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than
money



NAB Consumer Sentiment Survey

Q2 2026

NAB Behavioural & Industry Economics

Summary

NAB Survey: Cost pressures continue to constrain household spending, with 8 in 10 Australians reporting higher living costs, 54% cutting car use and 28% cutting health visits. Savings are being redirected to essentials and financial buffers, while price-driven switching remains widespread.

Australian consumers remain under significant pressure. The NAB Consumer Stress Index eased slightly to 58.7 in Q2 from 59.1 in Q1 but the headline improvement points to only limited relief around the margins. Stress remains above its long-run average, and many households continue to report pressure on real household budgets as day-to-day living costs absorb a larger share of income. The strongest message in the NAB survey is that **cost-of-living pressure remains persistent**. Cost of living is still by far the dominant source of stress at 70.2, well above its long-run average, and **a net 82% of Australians said their living costs rose** in the past three months, up from 78% in Q1. That rebound matters because it suggests earlier signs of easing have not yet been sustained. It also confirms that inflation is still being felt directly in household budgets, cash flow decisions and everyday spending trade-offs.

The pressure is being driven most clearly by essentials. Grocery costs remained very elevated, with a net 76% of consumers reporting higher grocery costs, while utilities stayed high at 68%. Most notably, transport costs jumped sharply to 65% from 53% in Q1, reflecting the renewed hit from fuel costs and adding another recurring expense for households to absorb. By contrast, mortgage and rent-related costs eased significantly in Q2, but that improvement has not translated into a broader sense of relief because it has been offset by persistent pressure in **groceries, utilities and transport**. The impact of these pressures is increasingly visible in household spending behaviour. Around three in four Australians say higher living costs are affecting their lifestyle, with more consumers making targeted adjustments to manage cash flow. In Q2, **54% said they were reducing car use to save on petrol**, up sharply from 37% in Q1, while 31% said they were cutting back on groceries. This suggests cost pressures are no longer confined to discretionary categories, with some households also adjusting routine spending on essentials.

Importantly, the savings households are generating through these cutbacks are **not flowing back into discretionary spending**. Instead, they are largely being used to stabilise finances. Around 55% of consumers said they were directing savings from reduced spending into day-to-day living expenses, while 45% were putting them into savings and offset accounts. Only a very small share said they were using those savings to splurge on something they wanted. This points to **embedded household caution**: even when consumers find savings, most are using that capacity to stabilise finances rather than increase spending. Two further signals reinforce the constraint on household spending. Around **28% of consumers said they had cut or cancelled health practitioner visits** because of cost pressures, highlighting that cutbacks are extending beyond discretionary categories. At the same time, 51% switched at least one provider because of price, led by supermarkets, telcos, insurance, streaming services and utilities.

The burden of this pressure is also highly uneven, which is a key finding in the NAB survey. Stress remains highest among unemployed Australians, lower-income households, people with children, those aged 30-49 and consumers outside the major capitals. Lower-income households reported the highest overall cost-of-living pressure at 88, compared with 81 for higher-income households. Rural areas recorded stronger overall cost pressure than capital cities, and regional cities also remained elevated. QLD and Vic were among the most pressured states, while WA stands out as by far the lowest stressed state or territory. These results point to a clear divide in financial resilience, with pressure concentrated among households with lower financial buffers.

The survey also shows that many households are still relying on more pressured coping strategies to manage higher living costs. Some are using savings more rapidly, borrowing from family or friends, selling possessions, taking on additional work or drawing down on longer-term financial resources. While some of these measures eased modestly in Q2, there has been little improvement in the share of Australians who say higher living costs are not affecting their lifestyle. That figure remained just 26% in Q2, meaning around three in four Australians are still reporting some impact. Taken together, the Q2 results point to a consumer environment where pressure remains widespread, persistent and uneven. The headline stress index eased slightly, but essential costs continue to weigh on household budgets, particularly for lower-income households, families with children and consumers outside the major capitals. Most importantly, households are still finding ways to save, but those savings are being used to **protect cash flow and rebuild buffers rather than support a rebound in discretionary spending**.

Key Tables

Consumer Stress Index (100 = extremely concerned)

	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Consumer Stress Index	56.6	57.7	59.0	59.1	58.7
Job Security	44.2	46.9	48.4	43.4	44.4
Health	54.1	55.2	55.5	56.3	55.8
Ability to Fund Retirement	58.3	59.0	60.3	60.6	59.5
Cost of Living	66.1	66.3	67.8	71.8	70.2
Government Policy	60.0	61.1	62.8	63.4	63.8

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

	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Overall Cost of Living	68	70	70	78	82
Travel/Holidays	56	57	53	62	48
Eating out	58	62	55	66	58
Entertainment	51	56	49	60	47
Groceries	71	73	68	78	76
Home improvements	56	58	51	62	45
Major HH items	52	53	48	59	45
Utilities	66	73	65	71	68
Telecoms	54	56	47	51	53
Personal goods	52	55	49	58	53
Medical expenses	52	55	50	52	47
Transport	50	55	53	53	65
Children	44	46	43	48	23
Mortgage	38	37	34	58	35
Rent	51	56	47	62	31
Other debt	43	43	39	46	33

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

	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Major household item	-22	-19	-19	-24	-20
Car	-11	-13	-12	-13	-12
Property (residence)	-10	-10	-10	-12	-10
Property (investment)	-15	-13	-16	-18	-16
Home renovation	-15	-11	-10	-14	-12
School fees	-11	-14	-11	-15	-15
Holiday	-19	-15	-13	-17	-19
Private health insurance	-8	-7	-7	-9	-7
Other Investment (ex. property)	-10	-12	-13	-11	-15

Consumer Stress

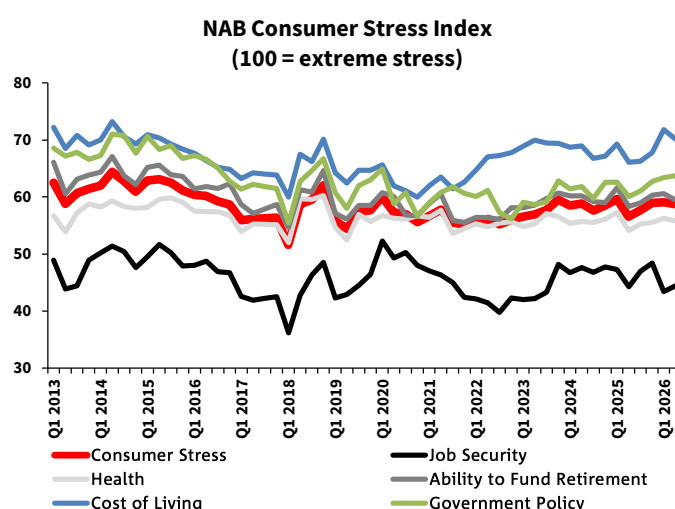
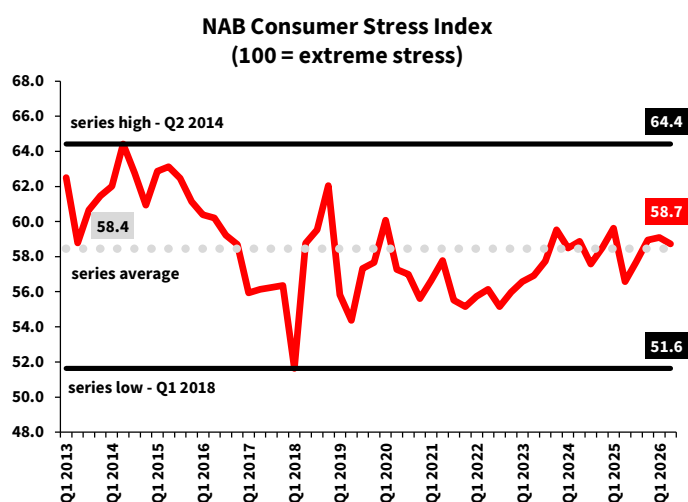
Consumer stress eased slightly in Q2 2026, with the NAB Consumer Stress Index edging down to 58.7 from 59.1 in Q1. While this suggests some modest relief, stress levels remain elevated overall - still above the long-run average of 58.4 and notably higher than 56.6 a year earlier. In other words, household pressure has softened only marginally and remains firmly embedded.

The composition of stress also continues to point to a highly uneven pressure profile. Cost of living remains by far the dominant source of concern at 70.2. Although this was down from 71.8 in Q1, it is still well above its long-run average of 66.8, indicating that any easing in acute price pressure has yet to translate into a meaningful improvement in how households are feeling.

Concern about government policy has also continued to build, rising to 63.8 and moving above its long-run average of 63.0. This suggests households are not only grappling with direct financial strain but are also increasingly unsettled by broader economic and policy uncertainty.

By comparison, other sources of stress look more contained. Job security rose slightly to 44.4 but remains below its long-run average of 45.9. Health concerns eased to 55.8, also sitting a little below historical norms, while concern about the ability to fund retirement fell to 59.5 from 60.6 and is now just under its long-run average of 60.1.

Taken together, these results suggest household stress is not broadening across all dimensions of wellbeing. Instead, it remains concentrated in a narrower set of immediate and unavoidable pressures - most notably day-to-day living costs and uncertainty around the policy backdrop. That matters because it points to a consumer environment still defined more by pressure on disposable income than by fears of job loss or deteriorating health. While the fall in the headline index offers some limited breathing room, it does not yet point to a material improvement in household confidence or financial comfort.



Consumer stress remained elevated in Q2, with the overall index at 58.7, but the burden was uneven across demographic groups. Stress was highest among unemployed consumers (65.8) and those earning less than \$35,000 (64.4), highlighting the outsized pressure on households with weaker labour market attachment or limited financial buffers. Stress was also notably above average among divorced consumers (61.2), people with children (61.0) and those aged 30-49 (60.9) - a cohort typically facing peak mortgage, childcare and broader household cost pressures.

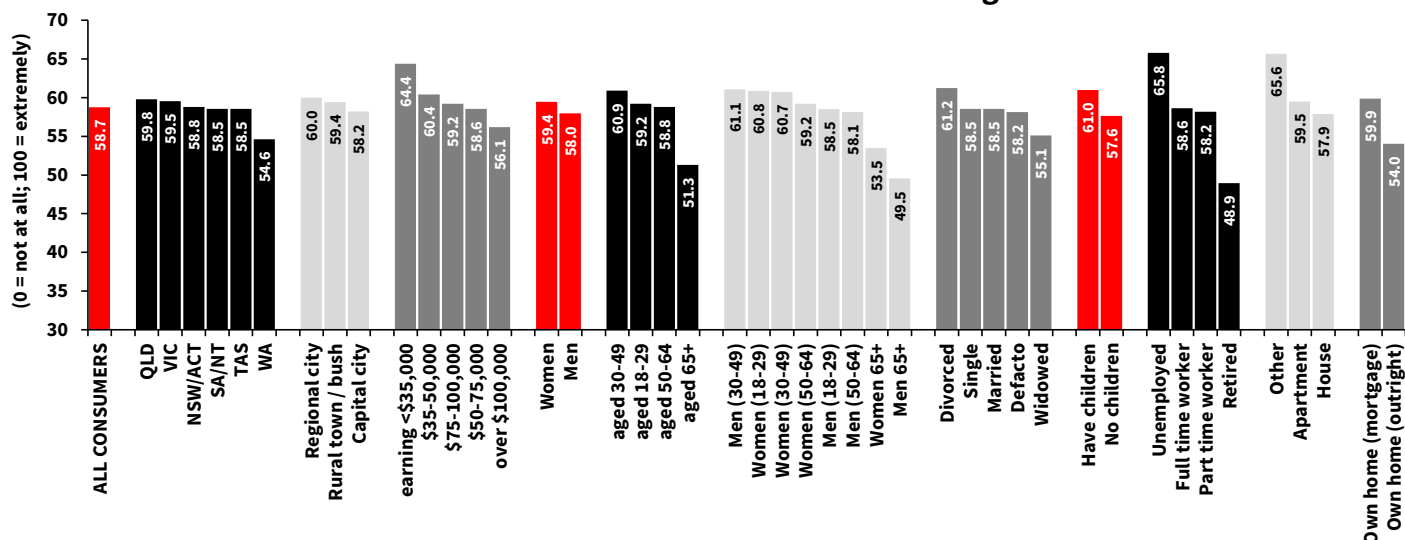
The gradient by income remained clear. Stress eased as household income rose, falling to 56.1 for those earning over \$100,000 and to 54.0 for outright homeowners, underscoring the protective effect of stronger incomes and lower housing costs.

By contrast, mortgage holders remained relatively stretched at 59.9. Stress also stayed above average among apartment dwellers (59.5), women (59.4), rural residents (59.4), and younger women aged 18-29 (60.8), pointing to persistent pressure across several financially exposed cohorts.

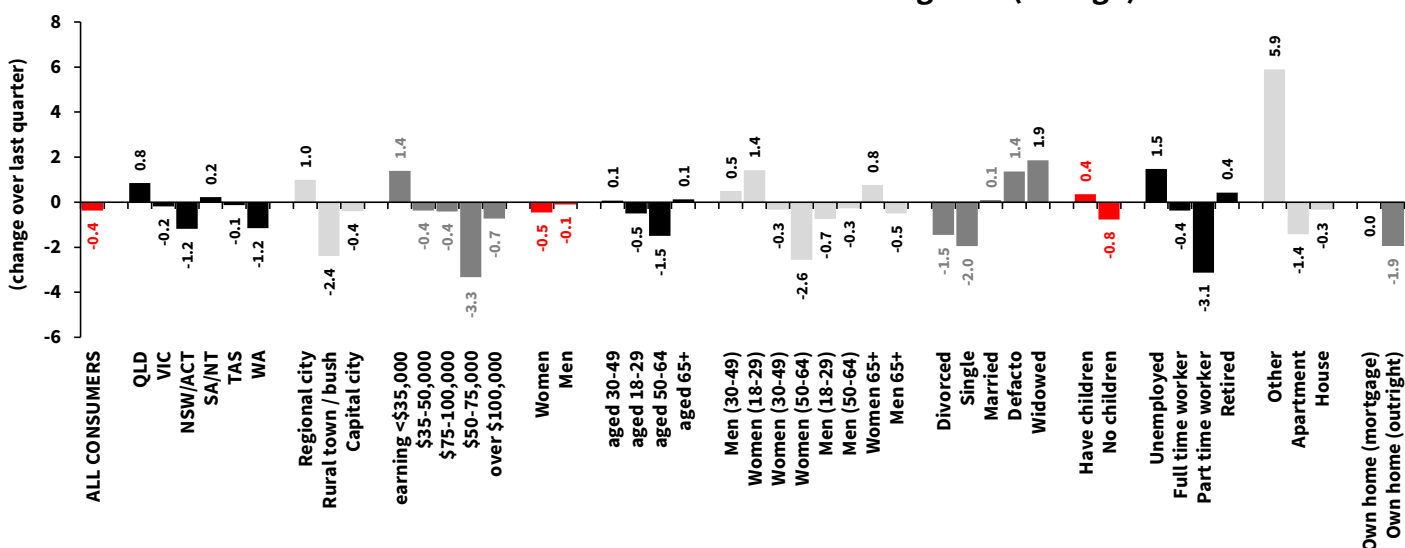
By location, Queensland (59.8) and Victoria (59.5) were among the most pressured states, while regional cities (60.0) recorded higher stress than capital cities (58.2). WA stands out as by far the lowest stressed state or territory.

There were, however, some pockets of relief. The sharpest quarterly falls were recorded among rural consumers (-2.4), part-time workers (-3.1) and those earning \$50,000-\$75,000 (-3.3), suggesting some easing for parts of the middle-income and non-metro population. Even so, the broad picture remains one of concentrated financial strain among lower-income households, unemployed Australians and working-age families facing heavier day-to-day living and housing costs.

NAB Australian Consumer Stress Index: Categories



NAB Australian Consumer Stress Index: Categories (change)

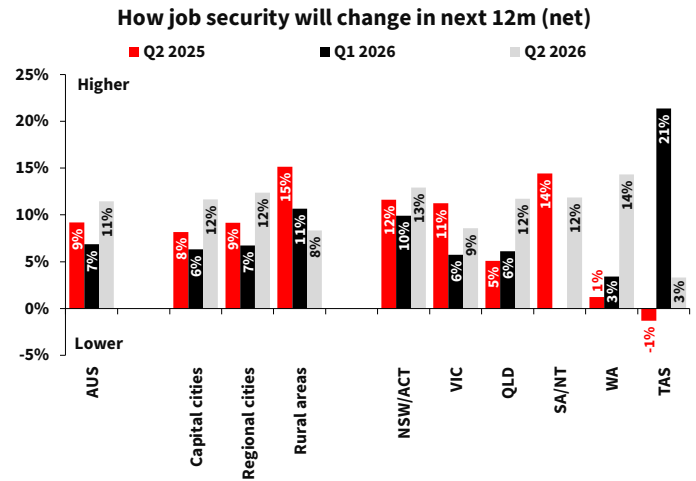
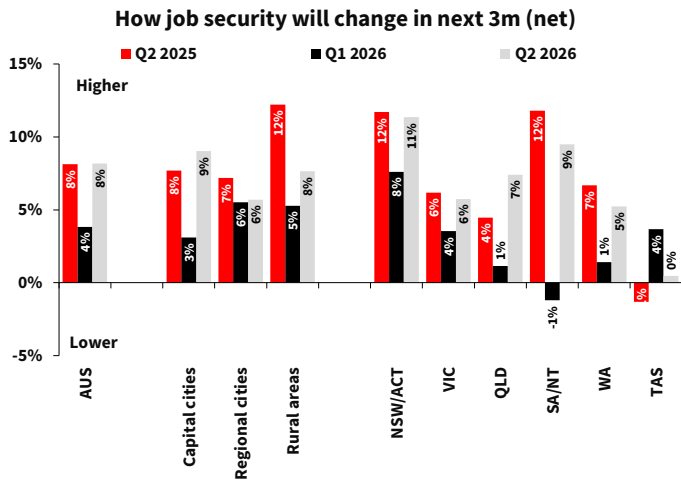


Job security

Concern about job security lifted in Q2 as labour market conditions softened. The unemployment rate rose 0.2 ppts to 4.5% in April, reflecting a lower job-finding rate and longer spells of unemployment, even as hours worked per person increased 0.9% month-on-month as firms used existing staff more intensively. On a trend basis, unemployment was steady at 4.3% and employment growth held at around 22,000, but the latest data suggest the labour market may prove less resilient than previously expected.

Forward-looking indicators remain consistent with some cooling in labour demand, but not a sharp deterioration. ABS job vacancies rose 2.7% in the three months to February, though more timely measures have been mixed since then. NAB's April business survey showed the employment index at its lowest level since mid-2024, while both SEEK and Indeed job ads have eased modestly since February. With trend unemployment holding around 4.3% since mid-last year, the labour market still appears close to full employment. Even so, NAB expects softer demand to push unemployment gradually higher, to around 4.7% by end-2027, and the April data suggests that adjustment may begin to come through sooner than previously anticipated.

Even with concern about job security rising, consumers remained more positive on balance about the near-term outlook. Expectations for job security over the next three months improved to a net 8% in Q2, up from 4% in Q1, indicating that more consumers still expected conditions to improve than deteriorate. This points to a more nuanced picture - labour market anxiety has increased, but not enough to push expectations into negative territory. Instead, the softer macro backdrop appears to have moderated confidence rather than materially undermined it.



The rebound in short-term job security expectations was uneven across cohorts. Confidence improved most in capital cities, where the net balance rose 6 points to 9%, and in rural areas, up 3 points to 8%, while regional cities were unchanged at 6%. By state, the strongest gains were recorded in SA/NT, where sentiment lifted from -1% to 9%, Queensland, up from 1% to 7%, and NSW/ACT, up from 8% to 11%. Victoria also improved modestly to 6%, while WA edged up to 5%. Tasmania was the clear exception, slipping from 4% to 0%, indicating a softer near-term view even as sentiment improved elsewhere.

The longer-term outlook also improved, with expectations for the next 12 months rising to a net 11% from 7% in Q1. This indicates that more consumers still expect job security to strengthen rather than weaken over the year ahead, and by a wider margin than in the previous quarter.

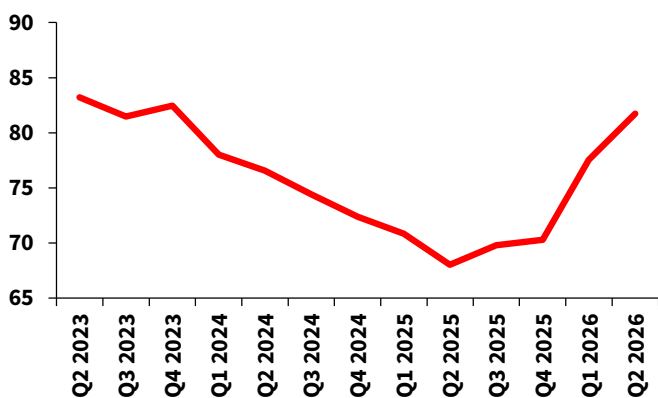
Longer-term expectations also remained stronger than the short-term measure nationally, suggesting consumers still see recent labour market softening as manageable rather than the start of a more serious deterioration.

Demographic patterns were again mixed. By location, the largest gains came from capital cities and regional cities, both rising 6 points to 12%, while rural areas fell from 11% to 8%, leaving longer-term sentiment there no stronger than the short-term result. Across the states, WA recorded the sharpest lift, with the net balance jumping from 3% to 14%, while SA/NT and Queensland both rose to 12% and NSW/ACT increased to 13%. Victoria also improved, though more modestly, to 9%. Tasmania again stood out as the weakest result, dropping from 21% in Q1 to just 3% in Q2. Even so, most segments remained in positive territory, reinforcing that consumers still generally expect job security to improve rather than deteriorate over both horizons.

Cost of living stress in focus

Cost of living stress eased a little in Q2 but is still sitting well above its long-run average and not easing enough to materially change how households are feeling. Consumer perceptions of rising costs are not just about the absolute dollar amount, but also the feeling of financial pressure, creating a sense of stress. To help identify what is driving these pressures for Australian consumers, we ask them if the cost of several key goods and services increased or fell in the past three months.

Extent overall cost of living changed in past 3m (net balance)

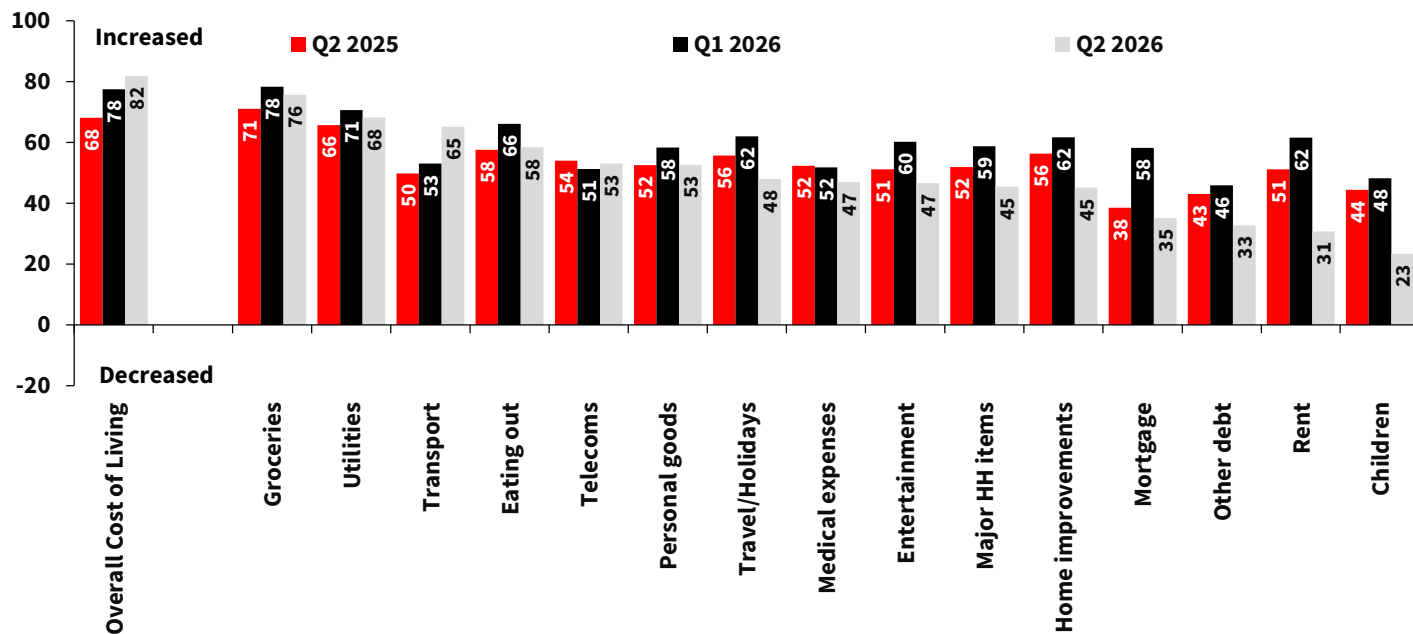


Perceptions of overall cost of living pressures re-accelerated in Q2, with a net 82% of Australians reporting higher living costs, up from 78% in Q1 and back near the peaks seen in 2023. This reverses the easing trend that had been evident through most of 2024 and 2025, when the measure fell steadily from 83% in Q2 2023 to 68% in Q2 2025.

The rebound suggests earlier signs of relief have proved short-lived. More importantly, it indicates cost pressures remain broad-based and entrenched, keeping household budgets under strain and reinforcing that inflation is still being felt very directly by consumers.

The renewed lift in overall cost of living pressures in Q2 appears to have been driven mainly by essentials. Grocery costs remained very elevated at 76 and utilities stayed high at 68, reinforcing that day-to-day household basics continue to absorb a large share of budgets. Transport costs also picked up sharply to 65 from 53 in Q1, suggesting a significant increase in travel-related expenses over the quarter, reflecting higher fuel costs linked to tensions in the Middle East.

Extent overall cost of living has changed in past 3m (net)



Housing-related pressures eased noticeably in Q2, with mortgage costs falling to 35 from 58 and rent dropping to 31 from 62. Discretionary categories also softened, with travel and holidays down to 48 from 62, entertainment to 47 from 60 and home improvements to 45 from 62. In contrast, essentials remained the clear source of pressure. Grocery costs stayed very high at 76, utilities remained elevated at 68 and transport jumped sharply to 65 from 53. This suggests the renewed lift in overall living cost pressure was driven primarily by unavoidable day-to-day expenses rather than housing or discretionary spending.

For households, the implication is clear - any relief in housing-related costs is being outweighed by persistent pressure in essentials. With groceries, utilities and transport continuing to absorb a large share of budgets, many consumers are unlikely to feel a meaningful easing in their overall cost of living. As a result, spending capacity remains constrained and discretionary outlays are likely to stay under pressure.

Demographic differences suggest cost of living pressures are being felt most acutely by lower-income households, middle-aged Australians, and people outside the major capitals. Lower-income consumers reported the highest overall cost of living pressure at 88, notably above higher-income households at 81, which is consistent with essentials such as groceries (85 vs 77) and utilities (72 vs 69) taking up a larger share of lower-income budgets and leaving less capacity to absorb price increases.

By age, pressure was highest among those aged 50-64 (83), followed closely by 30-49 year olds (82), while younger adults aged 18-29 reported a much lower reading of 74. This likely reflects differences in household formation and financial commitments, with people in the 30-64 age bracket more exposed to mortgage or rent costs, children, transport, and other family-related spending.

Geographic results also point to stronger pressure outside the capitals, with rural areas highest at 84 and regional cities at 82, compared with 81 in capital cities. This appears to reflect higher costs in essentials and reduced flexibility in transport, with rural consumers reporting especially strong increases in groceries (80), utilities (75), and transport (68). By state, Tasmania stood out as the most pressured market overall at 89, supported by very high readings for groceries (81), utilities (80), and home improvements (51), while Queensland (85) and Victoria (83) also remained elevated. In contrast, SA/NT (79) and NSW/ACT (79) recorded lower overall pressure.

Taken together, the results suggest cost of living stress is most intense where household budgets are more concentrated on non-discretionary items and where consumers have less flexibility to substitute away from rising everyday costs.

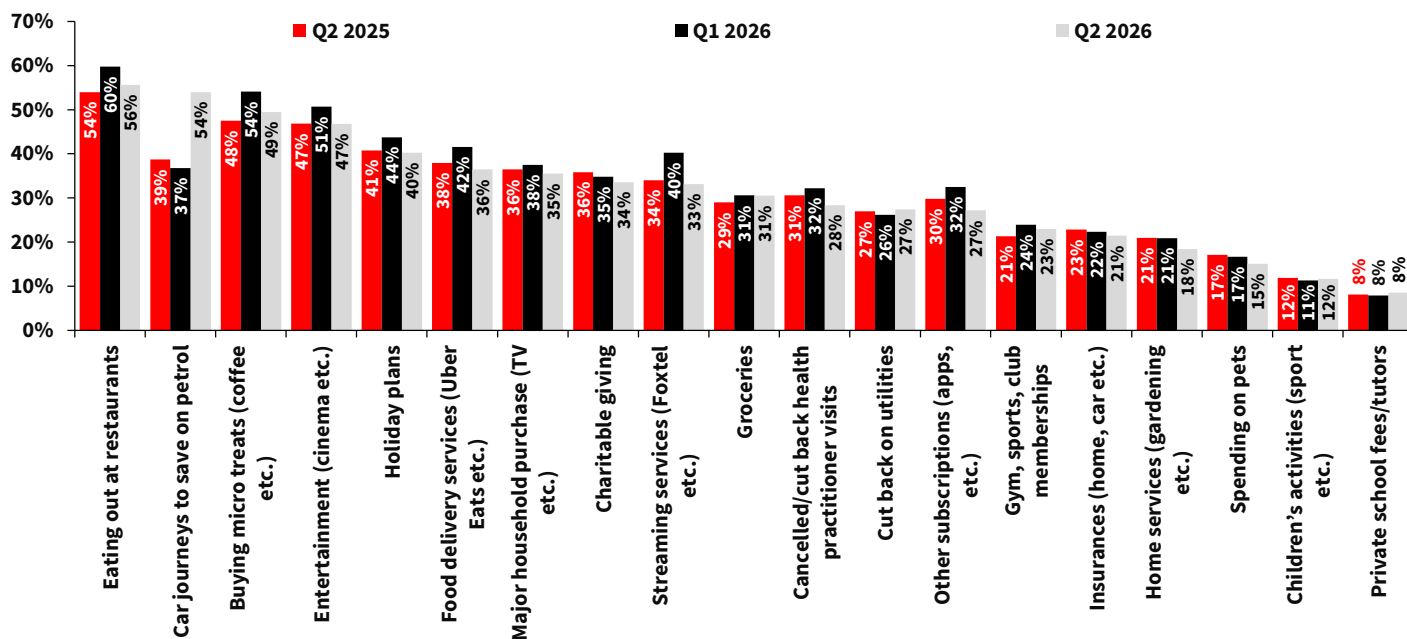
Extent cost of living changed in past 3 months (net): Q2 2026

	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	82	81	82	84	79	83	85	82	79	89	74	82	83	88	81	84
Groceries	76	75	79	74	73	77	78	78	73	81	65	74	80	85	77	75
Utilities	68	67	72	68	66	71	69	71	66	80	60	67	75	72	69	67
Transport	65	64	67	69	65	62	67	70	65	66	53	66	68	74	64	66
Eating out	58	60	59	51	59	59	57	54	59	63	57	61	62	52	54	60
Telecoms	53	52	53	60	54	54	51	57	54	52	42	53	58	59	62	50
Personal goods	53	53	52	53	55	53	47	52	55	60	43	55	55	56	56	52
Travel/Holidays	48	49	46	45	48	50	46	40	48	42	53	49	47	41	45	50
Medical expenses	47	46	48	48	48	45	47	45	48	65	37	49	53	47	52	46
Entertainment	47	48	46	41	48	48	43	40	48	49	49	51	51	32	42	51
Major HH items	45	45	45	47	44	48	46	44	44	43	41	48	46	44	51	44
Home improvements	45	44	46	50	44	50	43	39	44	51	36	44	50	50	49	46
Mortgage	35	36	32	34	39	37	32	24	39	26	39	46	35	12	24	47
Other debt	33	33	32	33	37	35	28	25	37	27	31	39	32	25	36	32
Rent	31	36	32	34	39	37	32	24	39	26	39	46	35	12	24	47
Children	23	25	22	20	30	24	19	13	30	13	27	36	17	5	19	28

Spend change due to COL pressures, estimated savings & how they are used

Cost of living pressures continued to reshape household spending behaviour in Q2, but the pattern points to more selective adjustment rather than a fresh round of broad-based retrenchment. The sharpest shift was in transport, where the share of consumers reducing car use to save on petrol jumped to 54% from 37% in Q1, highlighting a stronger focus on managing recurring and unavoidable costs.

Cut, cancelled or delayed spending in last 3m due to COL pressures



This was followed by continued restraint in groceries, where 31% of consumers reported cutting back - unchanged from Q1 and still indicative of ongoing pressure in essential spending. At the same time, several discretionary categories eased after the sharp pullback seen in the previous quarter.

Fewer consumers reported cutting back on a range of discretionary items in Q2. The share reducing spending on eating out fell to 56% from 60%, micro treats such as coffee to 49% from 54%, entertainment to 47% from 51%, food delivery services to 36% from 42% and streaming services to 33% from 40%. Holiday plans also eased to 40% from 44%, while cutbacks in major household purchases edged down to 35% from 38%. Together, these results suggest households are still trimming non-essential spending, but the intensity of those cutbacks moderated somewhat over the quarter even as pressure in more recurring and less avoidable areas remained elevated.

Overall, the Q2 results suggest households are still under pressure, but are concentrating their response on the areas where savings are most immediate or most necessary. Transport cutbacks intensified sharply, grocery restraint remained entrenched, and discretionary pullbacks persisted but eased from the very elevated levels seen in Q1. That points to a consumer still under strain but becoming more targeted in where and how spending is pared back.

Cut, cancelled or delayed spending in last 3m due to cost of living pressures: Q2 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower Income	Higher Income
Eating out at restaurants	56%	60%	61%	56%	41%	50%	61%	57%	56%
Car journeys to save on petrol	54%	51%	55%	59%	49%	49%	59%	57%	52%
Buying micro treats (coffee etc.)	49%	54%	56%	50%	33%	44%	55%	49%	44%
Entertainment (cinema etc.)	47%	52%	54%	48%	28%	43%	50%	47%	46%
Holiday plans	40%	42%	45%	44%	27%	37%	44%	36%	41%
Food delivery services (Uber Eats etc.)	36%	52%	46%	29%	12%	34%	39%	36%	39%
Major household purchase (TV etc.)	35%	38%	42%	37%	21%	34%	37%	42%	33%
Charitable giving	34%	30%	35%	40%	28%	31%	36%	39%	31%
Streaming services (Foxtel etc.)	33%	45%	38%	31%	14%	33%	33%	36%	33%
Groceries	31%	38%	35%	29%	17%	27%	33%	48%	24%
Cancel/cut back health practitioner visits	28%	32%	34%	30%	13%	24%	33%	36%	25%
Cut back on utilities	27%	29%	31%	31%	17%	25%	30%	39%	22%
Other subscriptions (apps, etc.)	27%	36%	32%	24%	13%	27%	28%	27%	27%
Gym, sports, club memberships	23%	32%	29%	19%	8%	22%	24%	21%	23%
Insurances (home, car etc.)	21%	25%	24%	25%	10%	20%	23%	27%	19%
Home services (gardening etc.)	18%	21%	21%	19%	11%	16%	20%	24%	16%
Spending on pets	15%	19%	19%	16%	4%	13%	17%	18%	13%
Children's activities (sport etc.)	12%	14%	18%	9%	1%	10%	13%	12%	11%
Private school fees/tutors	8%	11%	12%	7%	1%	8%	9%	9%	8%

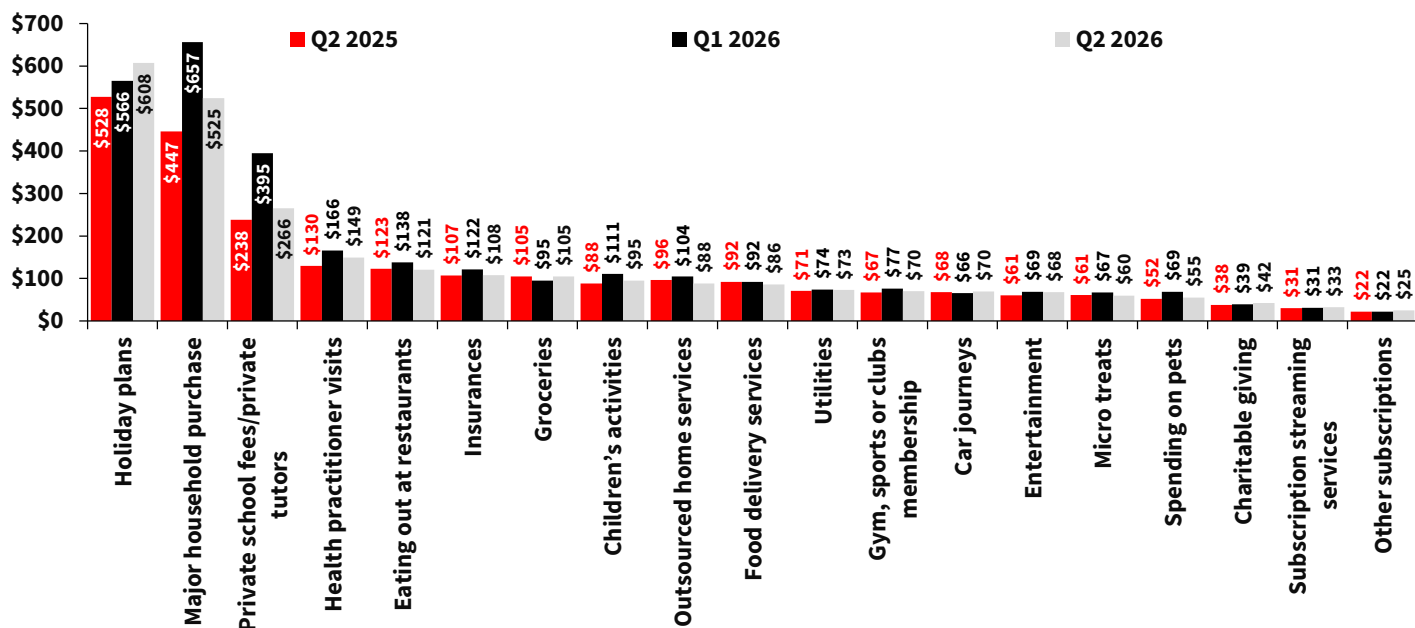
The extent of adjustment however varied across cohorts. Overall, the most common cutbacks were in discretionary categories, with 56% of consumers reducing restaurant spending, 54% cutting car use to save on petrol, 49% trimming micro treats such as coffee and 47% scaling back entertainment. Younger and middle-aged Australians were more likely to be making these adjustments than older households. Consumers aged 30-49 stood out as the most pressured cohort across a number of categories, with particularly high rates of cutbacks in restaurants (61%), micro treats (56%), entertainment (54%), groceries (35%), and major household purchases (42%). This points to ongoing pressure on households managing mortgages, children, and broader family-related costs.

By contrast, Australians aged 65+ were materially less likely to report cutbacks in most areas, including restaurants (41%), entertainment (28%), health practitioner visits (13%), and groceries (17%), suggesting they remain relatively better insulated from current cost pressures or already operate with leaner discretionary budgets.

Gender and income splits add a further layer of detail. Women were more likely than men to report cutbacks in several essential and household-related categories, including groceries (33% vs 27%), utilities (30% vs 25%), insurance (23% vs 20%), and health practitioner visits (33% vs 24%), as well as non-essentials such as eating out at restaurants (61% vs 50%), and buying micro treats (55% vs 44%) .

Income differences were also stark. Lower-income households were more likely to be cutting back on essentials and near-essentials such as groceries (48% vs 24% for higher-income households), utilities (39% vs 22%) and insurance (27% vs 19%). Higher-income households were also adjusting, but their cutbacks were more concentrated in discretionary areas such as restaurants (57%), holidays (41%), and major household purchases (42%). This reinforces the regressive nature of cost of living pressure - higher-income households are trimming optional spending, while lower-income households are increasingly being forced to economise on basics. The implication is continued pressure not only on discretionary consumption, but also on household wellbeing, preventative health, and financial resilience among more vulnerable groups.

Estimated savings per month from spend cutbacks (avg \$)



Consumers were also asked to estimate how much they were saving each month in the areas where they had cut back. The results suggest households are still finding meaningful savings, but the pattern is becoming more selective. Savings rose sharply between Q4 2025 and Q1 2026 across several discretionary and semi-discretionary categories, including outsourced home services (from \$83 to \$104), private school fees and tutoring (from \$169 to \$395), children’s activities (from \$89 to \$111), eating out (from \$121 to \$138), health practitioner visits (from \$149 to \$166) and major household purchases (from \$495 to \$657).

But that momentum was not sustained in Q2 2026, with savings easing back in a number of larger-ticket categories, including private school fees and tutoring (to \$266), major household purchases (to \$525), outsourced home services (to \$88), children’s activities (to \$95), and health practitioner visits (to \$149). This suggests households are still adjusting spending, but sustaining deeper cutbacks quarter after quarter is proving more difficult, particularly in areas tied to family needs, health, and larger planned purchases.

Overall, the data suggest households are still generating savings, but the composition is shifting. Large discretionary items such as holidays, major household purchases and outsourced services continue to produce the biggest dollar savings, although these amounts have become more volatile from quarter to quarter. By contrast, savings from routine categories such as groceries, streaming services, insurance, and utilities have been steadier, indicating that day-to-day budget management is becoming a more persistent feature of household behaviour.

The data also show why smaller cutbacks still matter. While monthly savings from items such as streaming services (\$33 in Q2 2026), other subscriptions (\$25), charitable giving (\$42), micro treats (\$60), and reduced car use (\$70) may appear modest in isolation, they accumulate quickly over time. On an annual basis, those savings equate to around \$396, \$300, \$504, \$720, and \$840 respectively. Even a reduction of \$20 to \$30 a month can translate into annual savings of \$240 to \$360. For many households, this means meaningful budget relief does not depend solely on large sacrifices, but can also come from a series of smaller, cumulative adjustments across everyday spending categories.

Estimated savings per month from spend cutbacks: Q2 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Holiday plans	\$608	\$440	\$655	\$768	\$582	\$508	\$731	\$380	\$576
Major household purchase	\$525	\$460	\$496	\$678	\$484	\$514	\$521	\$348	\$568
Private school fees/private tutors	\$266	\$238	\$390	\$75	\$160	\$314	\$223	\$198	\$435
Health practitioner visits	\$149	\$174	\$154	\$147	\$118	\$129	\$162	\$135	\$182
Eating out at restaurants	\$121	\$128	\$137	\$111	\$93	\$123	\$120	\$76	\$151
Insurances	\$108	\$105	\$116	\$86	\$148	\$114	\$102	\$90	\$134
Groceries	\$105	\$115	\$122	\$85	\$65	\$112	\$98	\$65	\$128
Children's activities	\$95	\$60	\$122	\$55	\$50	\$92	\$99	\$71	\$113
Outsourced home services	\$88	\$97	\$115	\$62	\$78	\$83	\$90	\$83	\$117
Food delivery services	\$86	\$89	\$92	\$80	\$66	\$83	\$90	\$76	\$97
Utilities	\$73	\$70	\$97	\$72	\$57	\$79	\$74	\$59	\$104
Gym, sports or club memberships	\$70	\$74	\$75	\$53	\$110	\$70	\$70	\$60	\$78
Car journeys	\$70	\$88	\$75	\$62	\$57	\$73	\$67	\$55	\$76
Entertainment	\$68	\$62	\$85	\$58	\$48	\$69	\$68	\$52	\$80
Micro treats	\$60	\$71	\$66	\$57	\$36	\$63	\$57	\$45	\$73
Spending on pets	\$55	\$55	\$61	\$47	\$50	\$53	\$59	\$39	\$53
Charitable giving	\$42	\$55	\$44	\$37	\$37	\$46	\$39	\$31	\$43
Subscription streaming services	\$33	\$32	\$36	\$32	\$24	\$33	\$32	\$29	\$35
Other subscriptions	\$25	\$27	\$24	\$22	\$28	\$26	\$23	\$23	\$24

Estimated monthly savings from spending cutbacks in Q2 point to a wide divergence in household financial flexibility.

Australians aged 30-49 continued to report the largest savings across a broad mix of categories, including private school fees and tutors (\$390), children's activities (\$122), utilities (\$97), groceries (\$122) and holiday plans (\$655). This suggests mid-life households are making deeper adjustments across both family-related and essential spending.

Australians aged 50-64 generated the largest savings in bigger discretionary items such as holidays (\$768) and major household purchases (\$678), indicating greater scope to defer large-ticket spending. By contrast, those aged 65+ reported the lowest savings across many discretionary categories, including eating out (\$93), entertainment (\$48), food delivery (\$66) and micro treats (\$36), suggesting they have less optional spending left to trim. Younger consumers aged 18-29 showed a different pattern, with savings concentrated in day-to-day lifestyle categories such as holiday plans (\$440), major household purchases (\$460), groceries (\$115), eating out (\$128), car journeys (\$88) and food delivery (\$89), consistent with fewer family-related fixed costs.

Gender differences were also evident. Women reported larger savings from holiday plans (\$731 versus \$508 for men) and health practitioner visits (\$162 versus \$129), while men reported higher savings from private school fees and tutors (\$314 versus \$223) and insurance (\$114 versus \$102).

Income remained one of the clearest dividing lines. Higher-income households generated materially larger savings across almost every category, from groceries (\$128 versus \$65 for lower-income households) and utilities (\$104 versus \$59) to holidays (\$576 versus \$380), major household purchases (\$568 versus \$348) and private education costs (\$435 versus \$198).

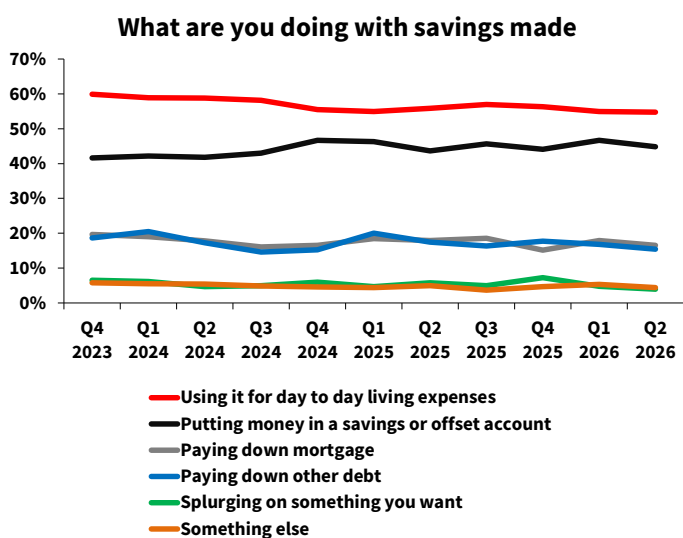
Overall, the ability to generate meaningful savings is increasingly acting as a marker of financial flexibility. Higher-income and mid-life households appear to have more levers to pull by scaling back discretionary and semi-discretionary spending, while lower-income and older Australians often have less capacity to adjust without affecting day-to-day living. In that sense, lower reported savings should not be read as lower effort, but as evidence of tighter budgets and fewer remaining options. The broader implication is that cost of living pressure is not easing evenly - for some households it means reprioritising spending, while for others it increasingly means running out of room to move.

What are Australians doing with the savings they have made from spending cutbacks?

Households continued to direct most savings from spending cutbacks towards essentials and financial buffers rather than discretionary spending. In Q2, 55% used these savings for day-to-day living expenses, unchanged from Q1 and only slightly below the 56-57% range recorded through 2025, underscoring that cost of living pressures are still absorbing most of the

benefit. At the same time, 45% directed savings to offset and savings accounts, broadly in line with the past year, suggesting many households are still trying to rebuild resilience where possible. By contrast, fewer households used savings to accelerate debt reduction, with 17% paying down their mortgage and 15% paying down other debt, both slightly below earlier peaks. Very few used the extra capacity for discretionary purchases, with just 4% saying they were splurging on something they wanted.

These results suggest that even where households are finding savings, most are using them to support cash flow or rebuild buffers rather than lift discretionary spending. In other words, the savings generated from cutbacks are largely being recycled into financial stabilisation, not new consumption. That helps explain why household spending remains cautious despite some capacity to economise in selected areas.



The clearest cohort differences point to very different financial priorities by life stage and household means. While using savings for day-to-day living expenses was the most common response overall (55%), it was far more prevalent among Australians aged 65+ (65%) and lower-income households (69%), indicating savings are often being used to manage immediate cost pressures rather than build future financial security.

By contrast, younger consumers aged 18-29 were more likely to direct savings into a savings and offset accounts (55%), well above the national average (45%), suggesting a stronger precautionary saving motive. Australians aged 30-49 were the most likely to use savings to pay down their mortgage (22%), consistent with the heavier housing debt burden typically faced by mid-life households, while higher-income households were also much more likely to channel savings into mortgage reduction (26%) and less likely to rely on them for everyday expenses (49%).

Gender differences were also evident, with women more likely to use savings for living costs (59% vs 50% men) but men to save the funds (48% vs 42%), pay down mortgages (18% vs 15%) and to splurge on something they want (6% vs 2%).

Taken together, the results highlight clear differences in how households can deploy the savings they generate. Lower-income and older cohorts are more likely to use them to manage immediate living costs, while younger and higher-income households are more able to save, reduce debt or strengthen balance sheets. The broader message is that the same act of cutting back can serve very different purposes across households - for some it creates flexibility, but for others it simply helps meet essential expenses.

What are you doing with savings made: Q2 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Using it for day to day living expenses	55%	50%	50%	61%	65%	50%	59%	69%	49%
Putting it in savings or offset account	45%	55%	46%	38%	35%	48%	42%	29%	50%
Paying down mortgage	17%	17%	22%	17%	4%	18%	15%	6%	26%
Paying down other debt	15%	19%	15%	16%	10%	16%	15%	17%	15%
Splurging on something you want	4%	8%	3%	2%	2%	6%	2%	4%	5%
Something else	4%	5%	4%	4%	6%	5%	4%	9%	4%

Consumers also continue to respond to cost of living pressures in a range of ways beyond simply cutting back on spending. Here we explore how households are drawing on savings, informal support networks, additional work and, in some cases, asset sales or borrowing to manage higher living costs. Taken together, these findings provide a broader picture of household resilience and financial strain, while also identifying the share of consumers who report that rising costs are not materially affecting their lifestyle.

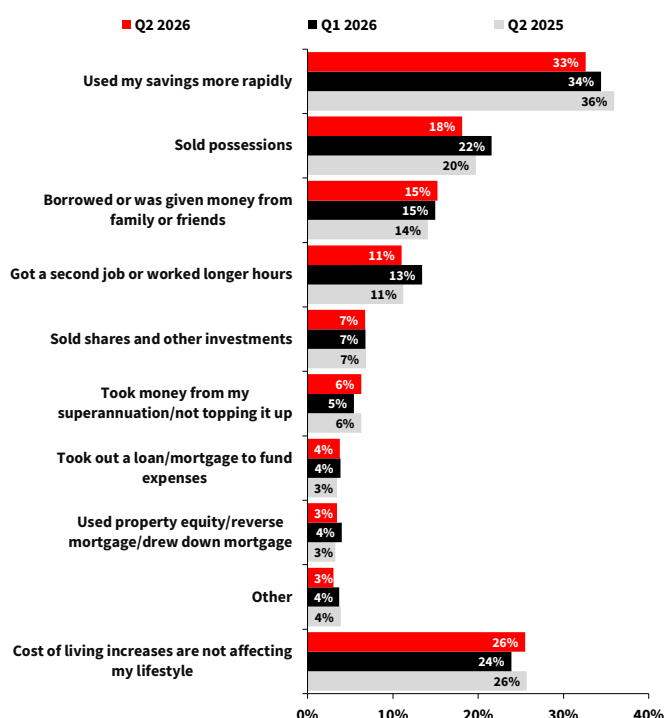
Using savings more rapidly remained the most common adjustment in Q2 at 33%, but this was down from 36% in Q2 2025 and 34% in Q1 2026. Selling possessions also declined to 18%, from 20% a year earlier and 22% in the previous quarter. Similarly, the share taking on a second job or working longer hours eased back to 11%, after rising to 13% in Q1 2026. Together, these results suggest some moderation in the need for households to rely on more disruptive measures to manage higher living costs.

That said, the data does not point to a material improvement in overall household resilience. The share of Australians saying cost of living increases were not affecting their lifestyle was 26% in Q2 2026, unchanged from a year earlier and only modestly above 24% in Q1 2026. This indicates that around three in four Australians are still feeling some impact from higher living costs.

More persistent forms of financial strain also remain evident. Borrowing or receiving money from family or friends was unchanged at 15% in both Q1 and Q2 2026, slightly above 14% a year earlier. Taking out a loan or mortgage to fund expenses was 4% in Q2 2026, up from 3% in Q2 2025, while drawing on superannuation was steady at 6% over the year. While these shares remain relatively low, they highlight that a meaningful minority of households continue to rely on external support or longer-term financial trade-offs.

Overall, the results show fewer Australians are resorting to some of the sharpest coping responses than a year ago, but there has been little change in the share saying their lifestyle is unaffected by rising living costs. This points to ongoing pressure on household budgets, even if the intensity of adjustment has moderated somewhat.

Other changes made to manage cost of living increases in last 3 months



The clearest differences were by age, with younger Australians far more likely to rely on active and often financially stretched coping strategies. Those aged 18-29 were the most likely to borrow from family or friends (28% vs 15% overall), take on a second job or work longer hours (19% vs 11%), sell possessions (24% vs 18%), sell shares or other investments (11% vs 7%) and use property equity (6% vs 3%). By contrast, Australians aged 65+ were consistently the least likely to use these measures, with just 3% borrowing from family or friends, 1% taking a second job, 9% selling possessions and 1% using property equity. They were also much more likely to say rising living costs were not affecting their lifestyle (45% vs 26% overall), pointing to stronger financial buffers than younger households.

Income and gender differences were also evident, though less pronounced than the age split. Lower-income households were more likely to rely on external support or run down assets, including borrowing from family or friends (22% vs 13% for higher-income households), using savings more quickly (36% vs 32%) and reporting that cost of living increases were affecting their lifestyle (only 19% said they were unaffected, compared with 29% of higher-income households). Higher-income households, by contrast, were more likely to respond by increasing labour supply or drawing on financial assets, including taking on a second job or longer hours (13% vs 7%), selling investments (10% vs 2%) and taking out a loan or mortgage (5% vs 3%).

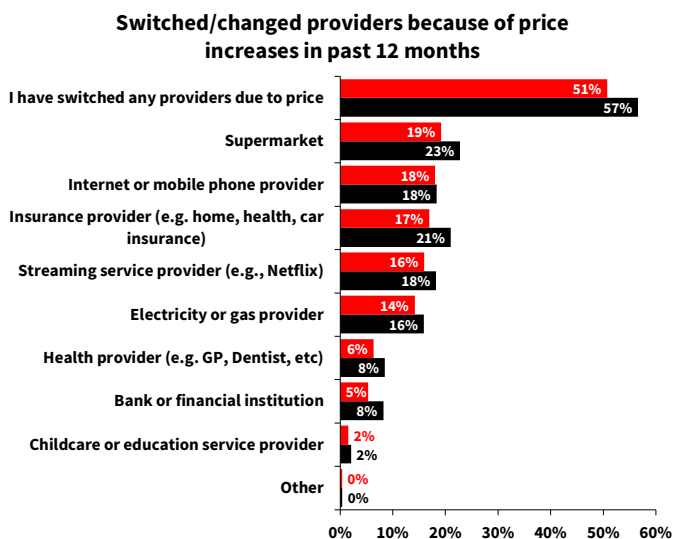
Other changes made to manage COL increases in last 3m: Q2 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Used my savings more rapidly	33%	35%	34%	34%	26%	32%	33%	36%	32%
Sold possessions	18%	24%	20%	18%	9%	17%	19%	21%	19%
Borrow/given money by family/friends	15%	28%	17%	11%	3%	15%	15%	22%	13%
Got second job or worked longer hours	11%	19%	14%	7%	1%	12%	10%	7%	13%
Sold shares and other investments	7%	11%	7%	5%	3%	9%	5%	2%	10%
Took money from super/not topping up	6%	5%	6%	7%	8%	8%	5%	8%	5%
Took loan/mortgage to fund expenses	4%	6%	5%	2%	1%	4%	4%	3%	5%
Used property equity/reverse mortgage/drew down mortgage	3%	6%	4%	2%	1%	5%	2%	2%	4%
Other	3%	2%	3%	4%	4%	3%	3%	5%	3%
COL increases not affecting my lifestyle	26%	14%	19%	29%	45%	28%	23%	19%	29%

Gender differences were narrower, with men slightly more likely to use investment or property equity (5% vs 2%) and sell shares or other investments (9% vs 5%) and take money from super or not top up (8% vs 5%), while women were somewhat more likely to sell possessions (19% vs 17%).

Overall, the results suggest cost of living pressures are not being felt evenly. Younger and lower-income groups appear to have fewer buffers and rely more on informal support networks or distress-style adjustments, while older and higher-income households have greater capacity to absorb the pressure or respond through more conventional financial channels. This points to a widening divide in financial resilience, with persistent price pressure falling most heavily on those with the least accumulated wealth and the fewest options to smooth consumption.

Switched providers due to price increases



The Q2 survey suggests that households may be becoming slightly less reactive to price increases when switching providers.

The share of consumers who said they had changed any provider mainly because of price fell to 51%, from 57% in Q1, pointing to a modest easing in switching activity overall.

Even so, the categories most exposed to price-driven churn remain the more every-day and contestable parts of household spending, particularly supermarkets (19%), telecommunications (18%), insurance (17%), streaming services (16%) and utilities (14%).

While switching rates in most of these categories eased from Q1, they remain well above more relationship-based or less frequently reviewed services such as health providers (6%), banks (5%) and childcare or education services (2%).

Overall, the pattern suggests price pressure is still shaping consumer behaviour, though in a more selective and targeted way than earlier in the year. Consumers appear most willing to switch where products are easy to compare, contracts are less sticky and the perceived risk of changing provider is low. By contrast, lower switching in banking and health suggests trust, convenience and service continuity continue to outweigh modest price differences in these sectors.

The fall in the share switching may also point to growing switching fatigue, fewer attractive alternatives or some stabilisation in household budgets. In practical terms, this suggests businesses in highly competitive consumer categories may still need to work hard to defend value and retain customers, while providers in more relationship-led sectors may have slightly greater pricing resilience, provided service quality remains strong.

Switched or changed providers because of price increases in past 12m: Q2 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
I have switched any providers due to price	51%	65%	53%	49%	33%	51%	51%	51%	53%
Supermarket	19%	27%	19%	18%	11%	19%	20%	24%	18%
Internet or mobile phone provider	18%	25%	19%	18%	9%	19%	17%	19%	18%
Insurance provider (e.g. home, car)	17%	14%	19%	19%	15%	16%	17%	10%	22%
Streaming service provider (e.g., Netflix)	16%	22%	17%	15%	8%	17%	15%	14%	17%
Electricity or gas provider	14%	12%	17%	17%	9%	15%	13%	16%	17%
Health provider (e.g. GP, Dentist, etc)	6%	9%	7%	5%	3%	6%	6%	6%	7%
Bank or financial institution	5%	8%	7%	4%	2%	6%	5%	4%	6%
Childcare or education service provider	2%	3%	2%	0%	0%	2%	1%	1%	2%
Other	0%	0%	1%	0%	0%	0%	1%	1%	0%

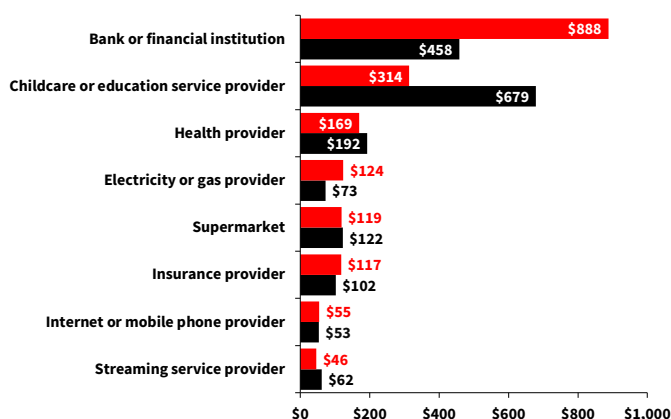
Around half of Australians (51%) switched at least one provider in the past year due to higher prices, though switching behaviour varied noticeably by age. Younger Australians were significantly more likely to switch overall, rising to 65% among those aged 18-29, suggesting a strong response to cost of living pressures across household expenses. This fell progressively

across older age groups, reaching 33% among consumers aged 65+. By comparison, overall switching rates were similar by gender (51% of both men and women) and broadly the same by income (51% lower-income and 53% higher-income).

Younger consumers were also more likely to switch in discretionary and easier-to-compare categories. Among those aged 18-29, 27% switched supermarkets, 25% changed internet or mobile providers and 22% switched streaming services. This compared with 11%, 9% and 8% respectively among Australians aged 65+. Differences by gender were limited, while income-based differences were modest overall. However, lower-income consumers were more likely to switch supermarkets (24% vs 18%), while higher-income consumers were more likely to change insurance providers (22% vs 10%).

Overall, higher prices are prompting widespread switching, but the response is not uniform. Younger Australians appear more willing to change discretionary and easy-to-assess services, while older Australians are less likely to switch overall, pointing to a more cautious response to rising household costs. At the same time, relatively low switching in areas such as health, banking and education suggests some service categories remain more resistant to change despite ongoing price pressure.

Estimated monthly savings from changing these providers



Among Australians who switched providers, estimated monthly savings were higher in Q2 across several key household service categories, with the largest gains in banking and energy. Estimated savings from switching a bank or financial institution rose sharply from \$458 in Q1 to \$888 in Q2, while savings from switching an electricity or gas provider increased from \$73 to \$124. Savings from switching an insurance provider also lifted from \$102 to \$117, while savings from changing internet or mobile phone providers were broadly unchanged at \$53 in Q1 and \$55 in Q2.

By contrast, estimated savings were lower in several other categories. Savings from switching a health provider fell from \$192 to \$169, while savings from changing a streaming service provider eased from \$62 to \$46. Estimated savings from switching supermarkets were broadly stable, edging down from \$122 to \$119. The largest decline was reported for childcare or education service providers, where estimated monthly savings fell from \$679 in Q1 to \$314 in Q2.

Overall, the results suggest Australians perceived greater savings opportunities from switching in some essential cost of living categories in Q2, particularly banking and energy. In contrast, weaker savings outcomes in areas such as health, streaming and childcare and education point to a narrower perceived benefit from switching in those markets, either because price differences between providers have narrowed or because fewer savings opportunities are available.

Monthly savings from switching/changing providers because of price increases in past 12m: Q2 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Bank or financial institution	\$888	\$1,065	\$1,114	\$74	\$86	\$1,212	\$112	\$91	\$1,231
Childcare or education service provider	\$314	\$214	\$378	\$140	n/a	\$279	\$350	\$85	\$309
Health provider	\$169	\$186	\$179	\$94	\$192	\$170	\$160	\$136	\$209
Electricity or gas provider	\$124	\$216	\$161	\$51	\$35	\$170	\$58	\$75	\$166
Supermarket	\$119	\$134	\$122	\$91	\$111	\$113	\$125	\$87	\$147
Insurance provider	\$117	\$182	\$122	\$86	\$96	\$121	\$114	\$131	\$110
Internet or mobile phone provider	\$55	\$65	\$49	\$28	\$98	\$51	\$60	\$27	\$61
Streaming service provider	\$46	\$58	\$50	\$28	\$36	\$51	\$40	\$29	\$60

The largest savings from switching after price increases were generally reported by younger and higher-income consumers, with some notable gender differences in key household categories. The gap was most pronounced for banks and financial institutions, where respondents aged 18-29 and 30-49 reported monthly savings of \$1,065 and \$1,114 respectively, compared with just \$74 for those aged 50-64 and \$86 for those aged 65+. Men also reported substantially higher savings from switching banks than women (\$1,212 vs \$112), though this may reflect a few high-value responses, did high-income households relative to low-income households (\$1,231 vs \$91). A similar pattern was evident in utilities, where those aged 18-29 saved \$216 a month and those aged 30-49 saved \$161 from switching electricity or gas providers, compared with \$51 for 50-64 year olds and \$35 for

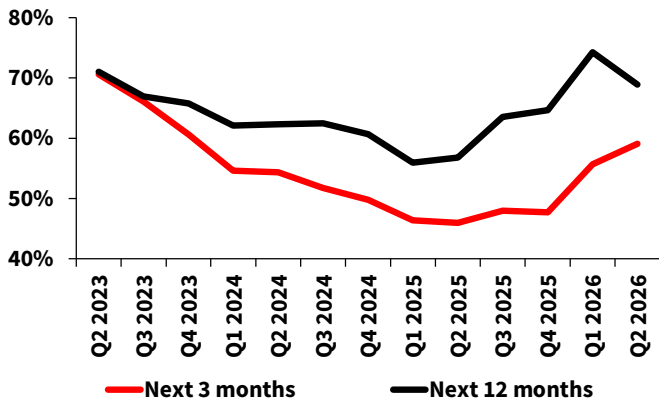
those aged 65+. Men again reported materially larger savings than women in this category (\$170 vs \$58), while high-income households saved more than twice as much as low-income households (\$166 vs \$75).

Insurance and health also showed a broad age and income gradient, while high-income households reported stronger savings across a number of everyday and discretionary categories, including health (\$209 vs \$136), supermarkets (\$147 vs \$87), internet and mobile (\$61 vs \$27) and streaming services (\$60 vs \$29).

Overall, these results suggest the financial gains available from switching in response to higher prices were not evenly distributed across the population in Q2. In the largest categories, the differences were particularly wide, with high-income households saving \$1,231 from switching banks compared with \$91 for low-income households, and younger consumers reporting savings of more than \$1,000 compared with less than \$100 among older age groups. Similar, although less extreme, gaps were evident across utilities, health, supermarkets and communications. This suggests the consumers most able to respond to rising prices by changing providers were often younger and more financially secure, while those under greater cost pressure may have been less able to realise the same level of savings.

Future cost of living expectations

How will overall COL change in the next 3 & 12 months



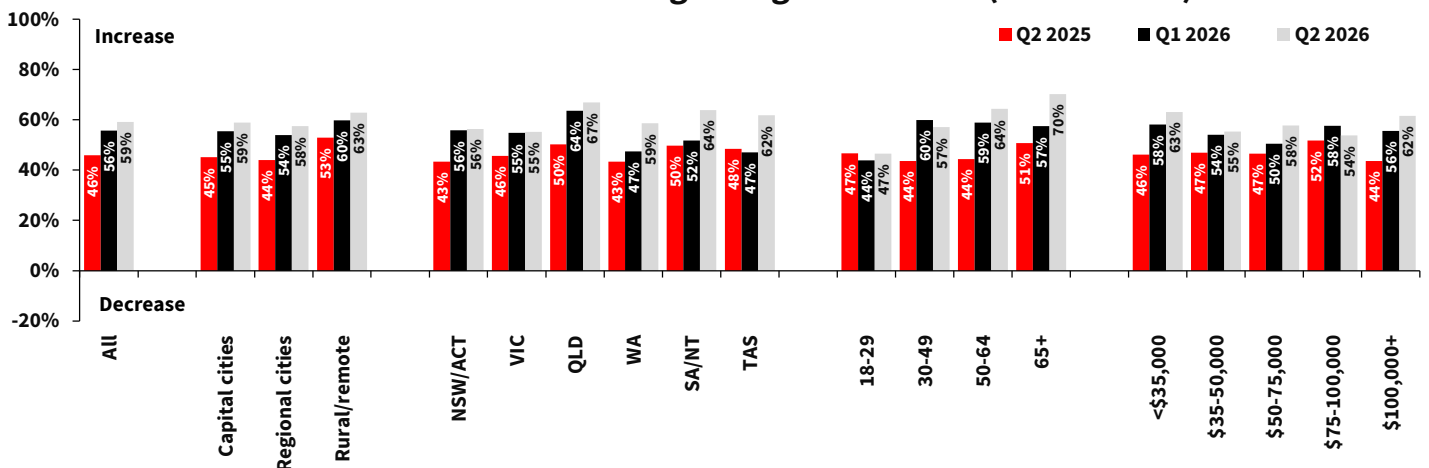
Expectations about the future cost of living play a critical role in shaping current consumer decisions. When consumers anticipate that cost of living pressures will ease, they are more likely to maintain or increase discretionary spending as they are more confident of future financial stability. But if they expect costs to rise or remain high, they may be more cautious about their spending and less motivated to cut back or spend.

Cost of living expectations were mixed in Q2 2026, with short-term concerns rising further but longer-term expectations easing from a very elevated level. The share of respondents expecting the cost of living to increase over the next 3 months rose to 59%, up from 56% in Q1, reinforcing the lift seen since late 2025 and suggesting households are again feeling more exposed to near-term price pressures.

In contrast, expectations over the next 12 months fell to 69% from 74% last quarter. While this marks some moderation from the recent peak, the result remains high relative to most readings over the past two years and indicates that cost of living pressures are still seen as persistent.

From a consumer perspective, the latest mix of firmer short-term cost of living expectations and still-elevated longer-term expectations is likely to keep spending behaviour cautious. Households facing renewed concern about near-term price pressures typically remain focused on essentials, more value conscious and less willing to commit to discretionary spending. While the easing in 12-month expectations suggests some moderation in longer-term inflation concerns, the level remains high enough to indicate that many consumers still do not expect a meaningful near-term improvement in their household finances. As a result, spending is likely to remain restrained and selective, rather than broad-based.

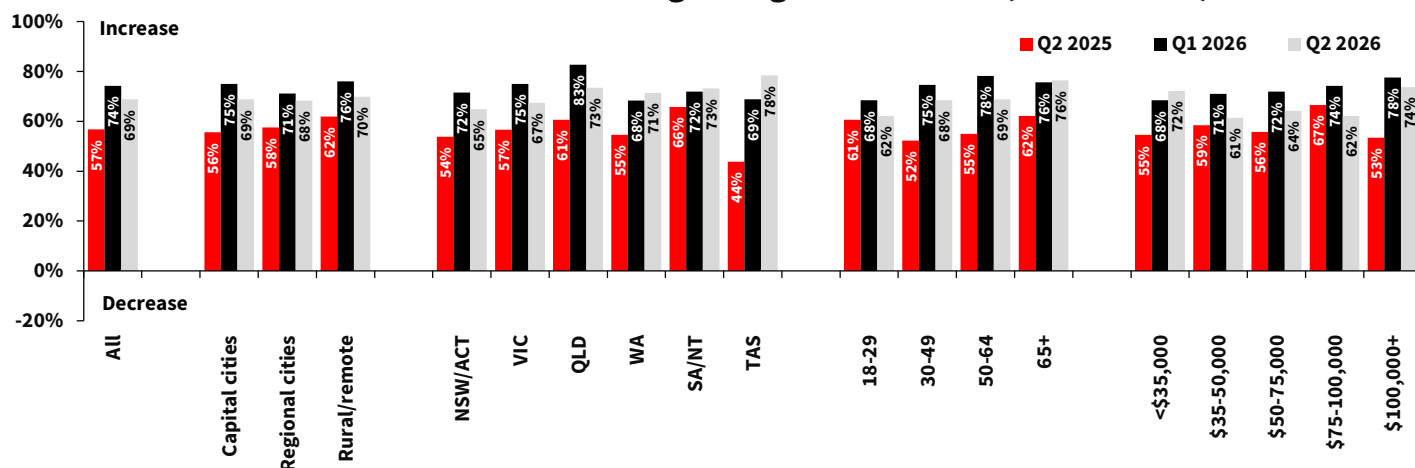
How will overall cost of living change in next 3m (net balance)



Short-term cost of living expectations rose further in Q2, remaining elevated across all cohorts, though the quarter also revealed some clear divergences. Rural and remote consumers continued to report the highest level of concern at 63%, compared with 59% in capital cities and 58% in regional cities, reinforcing that cost pressures remain most acute outside the major urban centres. Across the states, Queensland recorded the highest reading at 67%, ahead of SA/NT (64%) and Tasmania (62%), while NSW/ACT (56%) and Victoria (55%) remained lower and were broadly unchanged over the quarter.

The largest movement in Q2 came through the age profile. Concern among those aged 65+ rose sharply to 70% from 57% in Q1, leaving this group well above all other age cohorts, while those aged 18-29 remained the least concerned at 47%. By income, lower-income households continued to show high levels of concern, with those earning less than \$35,000 rising to 63%. However, the lift was not confined to lower-income groups, with the \$100,000+ cohort also increasing to 62%, pointing to a broader-based rise in cost of living concerns in the latest quarter.

How will overall cost of living change in next 12m (net balance)

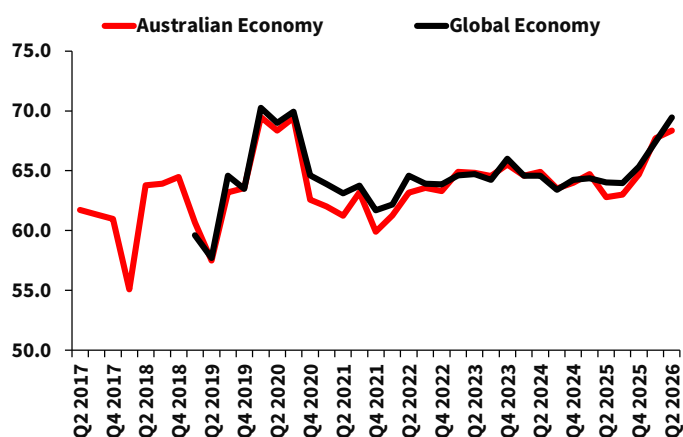


Longer-term cost of living cost expectations eased in Q2 across most cohorts after a sharp lift in the previous quarter, though concern remains elevated overall. The largest quarter-on-quarter declines were recorded for those aged 30-49 and 50-64 (both down 7pts), and across several middle-income households, including those earning \$35-50,000 (-10pts), \$50-75,000 (-8pts) and \$75-100,000k (-12pts).

In contrast, expectations were more persistent among older Australians, with the 65+ cohort unchanged at 76% and still the most likely to expect further cost of living increases. By geography, expectations are broadly similar regional cities (68%), capital cities (69%) and rural areas (70%). By state, expectations moderated most noticeably in Queensland (73% down from 83%), Victoria (67% vs 75%) and NSW/ACT (65% vs 72%), while WA (71% vs 68%) and SA/NT (73% vs 72%) recorded small increases. Overall, the data points to a broad-based pull-back in cost of living concerns over the quarter, but with pressure expectations still relatively high in older age groups and some states.

General level of concern over the economy

Concern about economic situation (100 = extremely concerned)



The economic outlook remains uncertain, with a range of domestic and global factors continuing to weigh on confidence. NAB Economics expects growth in Australia to remain subdued over the near-term, while inflation pressures are proving persistent and the labour market is expected to soften somewhat. Although consumer spending and business conditions have shown resilience, both business and consumer sentiment remain weak, pointing to ongoing caution across the economy.

Global developments are also adding to uncertainty. Ongoing conflict in the Middle East, the risk of further disruption to oil and commodity supplies, and persistent inflation pressures internationally have contributed to a more challenging external environment. Together, these factors have reinforced concerns that interest rates may remain elevated for longer and that cost pressures may continue to flow through to households.

Against this backdrop, we are interested in how concerned in terms of their future spending and savings plans about the general economic situation in Australia and the general global economic situation. Concern about the economic outlook increased further in Q2 and is now sitting above long-run average levels for both the Australian and global economy. Concern about the Australian economy rose to 68.4 from 67.7 in Q1, well above the long-term average of 63.6. Concern about the global economy increased more sharply to 69.4 from 67.4, also above its long-term average of 64.6.

After tracking broadly around average levels through most of 2023, 2024 and 2025, the latest results point to a renewed lift in household concern. The fact that concern about the global economy is now above concern about the domestic economy also suggests offshore risks are playing a larger role in shaping consumer perceptions of the outlook.

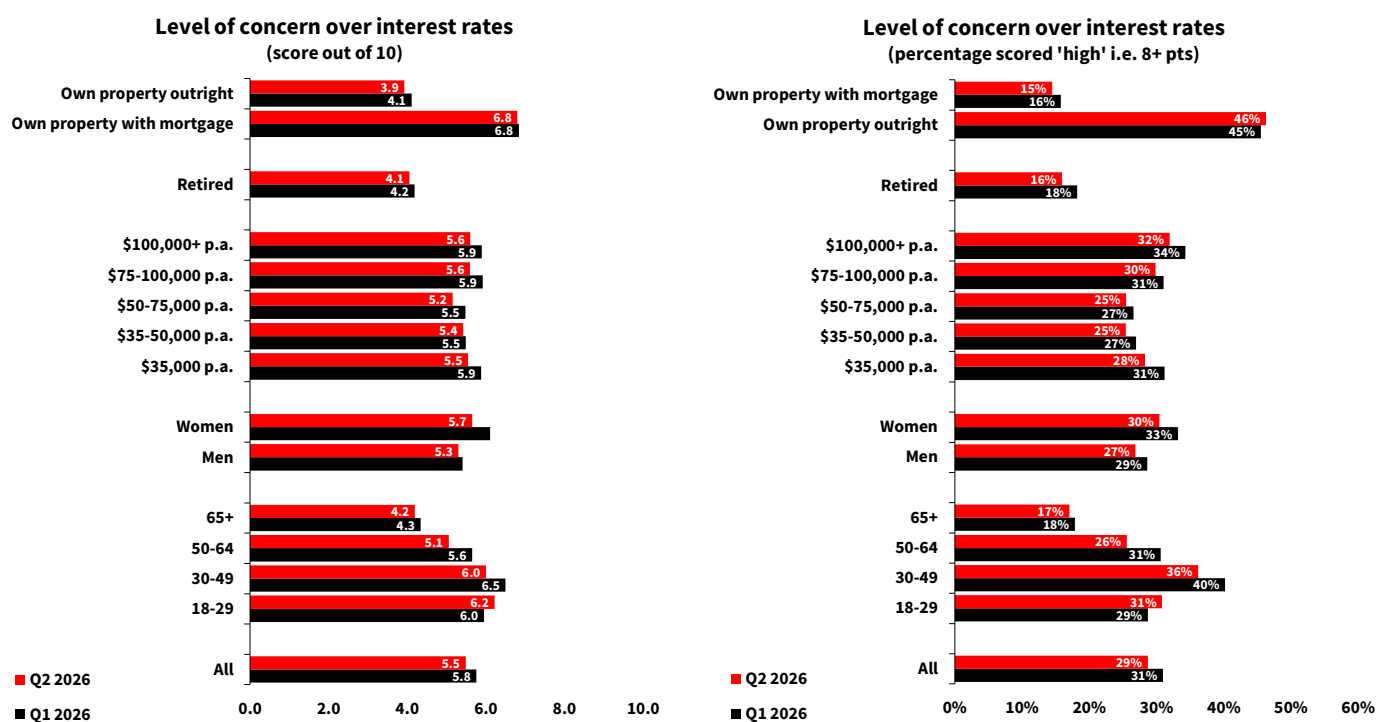
This matters for household behaviour because consumers typically respond not just to current conditions, but to perceived future risk. When uncertainty rises, households are more likely to delay discretionary spending, prioritise essentials and rebuild savings buffers. In that context, the recent lift in concern points to a more cautious consumer, with downside risk for discretionary spending and a continued preference for saving, debt reduction and tighter budgeting. Even if economic conditions improve, spending behaviour may remain restrained for some time if households continue to feel uncertain about the outlook.

How Australians are being impacted by interest rates

NAB now expect the next move by the RBA is a rate cut. After the Budget, there's a lot of uncertainty - especially around new tax rules for housing. There's also concern, especially from small businesses and venture capital, about proposed changes to Capital Gains Tax. We think these changes are similar to a sudden tightening in financial conditions, making it harder to borrow or invest. If we're right, this will have a big impact on how the RBA and economists judge interest rates. Put simply, the same interest rate is now more restrictive than it was before the Budget. Banks have already responded, cutting the maximum loan amount for investors by about 20% due to the tax changes for investment properties.

Before the Budget, we expected a mild drop in house prices and activity due to higher interest rates. This was part of our forecast for slower growth in 2026. Now, we think the downturn will be bigger, so we've cut our forecasts for house prices and housing credit growth. We now expect the average capital city house price to fall by 2% over 2026. At the start of the year, we

We aren't changing our GDP forecasts yet, since the Middle East conflict hasn't had as much impact as expected, but the risks are rising. We're sure the RBA is on hold, and the next rate move will be down - though the timing is still up in the air. Markets are still betting on rate hikes in the second half of 2026, but we've brought forward our expected rate cuts to start in Q2 2027 instead of the second half of 2027.



Consumer concern over interest rates eased slightly in Q2. The average stress score fell to 5.5 out of 10 from 5.8 in Q1, while the share rating concern as high (8+) edged down to 29% from 31%. While this points to some moderation in rate-related pressure, the overall level of concern remains elevated, with close to three in ten Australians still reporting high stress.

Demographic results point to a mixed and uneven easing in stress. Younger Australians aged 18-29 moved against the trend, with their average score rising to 6.2 from 6.0 and the share scoring 8+ lifting to 31% from 29%. By contrast, stress eased more clearly among older cohorts. For those aged 30-49, the average score fell to 6.0 from 6.5 and the high-stress share to 36% from 40%, while among those aged 50-64 it declined to 5.1 from 5.6 and to 26% from 31%. Australians aged 65+ remained the least concerned, with a score of 4.2 and 17% reporting high stress. Despite the improvement, the 30-49 group remains among the most exposed, consistent with greater mortgage and household budget pressures in the prime working-age years.

Women continued to report higher stress than men, although concern eased for both groups in Q2. Women recorded an average score of 5.7, down from 6.1, with 30% rating concern as high, compared with 5.3 and 27% for men. Across income cohorts, the change was modest, but higher-income households continued to record relatively elevated levels of concern on the high-stress measure. Those earning \$100,000 or more reported one of the highest shares scoring 8+ in Q2 at 32%, followed by those on \$75-100,000 at 30%. This suggests that borrowing exposure, rather than income alone, remains an important driver of interest rate-related stress.

Housing tenure remained the clearest differentiator in financial stress in Q2. Mortgage holders continued to report the highest average stress level, unchanged at 6.8, with almost one in two (46%) also reporting high stress - well above the national average. In contrast, outright homeowners recorded a much lower average score of 3.9, with just 15% reporting high stress. Retirees also remained less exposed, with an average stress score of 4.1 and only 16% reporting high stress. This likely reflects higher rates of outright home ownership among retirees, leaving them less vulnerable to repayment pressures and interest rate volatility.

Overall, concern about interest rates appears to be easing, but the improvement is uneven and does not suggest a broad-based reduction in pressure. Stress remains concentrated among mortgage holders and core working-age households, while younger adults are showing signs of increased concern. More broadly, the gap between average scores and the share reporting very high stress suggests households are experiencing rate pressure in different ways, with the burden increasingly concentrated among more exposed groups.

Future household spending intentions

NAB's Consumer Spending Pulse monitors anticipated changes in household spending intentions over the next three months, assessing whether households expect to increase or decrease expenditure across various goods and services. Typically, consumers experiencing financial stress demonstrate heightened intentions to save while simultaneously allocating more funds toward necessities, as these behaviours can restore a sense of control amid uncertainty.

Spending intentions (net balance)

	Non-essentials			Essentials			Financial spending			Overall		
	Q2'25	Q1'26	Q2'26	Q2'25	Q1'26	Q2'26	Q2'25	Q1'26	Q2'26	Q2'25	Q1'26	Q2'26
AUS	-27	-30	-24	4	-3	3	-5	-3	-3	-14	-15	-11
NSW/ACT	-27	-30	-23	6	-3	2	-7	-3	-1	-15	-15	-10
VIC	-28	-32	-26	3	-4	1	-5	-4	-3	-15	-17	-12
QLD	-28	-31	-29	1	-1	1	-3	-2	-8	-14	-15	-15
WA	-29	-26	-22	4	-4	3	-4	-2	-4	-15	-14	-10
SA/NT	-20	-29	-21	6	-2	10	0	-2	0	-8	-15	-7
TAS	-21	-31	-15	3	3	15	-6	5	-4	-10	-12	-3

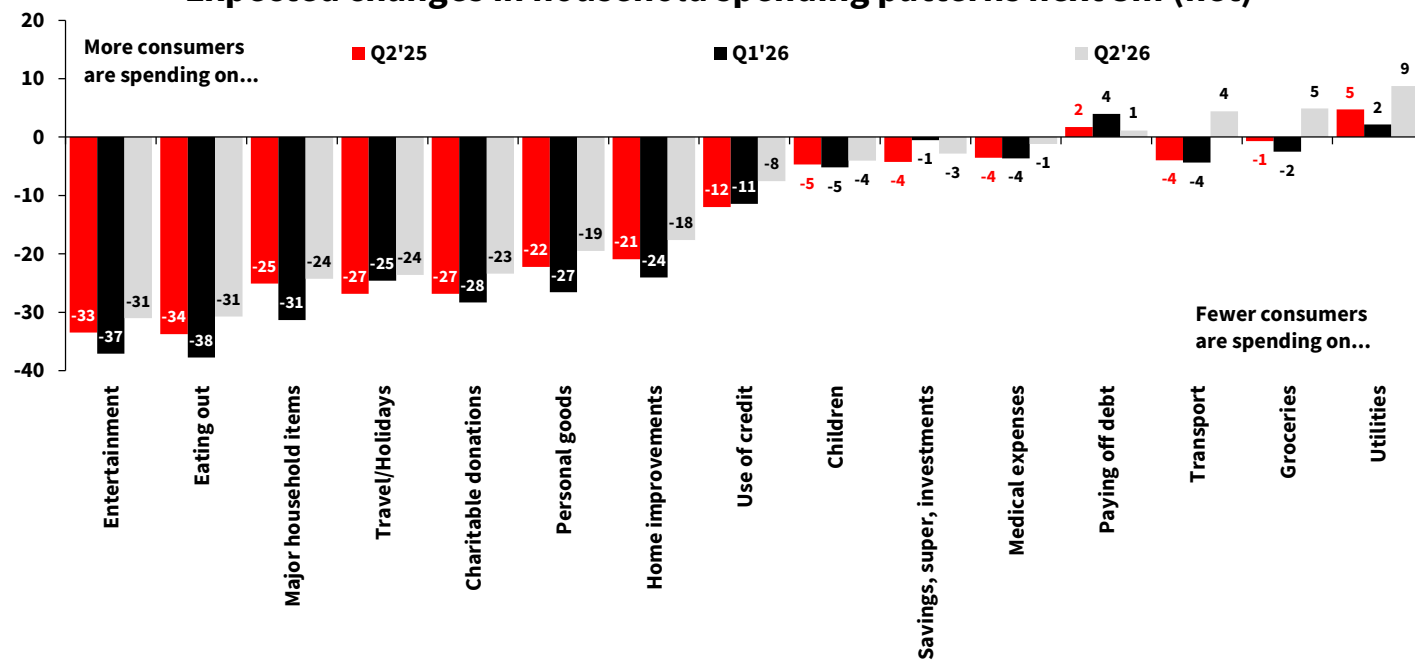
Households remain cautious about spending over the next three months, with weakness still most evident in non-essential and overall spending. Nationally, non-essential spending improved to -24 in Q2'26 from -30 in Q1'26 but remains well below neutral and slightly weaker than a year ago (-27 in Q2'25). Financial spending intentions also remain soft at -3, unchanged over the quarter, suggesting households are still reluctant to increase commitments such as savings, investments, or debt-related outlays. By contrast, essential spending turned modestly positive, rising to 3 from -3 in Q1'26. Overall spending also improved, lifting to -11 from -15, but remains clearly negative. Taken together, these results suggest some easing in spending restraint, though households are still prioritising essential purchases and remain cautious about discretionary and broader financial commitments.

The state results show a similar pattern, although the degree of caution differs across regions. Tasmania recorded the least negative non-essential spending result at -15 while Queensland remained weakest at -29. Victoria improved from -32 to -26, but

discretionary spending intentions there are still subdued. Essential spending was strongest in Tasmania (15) and SA/NT (10), compared with only 1 in both Victoria and Queensland. Financial spending intentions also varied, ranging from 0 in SA/NT to -8 in Queensland, highlighting particularly weak appetite there for broader financial commitments. Overall spending improved across most states, but remained negative in all regions, from -3 in Tasmania and -7 in SA/NT to -15 in Queensland. This points to some stabilisation in spending conditions, but not yet a broad-based lift in household willingness to spend.

Overall, the data suggest household spending is stabilising but remains subdued. The improvement from the weaker Q1'26 readings points to some easing in pressure, particularly for essential spending, but non-essential spending remains deeply negative and overall spending is still below neutral nationally. The soft financial spending result also indicates households remain reluctant to make longer-term financial commitments. In effect, consumers appear to be managing budgets carefully, prioritising necessities and deferring optional or more discretionary spending until confidence improves further.

Expected changes in household spending patterns next 3m (net)



Household spending intentions remain soft in Q2 2026, though there are signs the pace of pull-back is easing. Non-essential spending improved to -24 from -30 in Q1, but remains deeply negative, underlining the ongoing pressure on discretionary budgets. Households are still most likely to scale back spending on entertainment (-31), eating out (-31), travel & holidays (-24) and major household items (-24). While conditions have improved modestly from the previous quarter, the data suggest discretionary spending is still absorbing the bulk of budget adjustment.

Essential spending, by contrast, has returned to modestly positive territory, lifting to 3 after -3 in Q1. The rebound is being driven by groceries (5), utilities (9), and transport (4), pointing to continued pressure from core household costs. Medical expenses remain slightly negative at -1 and spending on children also remains weak at -4, indicating the improvement is not broad-based. Financial spending intentions are still subdued at -3. Households continue to expect lower use of credit (-8), weaker contributions to savings, super and investments (-3), and only a modest increase in debt repayment (1), suggesting balance sheet repair remains constrained.

Overall, the results suggest households remain cautious and selective in how they allocate spending. While the improvement in non-essential categories indicates some easing in pressure, discretionary spending remains weak and confidence still appears fragile. At the same time, the lift in essentials highlights how strongly household budgets continue to be shaped by unavoidable living costs. This suggests any recovery in consumer spending is likely to remain gradual, uneven, and led more by necessity than by a meaningful improvement in confidence - see Appendix 2 for state detail.

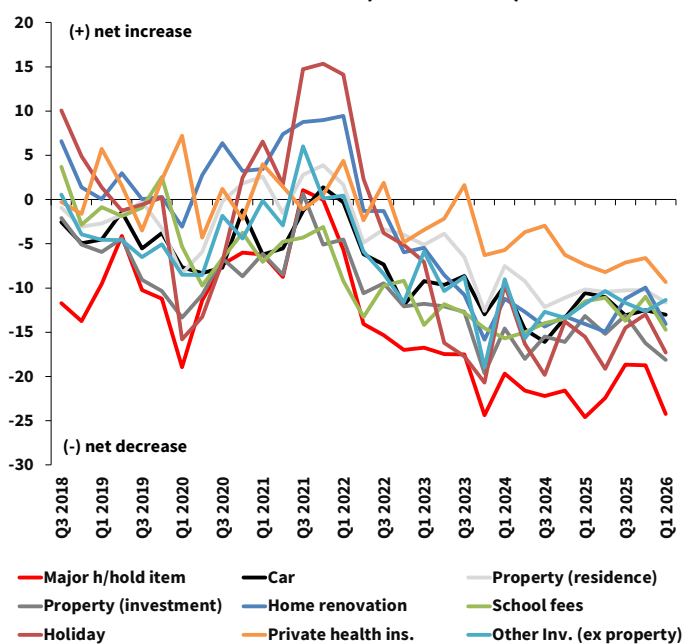
Major purchases

Major purchase intentions provide a clearer read on household confidence and financial capacity than day-to-day spending. These decisions are high-cost, harder to reverse, and typically depend on stable income expectations, access to credit, and available savings or equity. Looking across a 12-month horizon also helps smooth short-term volatility, making major purchase intentions a useful leading indicator of future demand and how financial conditions are shaping household behaviour.

Household purchase expectations remained weak in Q2, with more consumers on balance intending to spend less in the next 12 months - though the results point to a modest easing in consumer caution rather than any broad lift in spending appetite. The headline measure for buying a major household item improved to -20 from -24 in Q1 but remained weaker than a year ago and firmly in negative territory. This suggests households are still approaching large purchases cautiously, with affordability pressures and uncertainty continuing to weigh on spending decisions.

The relative improvement was concentrated in categories tied to the home and essential household needs. Expectations for home renovation improved to -12 from -14, while owner-occupier property intentions recovered to -10 from -12. Private health insurance also edged up to -7 from -9. Together, these results suggest households may be becoming slightly more willing to proceed with practical or deferred spending, particularly where purchases relate to housing, living arrangements or core household priorities.

Expectations for making major purchases in next 12 months (net balance)



By contrast, sentiment remained weaker in more discretionary and investment-related categories. Holiday intentions fell back to -19, unwinding the modest improvement recorded in Q1, while expectations for other investments excluding property weakened to -15 from -11.

Investment property also remained deeply negative at -16, despite a small improvement from the previous quarter. This points to a household sector that is still reluctant to take on additional financial risk or commit to non-essential spending when budgets remain under pressure.

Elsewhere, the results suggest caution remains entrenched across a number of larger household commitments. School fees stayed weak at -15, car purchase intentions were little changed at -12, and residential property remained subdued at -10.

This indicates that consumer restraint is not limited to discretionary items alone. Households continue to assess both lifestyle spending and larger recurring commitments through an affordability lens, pointing to a consumer environment that remains selective rather than confident.

Overall, the survey suggests household spending confidence improved slightly in Q2 2026 but remains weak in absolute terms. While there are signs consumers are becoming somewhat less cautious in selected housing-related and practical spending categories, the continued negativity across all major purchase measures indicates that cost of living pressure is still constraining demand. The broader message is that any recovery in consumer spending is likely to be gradual and uneven, led more by necessary or deferred purchases than a sustained lift in discretionary demand.

Expectations for major purchases: Q2 2026

	AUS	18-29	30-49	50-64	65+	Women	Men	Lower income	Higher income
Private health ins.	-7	-18	-10	-6	15	-5	-8	-3	-6
Property (residence)	-10	-6	-9	-17	-10	-9	-12	-10	-7
Home renovation	-12	-18	-13	-6	-7	-10	-14	-16	-10
Car	-12	-7	-14	-18	-10	-12	-12	-14	-11
School fees	-15	-20	-9	-24	-26	-17	-13	-28	-9
Other Inv. (ex property)	-15	-15	-16	-15	-14	-19	-13	-21	-13
Property (investment)	-16	-13	-17	-16	-18	-15	-16	-17	-13
Holiday	-19	-16	-25	-19	-12	-20	-18	-12	-19
Major h/hold item	-20	-15	-19	-25	-23	-18	-22	-19	-20

Households remained cautious about major purchases in Q2 2026, with net purchase expectations negative across every category. But the weakness was not evenly distributed, with some demographic groups significantly more cautious than others.

Age-based differences were particularly clear. Australians aged 18-29 were notably more negative on private health insurance (-18), home renovations (-18), and school fees (-20), while those aged 30-49 were most downbeat on holidays (-25). The 50-64 cohort appeared the most cautious overall, recording the weakest expectations for buying a residence (-17), a car (-18) and major household items (-25). In contrast, Australians aged 65+ were generally less negative across several categories and were the only group positive on any measure, with expectations for private health insurance at +15. This suggests older households may be somewhat better placed to maintain selected essential spending.

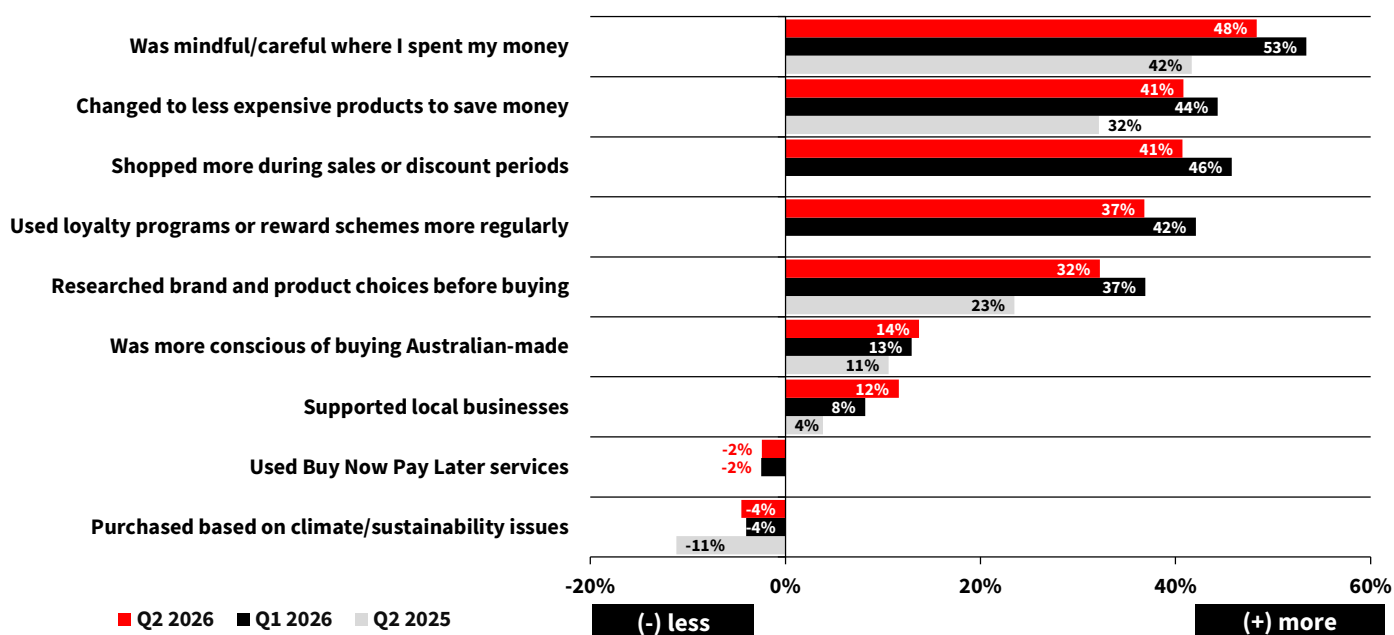
Gender differences were less pronounced, although women were somewhat more cautious than men on holidays (-20 vs -18) and other investments (-19 vs -13). Income-based differences were more marked, particularly in categories linked to household financial pressure. Lower-income households were substantially more negative on school fees (-28), other investments (-21), and home renovations (-16), while higher-income households were less pessimistic on these items, though still clearly subdued overall. Holidays were the main exception, with higher-income households more negative (-19) than lower-income households (-12), suggesting a sharper pullback in discretionary travel among more affluent consumers.

Overall, the results point to a household sector that remains defensive, with cost pressures and uncertainty continuing to weigh on major spending decisions. Weakness across both discretionary purchases and more consequential commitments such as housing, vehicles and education-related costs suggests confidence is still not strong enough to support a broad-based lift in spending. The sharper pullback among middle-aged and lower-income households also indicates financial pressure is being felt unevenly, while the relative resilience of older Australians in some categories suggests spending capacity remains stronger for some cohorts than others.

Shopping Behaviours

In this section, we capture how households are adjusting spending behaviour as cost of living pressures and consumer priorities evolve. It provides a practical read on where behaviour is shifting - whether toward greater caution, stronger value-seeking, or more considered purchasing decisions -and offers useful insight into how households are navigating the current environment.

Shopping behaviours (net balance)



Households remained highly value-conscious in Q2 2026, with spending behaviour still shaped by cost of living pressure. Nearly 1 in 2 households (48%) said they were more careful about where they spent their money, while 41% shopped more during sales or discount periods and 41% switched to less expensive products to save money. While these shares eased from Q1 2026 highs of 53%, 46% and 44% respectively, they remain above Q2 2025 levels, suggesting these behaviours are becoming more embedded rather than short term.

Consumers are also making more deliberate purchasing decisions. Around one-third (32%) researched brands and products before buying, well above the survey average of 24%, pointing to a more considered purchase process. Loyalty program use remained elevated at 37%, despite easing from 42% in Q1 2026, indicating households are still actively seeking value in everyday spending. There are also some signs that preferences beyond price continue to matter, though affordability remains

the dominant driver. Support for local businesses increased from 4% in Q2 2025 to 8% in Q1 2026 and 12% in Q2 2026, while the share more conscious of buying Australian-made rose from 11% to 13% to 14% over the same period. However, both measures remained below their survey averages of 16% and 18% respectively. By contrast, buying based on climate or sustainability considerations remained weak at -4%, slightly below the survey average of -3%.

Overall, the results suggest households remain under pressure but are responding in increasingly disciplined and deliberate ways. Consumers are not only cutting back, but they are also reassessing value, comparing options, and adapting behaviour to make budgets stretch further. This points to a consumer environment where demand is likely to remain cautious and price-sensitive, but where businesses can still compete by demonstrating clear value, relevance, and affordability. In this environment, value is not just about discounting, but about giving households confidence that a purchase is justified.

Shopping Behaviours (net balance): Q2 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Was mindful/careful where I spent my money	48%	49%	46%	49%	50%	43%	54%	48%	51%
Changed to less expensive products to save money	41%	45%	41%	41%	36%	36%	45%	42%	42%
Shopped more during sales or discount periods	41%	45%	44%	40%	31%	37%	44%	32%	47%
Used loyalty programs/reward schemes more regularly	37%	39%	39%	36%	32%	32%	42%	34%	39%
Researched brand and product choices before buying	32%	33%	33%	35%	28%	30%	34%	30%	35%
Was more conscious of buying Australian-made	14%	8%	9%	12%	29%	13%	14%	13%	12%
Supported local businesses	12%	7%	9%	11%	21%	11%	12%	9%	12%
Used Buy Now Pay Later services	-2%	1%	2%	-2%	-13%	-5%	0%	2%	-3%
Purchased based on climate/sustainability issues	-4%	1%	-4%	-8%	-8%	-3%	-6%	-7%	-5%

Age is one of the clearest points of difference. In Q2, consumers aged 18-29 recorded the strongest positive balances for switching to less expensive products (45%), shopping more during sales and discount periods (45%) and using loyalty programs more regularly (39%), pointing to a more active price-driven response. By contrast, those aged 65+ remained cautious, with the strongest positive balance for being careful where they spent money (50%) but were less likely to report stronger bargain-seeking behaviours such as shopping sales (31%) or trading down to cheaper products (36%). Older consumers also stood out for more values-based choices, with materially stronger balances for buying Australian-made (29%) and supporting local businesses (21%) than younger age groups.

Gender differences are also evident. Women recorded stronger positive balances than men across most value-seeking behaviours, including being careful where they spent money (54% vs 43%), switching to less expensive products (45% vs 36%), shopping sales (44% vs 37%) and using loyalty programs more often (42% vs 32%). They were also slightly more likely to research brands and product choices before buying (34% vs 30%). Men, meanwhile, showed a negative balance for Buy Now Pay Later use (-5% compared with 0% for women), indicating a somewhat sharper pullback in use of this payment option.

Income differences were more mixed but still point to different adjustment strategies. High-income households recorded stronger positive balances for shopping during sales (47% compared with 32% for low-income households), using loyalty programs (39% vs 34%), researching products before buying (35% vs 30%) and being careful where money was spent (51% vs 48%). Low-income households also remained cautious, but generally reported less uplift in these behaviours, suggesting more limited scope to further optimise spending. Notably, both income groups remained in negative territory for purchasing based on climate or sustainability issues, with minor difference between them on buying Australian-made or supporting local business.

Overall, the cohort results suggest cost of living pressure is being felt broadly but not expressed uniformly. Younger consumers and women appear to be making more active day-to-day adjustments to spending behaviour, while older consumers are responding more selectively and with a stronger local or values-based lens. Higher-income households are also adapting, but in ways that suggest optimisation rather than acute constraint. Taken together, the results point to a consumer environment that remains cautious, but where the form of that caution differs meaningfully by cohort.

How consumers see the year ahead

Consumer behaviour can be influenced by several factors including economic, social, political, cultural, personal, psychological, and technical. Here we seek to capture forward-looking consumer expectations across key economic factors that can shape household behaviour, which can help explain how confident or cautious consumers are likely to be, and the extent to which this may influence spending, saving and other financial decisions.

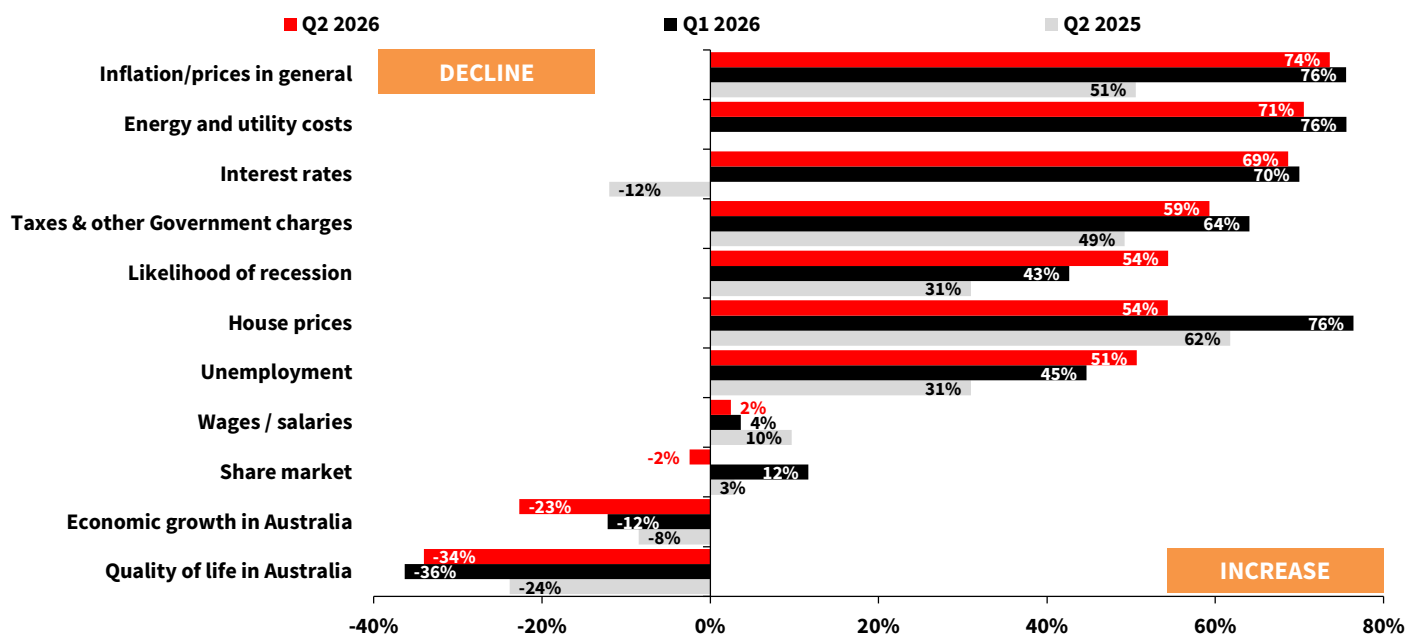
Over the past quarter, consumer expectations have become more cautious, with concerns broadening from cost of living pressures to the wider economic outlook. The most notable change was in house price expectations, with the share of Australians expecting prices to rise falling to 54% in Q2 2026 from 76% in Q1 2026. This follows a sustained lift through 2025, from 49% in Q1 2025 to a peak in the previous quarter. While this represents a clear moderation in near-term housing optimism, expectations remain above levels seen a year ago.

Cost of living concerns, however, remain entrenched. Expectations for inflation and prices in general eased only marginally to 74% from 76% in Q1 and remain well above the 48% to 61% range recorded through most of 2025. Expectations for energy and utility costs also remained elevated at 71%, despite a small decline from 76%. This suggests households continue to expect ongoing pressure in essential spending categories, even if the pace of deterioration has moderated slightly.

At the same time, expectations for the broader economy weakened further. The share of Australians expecting unemployment to rise increased to 51%, up from 45% in Q1 and 31% a year earlier. Expectations for the likelihood of recession also rose sharply to 54%, from 43% in the previous quarter, and are now well above levels recorded through 2025. Consistent with this, expectations for economic growth deteriorated to -23%, from -12%, the weakest reading in the period shown. Together, these results point to a more pessimistic view of economic conditions over the next 12 months.

Expectations for interest rates remained high but were broadly unchanged, easing only slightly to 69% from 70% in Q1. This suggests consumers continue to expect a restrictive interest rate environment, even as sentiment toward housing softened. At the same time, expectations for wages and salaries continued to weaken, falling to 2% in Q2 from 18% in Q4 2024. The gap between expected increases in prices and expected growth in incomes remains wide, pointing to ongoing pressure on household purchasing power.

How will following change in next 12 month?



The longer-term trend also remains negative. Over the past year, expectations for prices, rates, taxes and unemployment have generally moved higher, while expectations for wages, growth and quality of life have weakened. Expectations for quality of life in Australia remained deeply negative at -34% in Q2, only a marginal improvement from -36% in Q1 and significantly weaker than readings seen through 2025. Expectations for the share market also turned negative at -2%, reinforcing the broader deterioration in forward-looking sentiment.

Overall, the June quarter suggests households are becoming more defensive. While expectations for house price growth have eased, this has not been accompanied by a broader improvement in sentiment. Instead, consumers continue to expect high living costs, weaker growth and rising labour market risks. This points to a household sector likely to remain cautious, with spending behaviour increasingly shaped by pressure on real incomes and greater sensitivity to changes in economic conditions.

Australians continue to expect the next 12 months to be dominated by cost of living pressures, with inflation, utility bills and interest rates seen rising across all major cohorts. These expectations are strongest among older Australians. The share expecting inflation to increase rises from 61% among 18–29 year olds to 88% among those aged 65+, while expectations for higher energy and utility costs increase from 52% to 88% across the same age groups. Women are also more likely than men to anticipate further pressure on household costs, with 78% of women expecting inflation to rise compared with 69% of men, and

similar gaps evident for utility costs (75% vs 66%) and interest rates (73% vs 64%). This points to a clear divide in how cost pressures are being felt, with older Australians and women more likely to expect household finances to remain under strain.

Expectations for the broader economy are also notably weaker among older Australians and in some states. Net expectations for economic growth are negative across every cohort, but become progressively more downbeat with age, falling from -10% among 18–29 year olds to -46% among those aged 65+. The same pattern is evident in views on quality of life in Australia, which decline from -22% for younger Australians to -47% for those aged 65 and over. At a state level, South Australia stands out as one of the most pessimistic, recording the weakest net expectations for economic growth (-38%) and among the lowest readings for quality of life (-45%). By contrast, Western Australia is relatively less negative on both growth (-10%) and recession expectations (46% compared with 62% in South Australia). These results suggest that while economic concern is broad-based, it is materially more pronounced among older Australians and in states where confidence in the outlook appears more subdued.

Housing and labour market expectations present a more mixed picture. Tasmania stands out as the most bullish on house prices, with 76% expecting further gains, well above other states. Queensland also records relatively strong expectations for higher house prices (60%), but at the same time a high proportion expect unemployment to rise (58%), indicating a more cautious view on labour market conditions. By age, expectations for house prices are comparatively consistent, ranging narrowly from 52% to 57%, suggesting fewer generational differences on housing than on inflation or growth. In contrast, expectations for wages remain subdued. Net expectations are negative for 50-64 year olds (-5%), in Victoria (-2%), and especially the ACT (-11%), highlighting a disconnect between expectations for rising household costs and expectations for income growth. This reinforces the sense that many Australians do not expect wage outcomes to materially offset higher living expenses.

How will the following change in the next 12 months (net balance): Q2 2026

	NSW	VIC	QLD	SA	ACT	WA	TAS	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Inflation/prices	69%	77%	76%	74%	73%	72%	83%	61%	69%	80%	88%	69%	78%	72%	75%
Energy & utility costs	66%	74%	75%	77%	70%	61%	75%	52%	67%	78%	88%	66%	75%	72%	72%
Interest rates	67%	70%	70%	73%	66%	64%	79%	51%	68%	77%	80%	64%	73%	61%	72%
Taxes/Govt charges	56%	62%	63%	63%	61%	55%	63%	50%	56%	65%	68%	55%	64%	61%	61%
Recession	51%	58%	60%	62%	45%	46%	50%	37%	55%	64%	61%	47%	61%	55%	56%
House prices	53%	49%	60%	58%	48%	54%	76%	55%	53%	52%	57%	51%	57%	58%	52%
Unemployment	47%	53%	58%	54%	40%	43%	49%	41%	52%	57%	52%	50%	52%	47%	55%
Wages/salaries	4%	-2%	4%	2%	-11%	4%	1%	6%	3%	-5%	6%	5%	0%	-3%	5%
Share market	0%	-3%	-7%	-10%	-1%	0%	12%	6%	3%	-8%	-15%	0%	-5%	-1%	-1%
Economic growth	-17%	-28%	-26%	-38%	-16%	-10%	-32%	-10%	-14%	-27%	-46%	-21%	-24%	-20%	-24%
Quality of life in AUS	-25%	-38%	-41%	-45%	-31%	-34%	-45%	-22%	-28%	-43%	-47%	-30%	-37%	-31%	-35%

Overall, the survey points to an outlook still shaped by rising costs, weak income expectations and subdued confidence in the broader economy. The clearest differences are generational, with older Australians consistently more likely to expect higher prices, weaker growth and a deterioration in quality of life. Gender differences are also evident, particularly in views on inflation and household costs. Together, these results suggest that economic concerns are not being experienced evenly. Instead, they point to a widening gap between those who remain relatively resilient and those who feel more exposed to ongoing cost pressures and less confident that economic conditions will improve over the year ahead.

Media & consumer perceptions

Media plays an important role in shaping how consumers view the economy, influencing both which issues stand out and how they are interpreted. The tone and framing of coverage can affect sentiment, with sustained focus on inflation, interest rates, unemployment or living costs weighing on confidence. More positive reporting can support confidence and spending intentions, while social media can amplify these effects by accelerating the spread of more extreme views. In this way, media coverage can influence expectations, behaviour and broader economic trends.

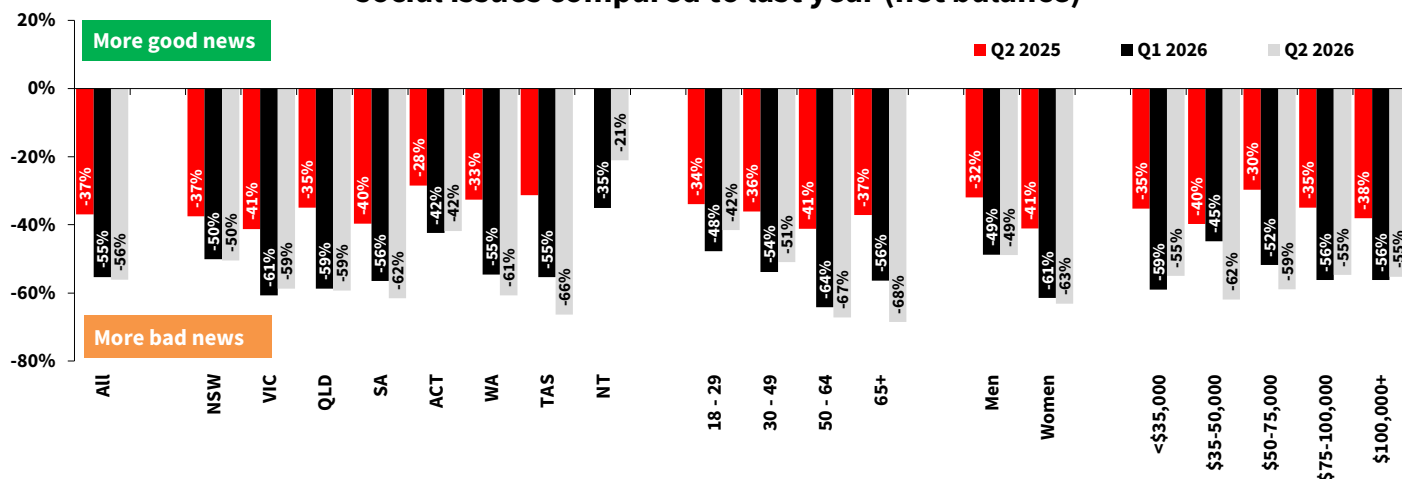
This section examines how media coverage is shaping Australians' perceptions of the country and how those views have changed over the past quarter. Respondents were asked whether the media they had seen, heard or read across television, radio, newspapers, social media and podcasts carried more good news or bad news than a year earlier, across the economy,

politics and other social issues. Results are reported in net balance terms, where a positive result indicates more respondents saw an increase in good news and a negative result indicates more saw an increase in bad news.

Overall, perceptions of the news environment deteriorated further in Q2 2026, extending the sharp weakening evident since late 2025. Nationally, the net balance eased from -55% in Q1 to -56% in Q2, leaving sentiment well below the -37% to -43% range recorded through most of 2025. While the quarterly move was small, the broader trend remains clear - respondents are substantially more likely than a year ago to report that there is more bad news than good news across the economy, politics and social issues.

At a state level, sentiment remained weak in Q2, though the quarterly pattern was mixed. Victoria improved slightly, with the net balance lifting to -59% from -61%, while NSW was unchanged at -50% and Queensland held at -59%. In contrast, conditions deteriorated more noticeably in several smaller states. South Australia fell 6 points to -62%, Western Australia declined 6 points to -61%, and Tasmania recorded the largest quarterly fall, down 11 points to -66%, the weakest result of any state. The Northern Territory was the main exception, improving from -35% to -21%, although outcomes there have been volatile over the past year and sentiment remains negative overall. The ACT was unchanged at -42%, still less negative than most jurisdictions but well below the readings seen through mid-2025.

More good or bad news in the media about the economy, politics or other social issues compared to last year (net balance)



Age remains an important differentiator in perceptions of the news environment. Older Australians were the most negative in Q2, with the 65+ group falling 12 points to -68% and those aged 50-64 declining 3 points to -67%. These were the weakest results across the age cohorts and continue the deterioration evident since late-2025. By comparison, younger respondents were less negative and improved modestly over the quarter. The 18-29 cohort rose 6 points to -42%, making it the least negative age group, while those aged 30-49 improved 3 points to -51%. Even so, sentiment remained deeply negative across all age segments, pointing to a broad-based weakening in perceptions despite some relative resilience among younger Australians.

A similar pattern was evident across gender and income groups. Women remained more negative than men and became slightly more pessimistic in Q2, with the net balance easing from -61% to -63%, while men were unchanged at -49%. This leaves a 14-point gap between women and men, suggesting a more negative reading of the news flow among women.

By income, the largest deterioration was concentrated among middle-income households. The \$35-50,000 cohort fell 17 points to -62%, one of the sharpest quarterly moves in the table, while the \$50-75,000 group declined 7 points to -59%. Lower-income respondents earning less than \$35,000 improved modestly to -55%, and higher-income groups were broadly stable, with both the \$75-100,000 and \$100,000+ cohorts at -55%. This points to the latest weakening being most pronounced among households in the broad middle of the income distribution.

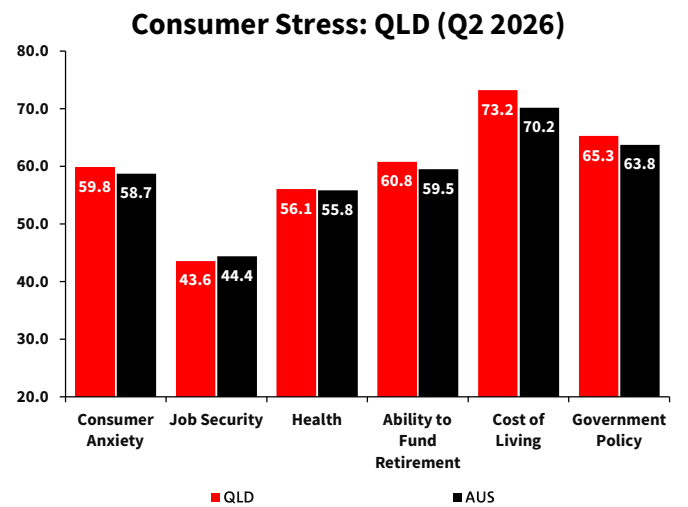
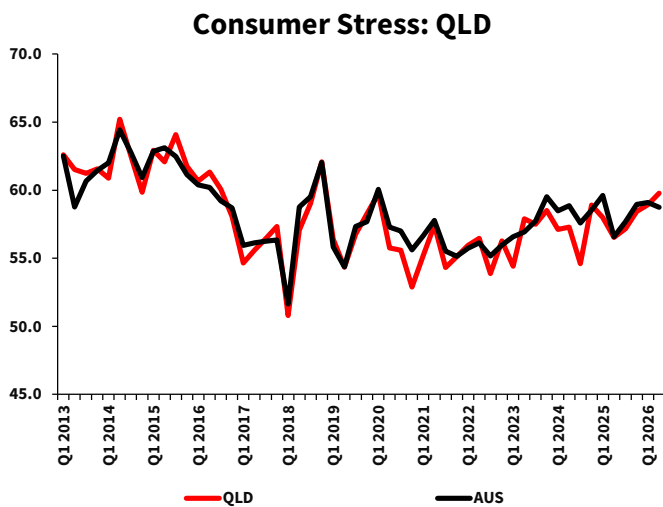
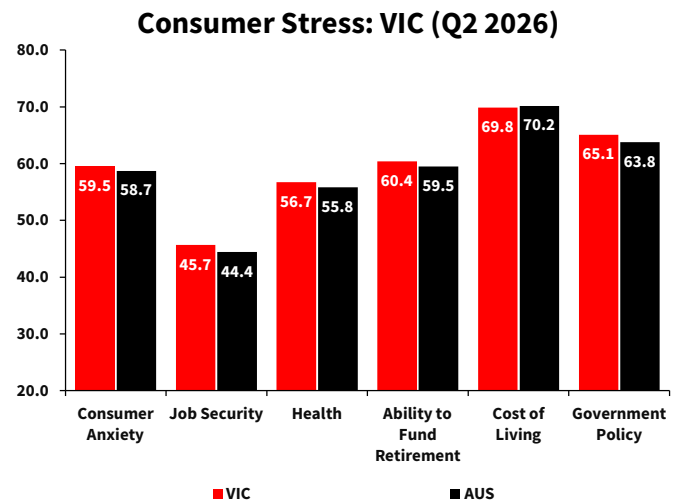
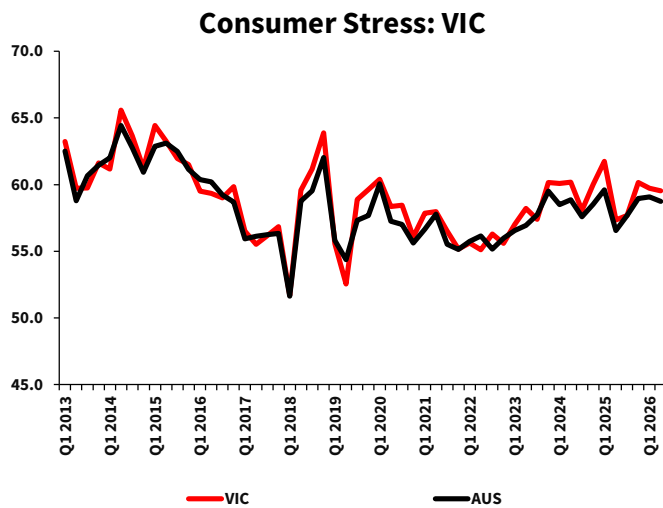
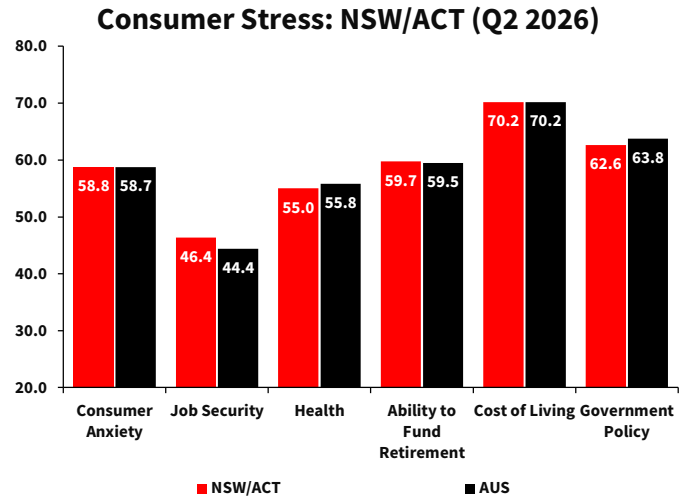
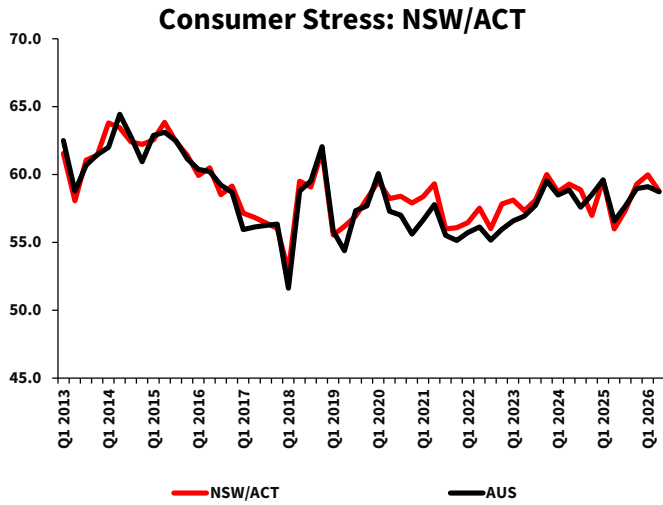
Taken together, the Q2 2026 results suggest that negative perceptions of the news environment have become more entrenched. While the headline result changed only modestly over the quarter, that stability at a weak level masks further deterioration across several key cohorts, particularly older Australians, women, middle-income households and residents in Tasmania, South Australia and Western Australia. Overall, bad news continues to dominate perceptions across most parts of the community, pointing to a broad-based and persistent deterioration in sentiment.

What does this survey mean for business?

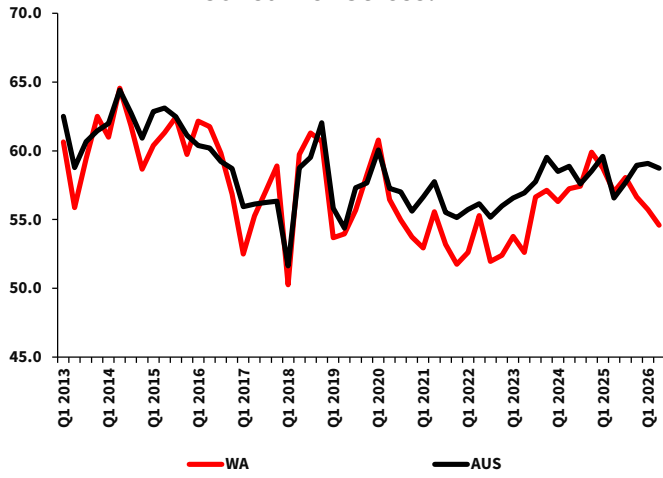
For businesses, the NAB survey points to a consumer environment where household cash flow remains constrained, discretionary demand is fragile and pricing power is uneven. Consumers are still spending, but they are more selective, more price-sensitive and more focused on rebuilding financial buffers than increasing discretionary purchases. That suggests any recovery in consumer spending is likely to be gradual, uneven and concentrated in categories where value is clear. The key takeaways are:

- **Discretionary demand remains fragile.** Savings from cutbacks are being redirected to essentials, savings and offset accounts rather than discretionary purchases, limiting the scope for a near-term rebound in optional spending.
- **Pricing power is uneven.** Price-driven switching remains widespread, particularly in supermarkets, telcos, insurance, streaming and utilities, but some easing in switching may point to fatigue, fewer attractive alternatives or more selective decision-making.
- **Margins may remain under pressure in everyday categories.** Groceries, utilities and transport are absorbing household budgets, making pricing, promotions and value perception especially important in high-frequency consumer categories.
- **Customer retention matters more.** Lower switching in banking and health suggests relationship-led sectors may have greater pricing resilience where trust, convenience and service quality remain strong.
- **Segmentation is critical.** Pressure is concentrated among lower-income households, families with children, 30-49 year olds and consumers outside the major capitals, so demand recovery is unlikely to be uniform across income groups, regions or sectors.

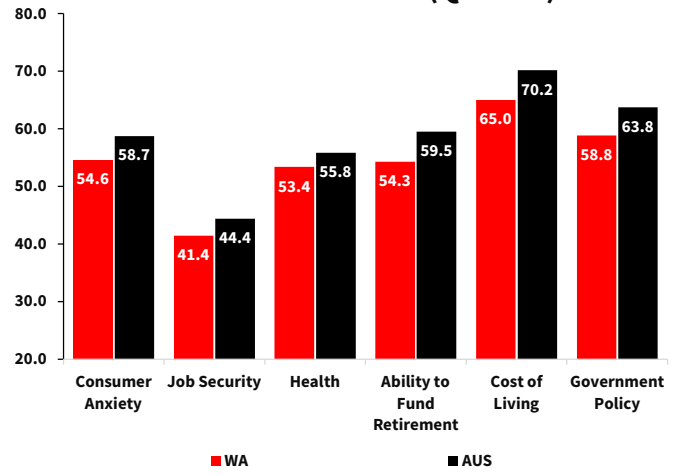
Appendix 1: Consumer Stress Index - States



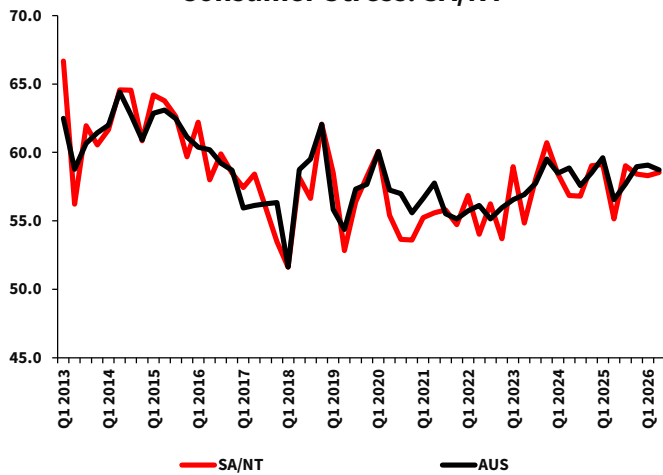
Consumer Stress: WA



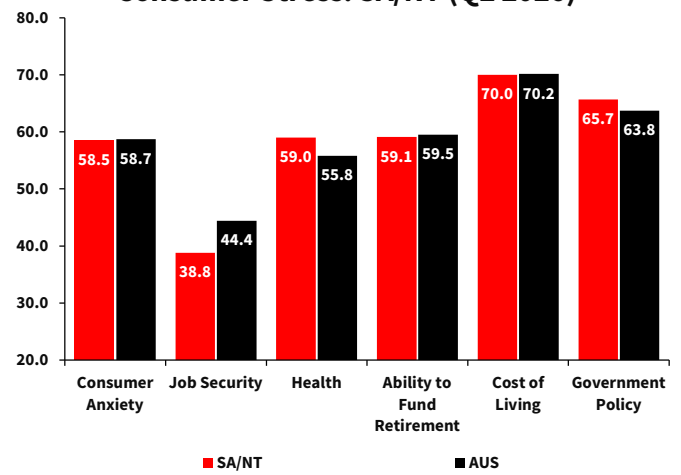
Consumer Stress: WA (Q2 2026)



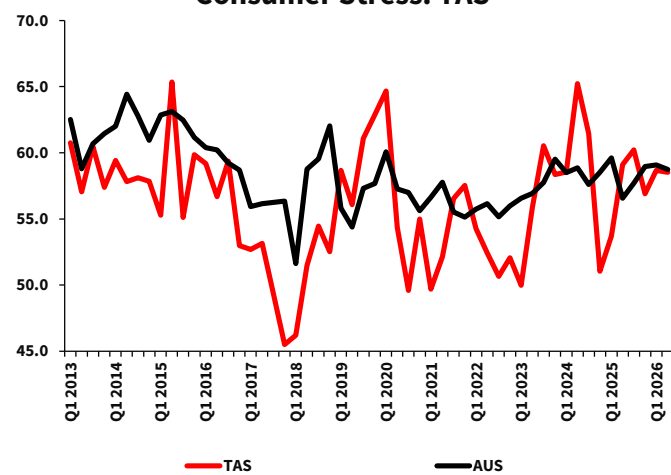
Consumer Stress: SA/NT



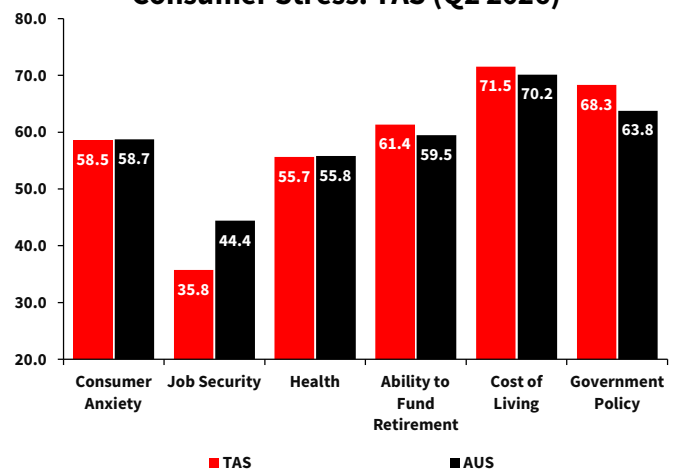
Consumer Stress: SA/NT (Q2 2026)



Consumer Stress: TAS

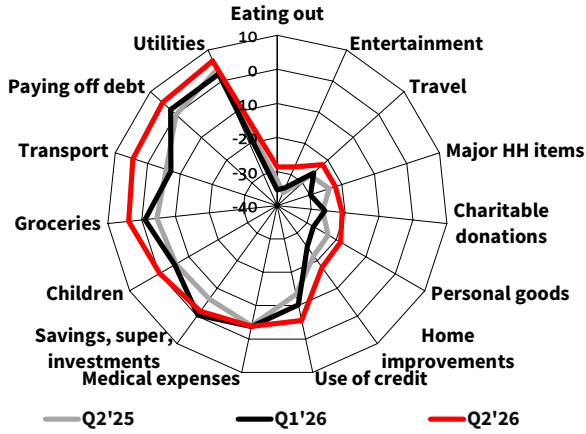


Consumer Stress: TAS (Q2 2026)

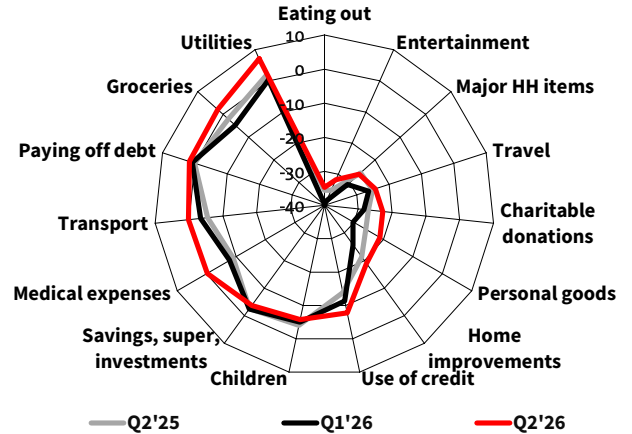


Appendix 2: Future Change in Spending Patterns: States

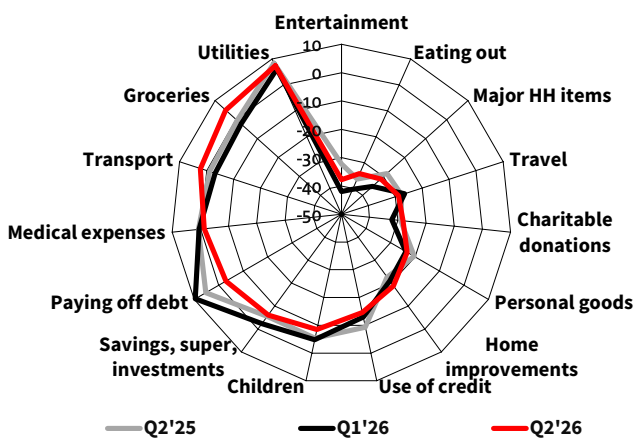
NSW/ACT: Change in spending patterns



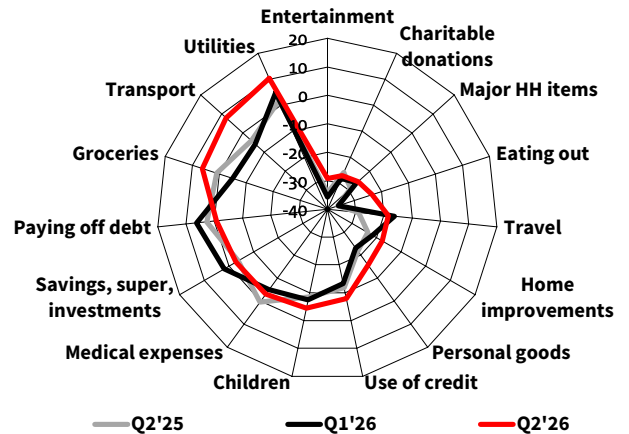
VIC: Change in spending patterns



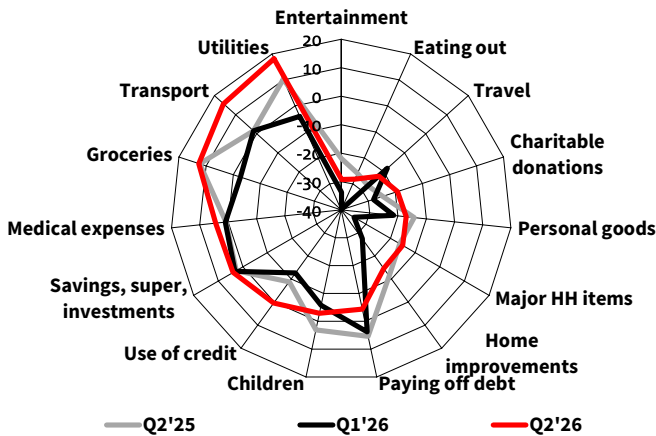
QLD: Change in spending patterns



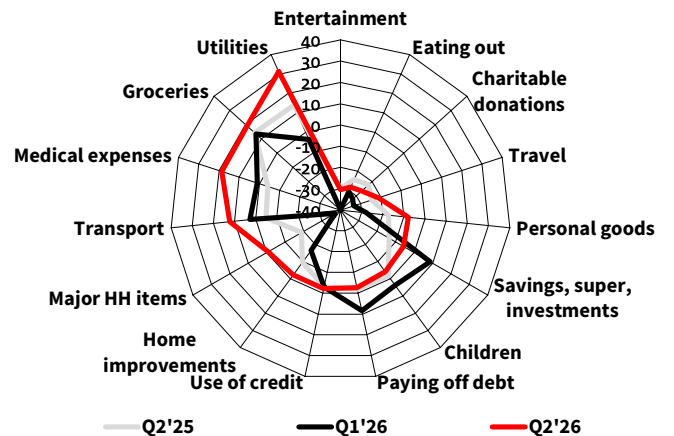
WA: Change in spending patterns



SA/NT: Change in spending patterns



TAS: Change in spending patterns





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Authors

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

Robert De lure
Senior Economist
Behavioural Economics
Robert.De.lure@nab.com.au
+61 0 477 723 769

Contact

nab.media@nab.com.au