

Household spending stalls as cost pressures squeeze consumers

Commonwealth Bank · 2026-09-22 · English original

Key points

CBA data suggests a broad-based slowdown in spending growth when compared to late 2025.

Spending on essentials overtook spending on discretionary items in August.

The strongest spending categories in August were transport (2.0%), insurance (0.9%) and health (0.3%).

Australian households are showing increasing signs of cutting back, as spending increased by just 0.1 per cent in August, according to the latest CommBank Household Spending Insights.

The latest data showed monthly gains across five of the 12 categories, with an equal number recording falls. The strongest gains in August were in essential categories including transport, insurance and health. By contrast, the biggest declines in August were in education, motor vehicles, food & beverage goods and household goods.

CBA data suggests there has been a broad-based slowdown in spending when compared to the rates of growth seen in 2025 and through the start of 2026.

Slower household income growth, together with the "wealth effect" flowing from lower housing prices, is expected to continue to put further downward pressure on spending.

"Spending indicators have been choppy in recent months and seasonal factors have been strong, but nevertheless, we are seeing that household spending is tracking softer at this time of year compared to previous years," CommBank Head of Australian Economics Belinda Allen said.

Some factors continuing to drive spending remain unavoidable.

"Inflation remains too high, and households are having to devote a larger share of wallet to fuel," Allen said.

CBA now expects the RBA to lift the cash rate by 25bps to 4.60% at its 28-29 September meeting. The risk of a November rate hike is dependent on upcoming inflation figures and the evolution of the conflict in the Middle East, as well as oil prices.

"Another rate hike is likely to impact households further, as households who left payments unchanged after the rate cuts in 2025 will now face higher mortgage payments for the first time this year."

Higher fuel prices lift transport spending as essentials take over

Spending on transport jumped by 2.0 per cent in August in seasonally adjusted terms. Spending at petrol stations increased 3.4 per cent in the month, with the removal of the fuel excise tax cut and reescalation in the Middle East likely contributing to the spending growth. Annual original growth in transport spending surged from 3.8 percent in July to 9.0 per cent in August.

“Transport was the top-ranking category both in August and over the past year, rising by 2% on a monthly basis and 9% yearly despite falling spending on public transport,” Allen said.

“The path of the oil price from here, given inflation is already too high, does place the Reserve Bank of Australia in a difficult position.”

On an annual original basis, spending on essentials overtook spending in discretionary categories, up 4.8 per cent in the year to August.

In contrast, annual growth in discretionary spending eased to 3.3 per cent after a large 0.7 per cent monthly gain in July.

“The slowing in discretionary spending may signal consumers are starting to pull back amid higher costs of living, particularly given the re-escalation in the conflict in the Middle East,” Allen said.

“Spending on household goods fell by 0.3% in the month and that is generally the first area we expect to see a pullback, given the downturn in home prices and turnover.”

- Economy
- Media release
- News

Newsroom

For the latest news and announcements from Commonwealth Bank.

Things you should know

NOT INVESTMENT RESEARCH. The Commonwealth Bank ‘Household Spending Insights’ is not investment research and nor does it purport to make any recommendations. The Commonwealth Bank ‘Household Spending Insights’ has been prepared without taking into account your objectives, financial situation (including your capacity to bear loss), knowledge, experience or needs. You should not act on the information contained in this document. To the extent that you choose to make any investment decision after having read this document, you should not rely on it but consider its appropriateness and suitability to your own objectives, financial situation and needs, and, if appropriate, seek professional or independent financial advice, including tax and legal advice. The data used in the ‘CommBank Spending Insights’ series is a combination of CBA Data and publicly available Australian Bureau of Statistics (ABS), Cotality and Reserve Bank of Australia data. Any reference made to the term ‘CBA data’ means the proprietary data of the Bank that is sourced from the Bank’s internal systems and may include, but is not limited to, home loan data, credit card transaction data, merchant facility transaction data and applications for credit. All customer data used, or represented, in this report is de-identified before analysis and is used, and disclosed, in accordance with the Group’s Privacy Policy.

Media releases are prepared without considering an individual reader’s objectives, financial situation or needs. Readers should consider the appropriateness to their circumstances. Visit Important Information to access Product Disclosure Statements or Terms and Conditions which are currently available electronically for products of the Commonwealth Bank Group, along with the relevant Financial Services Guide. Target Market Determinations are available here. Loan applications are subject to credit approval. Interest rates are correct at the time they are published and are subject to change. Fees and charges may apply.

Source: <https://www.commbank.com.au/articles/newsroom/2026/09/household-spending-stalls-august.html>