first half of 2026, even as budget pressures intensified. Consumer spending rose by 2.5% over the year to the March quarter. But this headline resilience is becoming more conditional. Households are still spending, just more carefully: pulling back in some areas, postponing larger purchases, and increasingly seeking value in their shopping.

More recent data from the ABS Monthly Household Spending Indicator points to a gradual, rather than abrupt slowdown in spending. The indicator showed that consumer spending increased by 0.7% in real terms in the June quarter, down from the 0.8% growth in the March quarter and 0.9% in December 2025.

Discretionary spending has held up surprisingly well for now. In June, discretionary spending was up by 6.7% in nominal terms over the year and 1.2% over the month, compared with growth in non-discretionary spending of 4.6% over the year and just 0.1% over the month.

Chart 15: Change in nominal household spending, year-to



Source: Monthly Household Spending Indicator

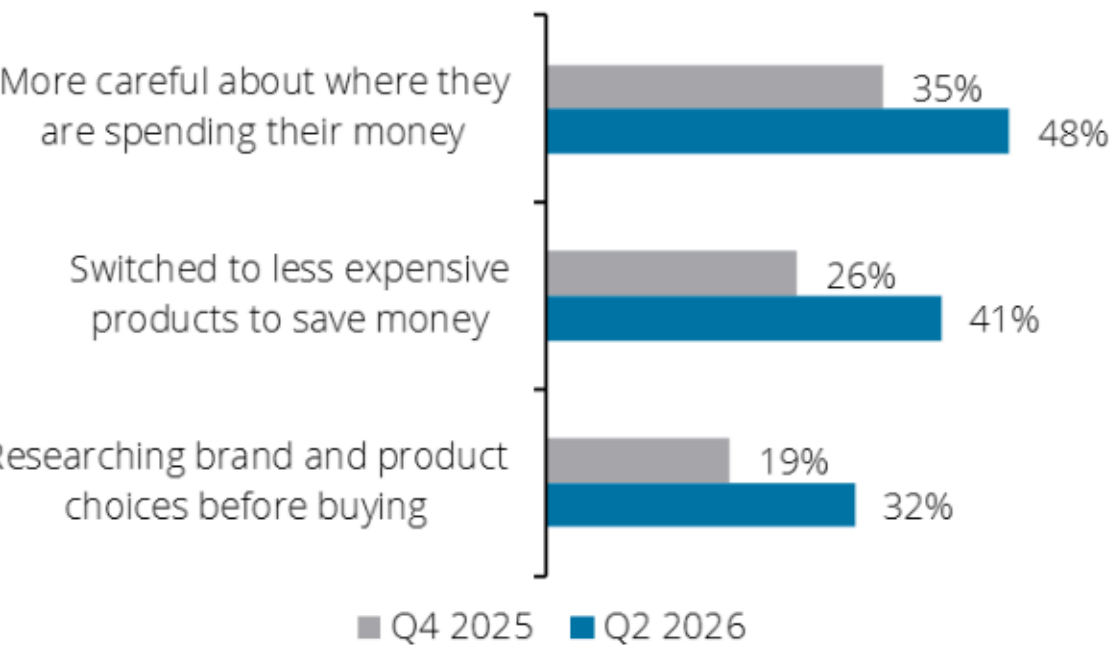
This resilience should not be overstated though. June’s strength was concentrated in Transport, which rose 3.0% in nominal terms over the month. The main drivers of this being strong EV sales as households adjust their spending behaviour in response to rising fuel prices and a recovery in air travel following disruptions due to the Middle East conflict.

The increasing use of discounting is also causing volatility in the monthly data. Consumer prices fell 0.1% overall on the month in June supported by lower prices for a range of products. This helped entice consumers to spend, supporting volumes in June.

Initial transaction data for July indicates that in nominal terms spending has remained robust. NAB reported a 1.1% rise in consumer spending in July, while CommBank’s Household Spending Insights index also rose by a softer 0.6%. Although with EOFY sales unwinding it is unclear to what extent this rise in spending will translate to sales volumes growth.

More broadly recent consumer surveys point to the return of a familiar antagonist – the value conscious consumer. Shopping behaviours are shifting, with NAB finding that nearly 1 in 2 households (48%) are being more careful about where they spent their money, while 41% switched to less expensive products to save money in the June quarter, and 32% are researching brand and product choices before buy. While these shares eased from March, they remain above the levels seen at the end of 2025, suggesting value-conscious behaviours are becoming more embedded.

Chart 16: Change in shopping behaviour, net balance



Source: NAB Consumer Sentiment Survey

These findings are also consistent with Deloitte’s Retail Report which shows that 66% of Australian’s are changing shopping behaviour due to cost-of-living pressures. **Searching for value is not the same as being cheap though** – product quality still ranks first in what matters most for consumers when making purchasing decisions, and 70% will still pay full price for the product they want.

Looking at spending patterns by cohort also highlights that **spending pressures are not being felt evenly across households.**

Westpac reports that while spending growth has been trending downwards across the board over the first half of 2026 it has been more pronounced for those with a mortgage – a cohort that feels the impact of rising interest rates most acutely.

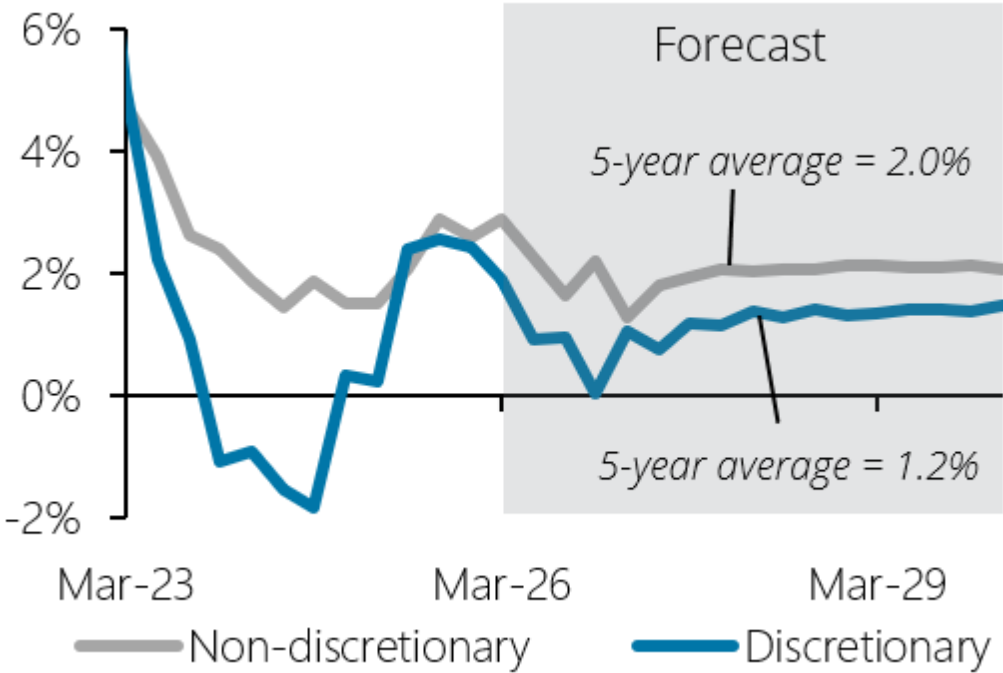
Moving forwards, spending pressures are likely to become more visible over the remainder of 2026. But rather than a sharp retreat, the moderation in household spending is likely to be steady. The result is a consumer outlook that is softer but not collapsing.

Discretionary spending is likely to bear the brunt of the slow down as households delay, trade down or pull back on non-essential spending. Non-discretionary spending is expected to be stronger, although even essential categories will not be immune as households continue looking for areas to reduce outlays.

Overall, discretionary spending growth is expected to slow from 1.9% in 2025-26, to 0.7% in 2026-27, while non-discretionary spending is expected to decrease from 2.6% to 1.7% over the same period.

In aggregate growth in real consumer spending is expected to slow from 2.3% in 2025-26 to 1.3% in 2026-27 as the impacts of earlier interest rate rises, still-elevated inflation and weaker housing market conditions feed through to household spending decisions.

Chart 17: Discretionary and non-discretionary volumes, year to change



Source: Deloitte Access Economics, ABS National Accounts

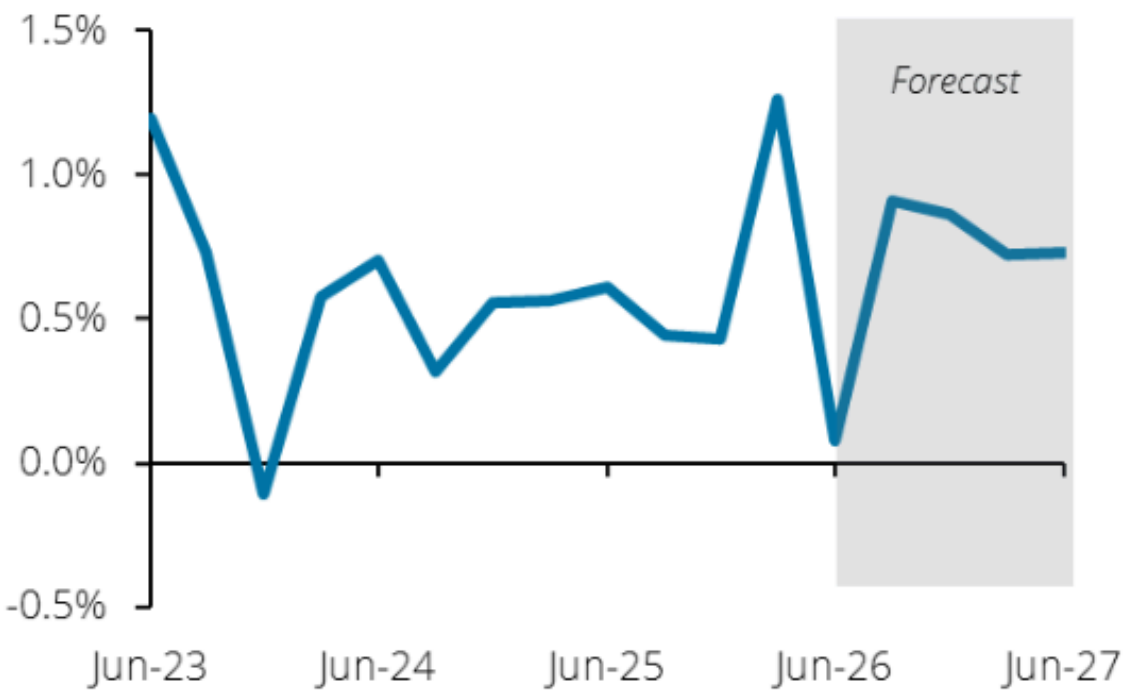
RETAIL TRENDS

Spend now, save later

In the face of a frosty outlook, consumers were offered some insulation at the end of the financial year. Fuel tax credits and a wave of retail discounts helped to cushion household budgets and keep spending relatively resilient through June. However, as these temporary supports fade, and the woodpile begins to run low, households and retailers face a cooler outlook ahead.

Retail sales volumes grew by 1.3% in the June quarter, with EOFY sales helping lift spending across most retail groups. Discretionary categories recorded some of the strongest gains, with Household Goods (+6.4%), Department Stores (+1.3%) and Clothing and Footwear (+1.0%) all benefiting as retailers stepped up discounting.

Chart 18: National real retail deflator, seasonally adjusted, quarterly % change



Source: Deloitte Access Economics, ABS, Consumer Price Index

In seasonally adjusted terms, retail prices rose by just 0.1% over the quarter – the smallest increase since December 2023 – giving households greater scope to take advantage of lower prices and bring purchases forward.

Consumers are becoming increasingly strategic about when and where they spend, with sales events playing a growing role in shaping purchasing decisions.

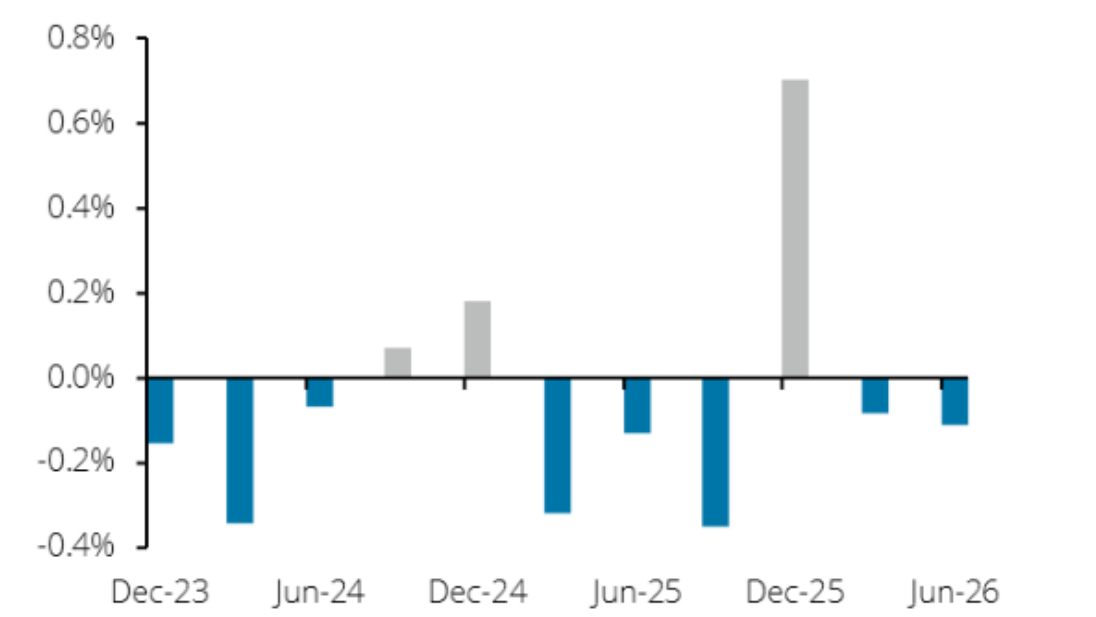
Australia Post report that 46% of consumers switch to retailers offering better value during peak sales periods, while Amazon Australia reported that 80% of consumers were now delaying purchases to coincide with major sales events. This points to a consumer who is becoming more conscious, rather than simply more willing to spend.

For retailers, capturing this increasingly selective spending comes at a cost. Competing for consumers on price may provide a short-term lift to volumes, but risks bringing forward purchases that might otherwise have occurred later in the year, while putting further pressure on margins.

Importantly, the resilience in retail spending through June should not be mistaken for a loosening of household frugality. Households have continued to rein in spending across the board - including essentials such as food – to make room for purchases in these discounted discretionary categories.

Deloitte’s Consumer Signals survey found Australia’s food frugality index reached its highest level in more than 12 months in July, with many Australians buying only essentials (31%), choosing store brands (27%) and opting for lower-cost ingredients (30%). The rise in these frugal food spending behaviours has concided with food volumes falling for the fifth time in the past six quarters in June.

Chart 19: Real growth in retail turnover, Food, seasonally adjusted, quarterly % change



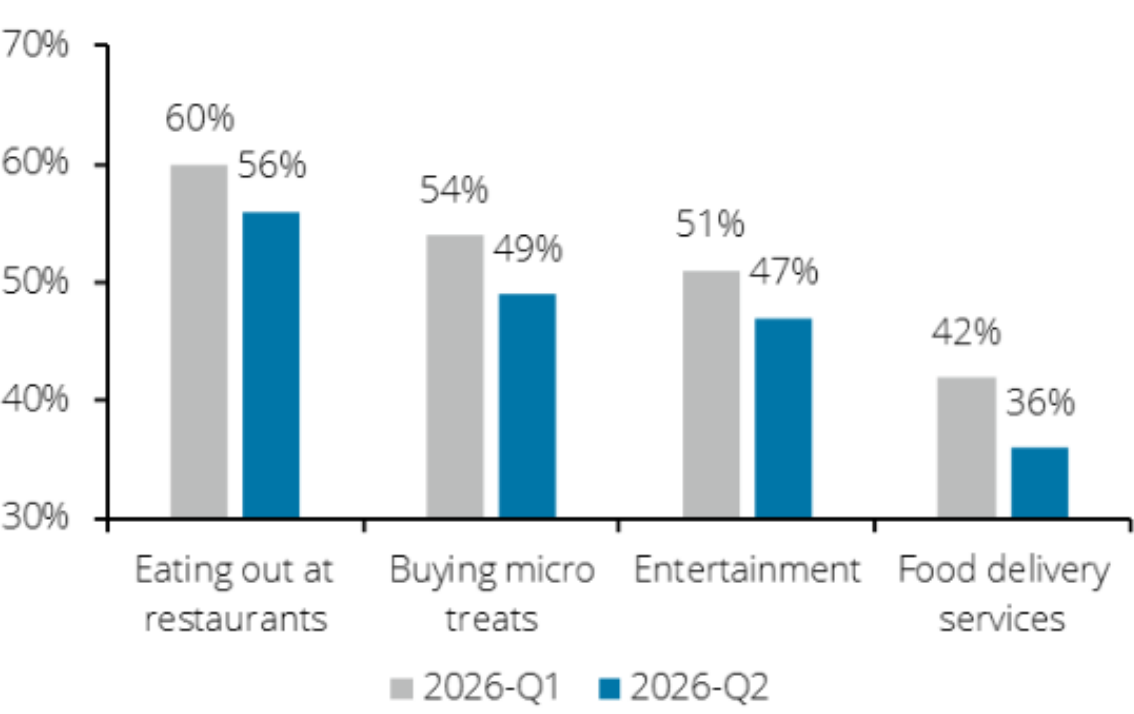
Source: Deloitte Access Economics, ABS, Monthly Household Spending Indicator

However, the scope for further cutbacks in **Food** is likely to narrow as household fatigue builds and easier savings are exhausted. Deloitte expects this to support a marginal recovery in food volumes growth, from -0.1% in 2025-26 to 1.6% in 2026-27, as inflationary cost pressures act as an additional offsetting effect to volume growth.

More broadly, there are signs that households are beginning to redirect some of their constrained discretionary spending from larger items towards smaller luxuries and experiences. Volumes across Cafes, Restaurants and Takeaway Food Services rose 3.6% over the year to the March quarter of 2026, while NAB’s Q2 Consumer Sentiment Survey found the share of consumers cutting spending on eating out fell from 60% to 56%. Similar declines were recorded for micro-treats, entertainment and food delivery.

With this shift towards smaller discretionary purchases underway, growth in **Cafes, Restaurants and Takeaway Food Services** is expected to moderate from 3.5% in 2025-26 to 1.6% in 2026-27 as retailers consolidate recent gains.

Chart 20: Cut, cancelled or delayed spending in last 3m due to cost of living pressures



Source: NAB Consumer Sentiment Survey Q2

A warmer-than-average start to winter across most major Australian cities has providing a favourable backdrop for consumers to get out and about. For traditional retailers, however, the same conditions have been less forgiving, coming at an inopportune time for department stores and clothing and footwear, which typically benefit from the seasonal shift in spending.

Department stores struggled through June, with increasingly heavy discounting required to support volumes. Boutique retailers – particularly those operating physical store networks – also remain under pressure as consumers become more selective about where they spend.

Meanwhile, online marketplaces such as Amazon are increasingly competing on convenience and loyalty as well as price. In Pattern’s 2026 Marketplace Consumer Report, it was found that while price remains a key motivator, speed (35%) and Prime benefits (31%) are increasingly important drivers of engagement for Amazon. Online marketplaces are also continuing to capture a growing share of retail spending, with Australia Post reporting year-on-year online marketplace spending growth of 17% in the June quarter, ahead of 14% across online retail more broadly.

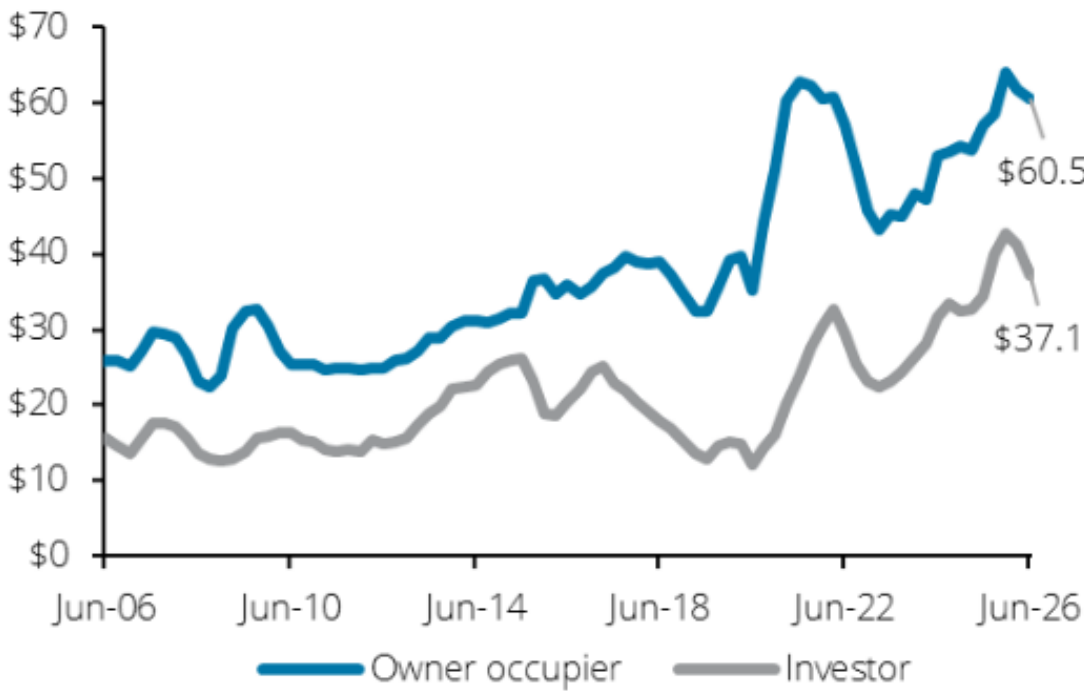
Deloitte Access Economics expects growth in **Department Stores and Large Online Retailers** to slow from 2.2% in 2025-26 to 1.1% in 2026-27 as broader economic headwinds strengthen and competition intensifies.

For apparel retailers, however, there is some relief on the horizon. Apparel import prices fell 8.7% in the year to June, making clothing the deflationary outlier in an otherwise inflationary import basket. This should provide some support to gross margins with a two-to-three quarter lag, although higher freight costs will partly offset the benefit.

More moderate price growth should give retailers an opportunity to consolidate recent volume gains and defend market share. However, as the boost from discount-led spending fades, and consumers cut back on non-essential spending, growth in **Clothing and Footwear** is expected to moderate from 1.7% in 2025-26 to 0.1% in 2026-27.

Promotions also remain a critical source of support for Household Goods. Strong discounting in June enticed consumers to bring spending forward – with NAB’s Q2 Consumer Sentiment Survey reporting that the average saving from major household purchases fell to \$525 in the June quarter from \$657 in March.

Chart 21: New housing lending commitments, by investor and owner-occupier (\$bn)



Source: ABS Lending indicators, June 2026

However, as the demand environment softens, discounts are unlikely to be enough to offset a broader slowdown in the housing market. Early signs of this downturn are already evident in weaker investor and owner-occupier lending in June, with the impact expected to flow through to household goods spending with a lag.

Fewer property transactions mean fewer purchases of furniture and other big-ticket household items, weighing on demand as the housing cycle turns. Against this backdrop, Deloitte Access Economics expects **Household Goods** growth to fall from 5.8% in 2025-26 to 0.2% in 2026-27.

With household spending concentrated in heavily discounted goods during EOFY sales, growth in Other Retailing was relatively modest. Real turnover grew by just 0.1% over the June quarter, as higher fuel costs weighed on outdoor and recreational activities, encouraging a gradual shift towards at-home and venue-based alternatives. Spending on pharmaceuticals and chemist goods provided some offset, as more resilient non-discretionary spending continued to support the category.

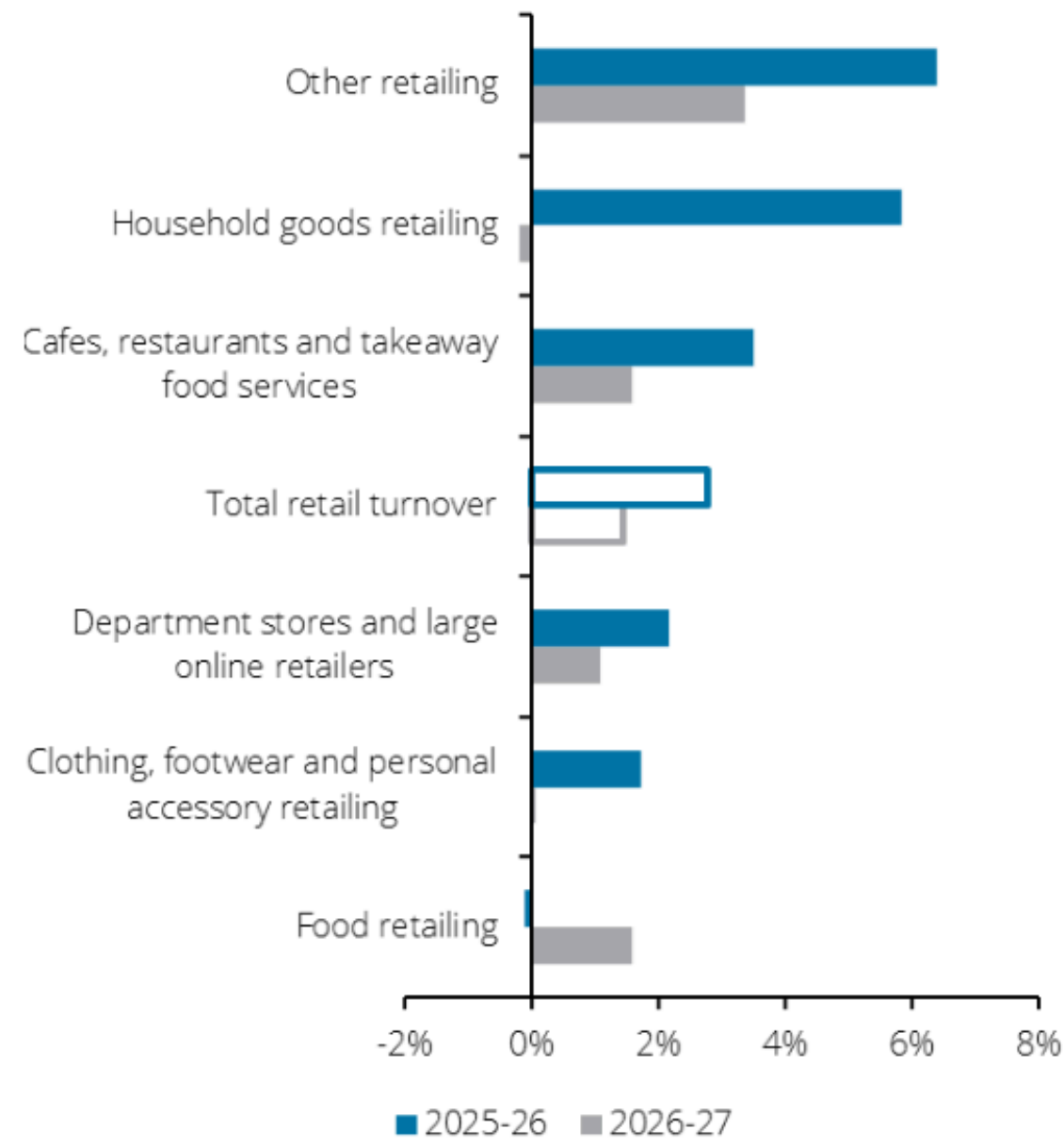
Growth in **Other Retailing** is expected to remain relatively steady at 3.4% in 2026-27, as retailers consolidate the significant volume gains – averaging 6.1% annually – recorded over the past two financial years.

Looking ahead, the insulation that has helped shield Australian consumers from rising cost-of-living pressures is expected to gradually fade. At the same time, spending brought forward during major sales periods is likely to weigh on demand in the months that follow, as consumers become increasingly accustomed to waiting for discounts rather than purchasing at full price.

For the retail sector, 2026 looks like being a year of two halves. Volumes were supported in the June quarter by strong discounting which helped entice consumers to bring forward spending. But this combined with the growing financial pressures on household finances is likely to weigh on demand over the second half of the year as prices normalise.

Deloitte Access Economics expects retail turnover growth to slow from 2.8% in 2025-26 to 1.5% in 2026-27. This aligns with the findings from the [Retail Report](#) which shows that while most retailers (77%) still expect to see sales growth this holiday season, optimism has eased from last year. The share expecting robust 5–10% growth is down by around a third (from 25% to 16%), while those bracing for an outright decline have nearly doubled (from 8% to 15%).

Chart 22: Real growth in retail turnover by category, annual % change



For retailers, the softer demand environment will be compounded by ongoing cost-of-living pressures which leave less scope to lift turnover through higher prices. This explains why Deloitte’s [Retail Report](#) also finds that confidence in maintaining or growing margin has softened amongst retailers. As discounting becomes an increasingly entrenched feature of the retail landscape, retailers will face a growing challenge in supporting volumes without further eroding margins and timing their discounting to maximise impact.

Source: Deloitte Access Economics

SPECIAL FEATURE

How AI is reshaping the path to purchase

The AI era is here. Rapid investment and adoption of the technology is disrupting markets across the economy, and the retail sector is no different. The technology is reshaping the industry for consumers and retailers, revealing new insights and information to that can optimise transactions for both parties.

For value-conscious consumers AI agents provide a powerful tool to research, compare and sometimes purchase products across the marketplace at scale. According to [IAB](#), six in ten Australian online shoppers use AI-powered tools or features when shopping, rising to 75% among those aged 18–39.

For now, the shift is most visible at the beginning of the shopping journey. According to the [2026 Deloitte Retail Report](#), 45% of consumers are using AI to compare products and services, while 38% are using it to research and find products/service options that match their needs, and 11% are using it to complete or automate purchases. Consumers are not necessarily asking AI to buy for them yet; but they are using it to decide what to consider, where to look and how to compare.

The use of AI in shopping is only set to grow. Globally, Deloitte's [Global Retail Industry Outlook](#) finds that chat-based tools are already driving 15% to 20% of referrals for some retailers. Industry forecasts suggest that agents could influence up to 25% of global e-commerce sales by 2030.

For consumers, AI makes online shopping faster and more convenient by bringing price, delivery and product fit into view earlier in the decision. That matters because AI is lowering the barriers to shopping around online and compressing the path to purchase.

These trends may explain why [Australia Post](#) report that while online shopping is on the rise (up 14% in 2025), basket sizes are down, while the average household purchased from 16 different retailers in 2025 – a figure that has more than doubled over the last decade.

The checkout has not yet disappeared into the algorithm though, meaning a mix of digital and physical shopping experiences remain important for retailers. Online spending accounted for around 24% of Australian retail sales in 2025, which means the majority of retail activity still occurs through in-person channels.

Trust remains a major barrier. According to [IAB](#), eight in ten Australian shoppers have some concern about using AI to find and research products when shopping, with the accuracy of information and privacy concerns the leading reservations. As a result, most will use AI suggestions alongside other information before making a spending decision.

For retailers, this means the point of competition is moving upstream: visibility and relevance need to be won before the consumer reaches the retailer's own channel.

AI is lowering information barriers for consumers, but it is also influencing who is found, compared and ranked. The challenge is to remain visible and compelling in an AI-mediated market. If recommendations increasingly prioritise price, value, fit and availability, retailers will need sharper value propositions and online storefronts that AI systems find, interpret and recommend.



Brand loyalty may also become harder to defend.

Deloitte’s 2026 Global Retail Industry Outlook finds that 81% of retail executives expect generative AI to weaken loyalty by 2027. In a world where widespread comparison is made easy, price becomes the dominant signal. As a result, it is expected that the rising use of AI will increase price competition within the retail sector, providing a deflationary force towards consumer prices over the medium-term.

The stakes are therefore uneven too, with large scale online retailers who have the resources and reach to offer products at a lower price than their mid-tier retailer rivals, better placed to benefit. Deloitte’s *The future of commerce: Agentic shopping in Asia Pacific* warns that agentic commerce could marginalise local businesses if agent-mediated shopping favours larger, established players. Indeed, Global Euromonitor International data shows that globally the top 10 retailers now account for 19% of global retail sales, up from 11% in 2016.

The impact is unlikely to fall evenly across categories. According to *The Navigators*, AI-assisted buying decisions are most common in electronics and technology, where consumers often compare specifications, prices and reviews. Although it is increasingly appearing in groceries and everyday household items, health products and services, and travel and accommodation too. This suggests AI’s appeal is broadening. It is helping consumers make faster comparisons across a range of categories where convenience and value matter.

AI isn't only helping consumers find value though, it also provides opportunities for retailers to increase and optimise their sales.

Firstly, by shortening the distance between discovery and purchase, AI can turn consumer interest into a transaction more quickly. In a market where shoppers are comparing more widely and making decisions more deliberately, reducing the effort required to buy may become an important source of sales growth.

Alongside optimising their online content for consumption by AI agents, the technology can also help enhance the customer experience once they reach a retailer's channel. Tools like visual searches, virtual try-ons and 24/7 chat support can offer a more customised customer service to make shopping faster and more convenient.

AI can also sharpen how retailers' price and promote their products. Richer customer insights provided by AI can give retailers a clearer view of what consumers want, when they are likely to buy and what offers may shift behaviour.

For example, in the US DoorDash is reportedly developing technology to tailor recommendations based on how hungry it thinks a customer is, pointing to how AI could make offers timelier and more relevant. Used carefully, this could support more targeted promotions and more responsive pricing decisions. But the trust trade-off is clear. If consumers feel AI is being used to exploit urgency or limit choice, rather than improve value and convenience, the commercial benefit could quickly give way to reputational risk.

The implication is that retailers need to keep pace with AI without losing sight of the consumer. The technology is already shaping how shoppers search, compare and decide, and it offers opportunities for retailers to tailor the customer experience. Those that invest early in data quality, digital infrastructure and transparent governance will be better placed to remain visible, protect margins and convert demand in a retail market increasingly shaped by algorithms.

A photograph of a clothing store interior. In the foreground, a person's hands are reaching into a rack of dark-colored shirts, selecting one. The shirts are hanging on light-colored wooden hangers. In the background, other racks of clothing, including white shirts, are visible. The lighting is warm and focused on the selection area.

Appendix

Key forecast tables

Real consumer spending growth, by detailed category

% change	History		Forecasts					5 yr avg	
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2025-26	2030-31
Volumes									
Food	1.1%	2.4%	1.2%	1.8%	1.9%	1.9%	1.7%	1.2%	1.7%
Alcoholic beverages and tobacco	-10.2%	-8.2%	-3.4%	-2.5%	-2.5%	-2.5%	-2.1%	-7.8%	-2.6%
Cigarettes and tobacco	-18.7%	-24.3%	-15.0%	-11.6%	-11.7%	-11.9%	-12.2%	-18.0%	-12.5%
Alcoholic beverages	-5.1%	0.1%	1.1%	0.4%	0.1%	-0.1	0.2%	-0.9%	0.3%
Clothing and footwear	1.7%	2.7%	0.2%	0.5%	0.7%	0.8%	1.1%	5.6%	0.6%
Clothing	2.1%	1.8%	1.0%	0.6%	0.7%	0.8%	1.1%	4.4%	0.8%
Footwear	0.0%	6.2%	-2.7%	0.4%	0.6%	0.7%	1.0%	10.7%	0.0%
Dwelling services	0.8%	2.3%	2.2%	2.0%	2.2%	2.3%	2.3%	1.4%	2.2%
Rent and other dwelling services	1.5%	1.7%	2.4%	2.3%	2.5%	2.6%	2.6%	1.7%	2.5%
Electricity, gas and other fuel	-6.0%	8.4%	-0.2%	-0.4%	-0.3%	-0.7%	-0.5%	-1.5%	-0.4%
Furniture and household equipment	2.6%	3.1%	1.4%	2.7%	2.7%	2.3%	2.1%	0.8%	2.3%
Furniture and household goods	2.1%	2.1%	1.9%	2.6%	2.7%	2.4%	2.3%	0.3%	2.4%
Household appliances	5.0%	4.2%	-0.6%	2.7%	3.4%	2.7%	2.0%	2.5%	2.0%
Household tools	1.3%	5.7%	2.2%	3.0%	2.0%	1.8%	2.0%	1.0%	2.2%
Transport	-0.3%	0.6%	0.5%	0.8%	0.8%	0.5%	0.7%	9.2%	0.7%
Purchase of vehicles	-4.5%	0.7%	3.6%	1.9%	1.1%	0.5%	0.9%	5.0%	1.6%
Operation of vehicles	-0.4%	-1.1%	-0.5%	1.1%	0.9%	0.8%	0.6%	1.5%	0.6%
Transport services	3.3%	2.8%	-0.4%	-0.5%	0.6%	0.2%	0.8%	45.9%	0.1%
Recreation and culture	1.3%	3.1%	1.2%	1.5%	1.7%	1.8%	1.5%	6.1%	1.5%
Goods for recreation and culture	3.4%	6.4%	5.4%	1.1%	0.4%	0.2%	1.4%	2.2%	1.7%

Key forecast tables

Real consumer spending growth, by detailed category (cont.)

% change	History		Forecasts					5 yr avg	
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2025-26	2030-31
Recreation & culture services	1.3%	1.3%	-2.4%	0.7%	1.6%	2.2%	1.0%	6.9%	0.6%
Newspapers & books	-0.8%	-1.8%	-1.8%	-4.1%	-4.2%	-3.9%	-1.2%	-2.6%	-3.0%
Cafes and restaurants	0.5%	1.1%	2.0%	2.4%	2.3%	2.0%	1.1%	7.4%	2.0%
Accommodation services	-0.4%	5.6%	-1.7%	2.8%	3.9%	4.9%	3.8%	16.4%	2.7%
Services	3.2%	3.7%	1.6%	2.3%	2.3%	2.4%	2.6%	3.1%	2.2%
Chemist goods	4.1%	8.8%	1.1%	2.5%	2.8%	2.1%	1.7%	4.3%	2.1%
Other health services	3.1%	3.0%	4.4%	5.3%	4.3%	3.9%	3.9%	3.7%	4.4%
Communications	4.1%	2.6%	2.0%	1.8%	2.1%	2.9%	4.0%	4.0%	2.6%
Education services	1.9%	1.7%	0.7%	1.7%	2.0%	2.8%	3.0%	1.7%	2.1%
Insurance and other financial services	4.0%	4.8%	2.0%	1.6%	1.6%	1.7%	2.0%	2.9%	1.8%
Other goods	0.6%	2.2%	-0.3%	2.3%	2.9%	3.2%	3.7%	3.2%	2.4%
Other services	3.5%	2.6%	-1.2%	-0.2%	0.4%	0.1%	0.0%	3.3%	-0.2%
Total consumer spending	1.2%	2.4%	1.3%	1.7%	1.8%	1.8%	1.9%	3.1%	1.7%

Key forecast tables

Consumer spending price growth, by detailed category

% change	History		Forecasts					5 yr avg	
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2025-26	2030-31
Prices									
Food	2.6%	1.8%	3.9%	3.4%	2.8%	2.6%	2.4%	4.0%	3.0%
Alcoholic beverages and tobacco	5.5%	3.4%	4.6%	6.1%	5.9%	5.7%	5.2%	4.5%	5.5%
Cigarettes and tobacco	9.95	7.9%	7.9%	7.7%	7.5%	6.9%	7.1%	7.5%	7.4%
Alcoholic beverages	3.2%	2.0%	4.0%	6.1%	6.0%	6.0%	5.2%	3.0%	5.4%
Clothing and footwear	1.9%	2.0%	0.0%	0.5%	0.2%	0.1%	0.1%	1.2%	0.2%
Clothing	0.9%	2.7%	0.1%	0.7%	0.2%	0.1%	0.1%	2.8%	0.2%
Footwear	5.3%	-0.6%	0.0%	0.1%	0.3%	0.1%	0.1%	-3.8%	0.1%
Dwelling services	6.6%	4.4%	4.1%	4.1%	3.6%	3.6%	3.5%	5.6%	3.8%
Rent and other dwelling services	7.2%	4.4%	3.5%	3.7%	3.3%	3.3%	3.2%	5.5%	3.4%
Electricity, gas and other fuel	0.7%	5.1%	9.2%	8.2%	6.3%	6.4%	6.5%	6.2%	7.3%
Furnishings and household equipment	-0.2%	0.1%	0.6%	0.8%	0.7%	0.6%	0.5%	2.0%	0.7%
Furniture and household goods	0.2%	0.5%	-0.4%	0.2%	0.3%	0.3%	0.2%	2.4%	0.1%
Household appliances	-1.3%	-0.7%	1.5%	1.7%	0.8%	0.5%	0.4%	0.4%	1.0%
Household tools	-0.6%	-0.6%	3.4%	2.1%	2.1%	2.1%	1.9%	2.2%	2.3%
Transport	0.1%	2.5%	4.8%	2.6%	2.2%	2.1%	1.9%	5.1%	2.7%
Purchase of vehicles	-0.7%	0.7%	2.5%	2.3%	1.7%	1.6%	1.6%	2.5%	2.0%
Operation of vehicles	-0.2%	4.1%	3.8%	1.9%	2.3%	2.0%	1.8%	6.5%	2.4%
Transport services	1.3%	1.8%	7.8%	3.9%	2.6%	2.6%	2.3%	4.6%	3.8%

Key forecast tables

Consumer spending price growth, by detailed category (cont.)

% change	History		Forecasts					5 yr avg	
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2025-26	2030-31
Goods for recreation and culture	-0.7%	0.7%	0.2%	0.0%	-0.1%	0.0%	0.1%	1.7%	0.0%
Recreation & culture services	3.9%	3.7%	3.5%	2.3%	1.7%	1.4%	1.5%	4.4%	2.1%
Newspapers & books	2.4%	2.5%	-1.7%	2.8%	0.2%	-0.7%	-0.1%	3.5%	0.1%
Cafes and restaurants	3.0%	3.7%	5.8%	3.8%	2.6%	2.8%	3.3%	4.4%	3.7%
Accommodation services	3.7%	5.8%	3.0%	1.9%	2.6%	3.1%	3.6%	7.4%	2.9%
Services	3.7%	3.4%	2.3%	2.1%	2.1%	2.1%	2.1%	3.9%	2.1%
Chemist goods	2.2%	-0.9%	1.7%	1.7%	1.7%	1.1%	0.9%	1.6%	1.4%
Other health services	4.8%	4.3%	3.3%	4.2%	3.2%	3.2%	3.6%	4.8%	3.5%
Communications	0.2%	1.1%	-0.1%	-0.2%	-0.1%	-0.2%	-0.4%	0.6%	-0.2%
Education services	4.7%	4.4%	4.6%	3.9%	3.2%	3.0%	2.9%	5.0%	3.5%
Insurance and other financial services	4.0%	3.7%	1.8%	1.0%	1.6%	1.7%	1.6%	4.1%	1.5%
Other goods	2.1%	4.3%	1.8%	0.7%	1.3%	1.5%	1.5%	3.6%	1.4%
Other services	4.2%	3.5%	1.8%	1.2%	1.9%	1.8%	1.5%	4.4%	1.6%
Total consumer spending	3.4%	3.1%	3.2%	2.8%	2.5%	2.4%	2.4%	4.2%	2.7%

Key forecast tables

Nominal consumer spending growth, by detailed category

% change	History		Forecasts					5 yr avg	
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2025-26	2030-31
Values									
Food	3.7%	4.2%	5.2%	5.3%	4.7%	4.5%	4.2%	5.3%	4.8%
Alcoholic beverages and tobacco	-5.3%	-5.1%	1.1%	3.4%	3.2%	3.1%	3.0%	-3.7%	2.8
Cigarettes and tobacco	-10.6%	-18.3%	-8.2%	-4.8%	-5.0%	-5.9%	-6.0%	-12.0%	-6.0%
Alcoholic beverages	-2.1%	2.1%	5.2%	6.5%	6.0%	5.8%	5.4%	2.0%	5.8%
Clothing and footwear	3.6%	4.7%	0.3%	1.0%	0.9%	0.9%	1.2%	6.8%	0.8%
Clothing	2.9%	4.4%	1.1%	1.2%	0.8%	0.9%	1.2%	7.4%	1.0%
Footwear	5.5%	5.6%	-0.2%	0.6%	0.9%	0.8%	1.1%	5.3%	0.3%
Dwelling services	7.4%	6.9%	6.3%	6.3%	5.9%	5.9%	5.9%	7.0%	6.1%
Rent and other dwelling services	8.8%	6.2%	6.1%	6.1%	5.9%	5.9%	5.9%	7.3%	6.0%
Electricity, gas and other fuel	-5.2%	14.0%	8.8%	7.8%	6.0%	5.6%	5.9%	4.6%	6.8%
Furniture and household equipment	2.4%	3.2%	2.0%	3.5%	3.4%	3.0%	2.7%	2.8%	2.9%
Furniture and household goods	2.4%	2.6%	1.5%	2.8%	3.0%	2.7%	2.4%	2.7%	2.5%
Household appliances	3.6	3.4%	0.9%	4.4%	4.2%	3.3%	2.3%	2.9%	3.0%
Household tools	0.7%	5.0%	5.6%	5.2%	4.1%	4.0%	3.9%	3.1%	4.6%
Transport	-0.1%	3.1%	5.3%	3.4%	3.1%	2.6%	2.7%	15.1%	3.4%
Purchase of vehicles	-5.2%	1.4%	6.2%	4.3%	2.8%	2.1%	2.5%	7.7%	3.6%
Operation of vehicles	-0.6%	2.9%	3.3%	3.0%	3.2%	2.8%	2.4%	8.1%	2.9%
Transport services	4.6%	4.6%	7.3%	3.4%	3.1%	2.8%	3.0%	54.8%	3.9%

Key forecast tables

Nominal consumer spending growth, by detailed category (cont.)

% change	History		Forecasts					5 yr avg	
	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2025-26	2030-31
Recreation and culture	3.7%	6.3%	4.3%	3.7%	3.4%	3.7%	3.6%	10.3%	3.7%
Goods for recreation and culture	2.7%	7.1%	5.6%	1.1%	0.3%	0.2%	1.5%	3.9%	1.8%
Recreation & culture services	5.3%	5.0%	1.0%	3.0%	3.3%	3.6%	2.6%	11.6%	2.7%
Newspapers & books	1.7%	0.7%	-3.5%	-1.5%	-4.0%	-4.6%	-1.3%	0.8%	-3.0%
Cafes and restaurants	3.5%	4.8%	7.9%	6.3%	5.0%	4.8%	4.4%	12.3%	5.7%
Accommodation services	3.3%	11.7%	1.3%	4.8%	6.7%	8.1%	7.5%	25.4%	5.7%
Services	7.0%	7.2%	4.0%	4.4%	4.5%	4.5%	4.7%	7.1%	4.4%
Chemist goods	6.4%	7.9%	2.9%	4.2%	4.6%	3.3%	2.6%	6.0%	3.5%
Other health services	8.0%	7.4%	7.9%	9.8%	7.6%	7.2%	7.6%	8.7%	8.0%
Communications	4.3%	3.7%	1.9%	1.5%	2.1%	2.7%	3.6%	4.7%	2.4%
Education services	6.7%	6.1%	5.3%	5.6%	5.3%	5.9%	6.1%	6.8%	5.6%
Insurance and other financial services	8.2%	8.7%	3.8%	2.6%	3.2%	3.4%	3.5%	7.1%	3.3%
Other goods	2.7%	6.7%	1.5%	3.1%	4.2%	4.8%	5.3%	6.9%	3.8%
Other services	7.9%	6.3%	0.6%	1.1%	2.3%	1.9%	1.5%	7.8%	1.5%
Total consumer spending	4.6%	5.6%	4.6%	4.5%	4.3%	4.3%	4.3%	7.5%	4.4%

Our publications

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