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NAB Consumer Sentiment Survey

Q1 2026

NAB Behavioural & Industry Economics

Executive Summary

Australian Consumer Stress: Pressures Mount, Households Fight Back

Australian households are under mounting pressure from rising costs of living and stubborn inflation, according to NAB's latest Consumer Stress Index. Yet, amid these challenges they are responding with practical strategies, from switching service providers and trading down to cheaper products, to shopping during sales and tapping into loyalty programs. Rather than simply cutting back, Australians are making deliberate and tactical choices to stretch their budgets, demonstrating adaptability and determination against a backdrop of relentless negative headlines and growing uncertainty.

Key Takeaways

- **Cost pressures intensify:** cost of living stress at a decade high as consumers face rising prices for essentials.
- **Vulnerable groups feel the pinch:** rural & lower-income groups squeezed most; older & homeowners more insulated.
- **Households fight back:** over 50% of Australians have switched service providers to cut costs & stretch budgets.
- **Major spending plans decline:** with restraint intentions spreading from luxuries to necessities.
- **Jobs still providing some stability:** job security worries at a two year low despite ongoing economic challenges.
- **Interest rate fears surge:** 70% of consumers expect further rises, yet house price optimism largely persists.
- **Rates driving behaviours:** post rate rise 40% of consumers cut unnecessary expenses & reassessed spending habits.
- **Media fuelling uncertainty:** many Australians no longer believe coverage reflects the true state of the economy.

Summary

Australian households are grappling with elevated levels of stress, according to NAB's latest Consumer Stress Index, which remained elevated at 59.1 in the first quarter of 2026 - above the long-term average. The dominant driver is cost of living, as concerns rose to their highest level since 2014, reflecting stubborn inflation and persistent price increases across groceries, utilities, and housing (noting the survey was conducted prior to recent events in Iran, which will further impact sentiment around inflation and geopolitical uncertainty). It is notable that the cost of living index currently exceeds its level during the 2022–2024 period of elevated inflation. This suggests increasing consumer expectations regarding inflation, a trend which the Reserve Bank of Australia has recently expressed concern about. Yet, despite these pressures, the landscape is far from uniformly bleak: job security concerns have eased, supported by resilient labour market conditions, indicating some underlying stability. The unemployment rate will therefore be vital going forward, as jobs are currently a key source of household support.

Across the country, stress levels diverge by geography, income, age, and gender. Rural areas and lower-income households face sharper financial pressures, while older Australians and outright homeowners report greater insulation from economic shocks. Women, middle-aged adults, and mortgage holders are especially sensitive to rising costs and interest rates.

Household behaviour is again shifting. More consumers are adopting value-focused strategies, trading down to less expensive products, shopping during sales, and using loyalty schemes more frequently. Rather than simply cutting back, Australians are becoming more deliberate and tactical in their spending.

Cost of living concerns are also driving other tangible changes. Over half of Australians have switched at least one service provider over the past 12 months due to price increases, with supermarkets, insurance, and utilities among those seeing the highest churn. Around 1 in 4 consumers report switching supermarkets because of higher prices, positioning the weekly grocery shop as the frontline of cost of living pressure. Switching is also elevated in traditionally more "sticky" categories with over 1 in 5 switching insurance providers. Nearly 1 in 5 switched internet or mobile providers or streaming services. Energy costs are another meaningful driver of this behaviour, with 16% of consumers switching electricity or gas providers as bill shock prompts households to seek savings. Interestingly, older consumers are significantly less likely to have switched, even in the face of higher prices. High churn rates in some sectors signal opportunities to win customers, especially with value-driven offerings and loyalty rewards.

Spending intentions are subdued. Intentions to buy major household items have weakened notably, along with home renovations and holidays. 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. Latest intentions suggest that consumers are planning to shift from selective cutbacks in discretionary spending to broad based restraint that now includes essential items, signalling rising financial stress and reduced spending capacity.

Against this backdrop, consumer concern about the economy (both domestic and global), has increased materially (reaching their highest levels since Q3 2020 at the height of the Covid pandemic). Interest rate movements remain a significant source of anxiety, especially among mortgage holders and working-age households. NAB's survey reveals that 31% of Australians rate

their concern over interest rates as high. Interest rate movements are also translating into clear behavioural change with 40% of consumers saying they have reduced unnecessary expenses and reassessed their spending habits following the recent rise in rates. While defensive financial behaviour is widespread, structural changes like refinancing or debt consolidation are less common.

Expectations for the year ahead are mixed. The majority anticipate further rises in inflation and energy costs, with broad pessimism about economic growth and quality of life. But the most pronounced change has been around expectations for interest rates. Sentiment turned decisively in late-2025 with on balance +23% of consumers expecting higher rates. This surged to +70% in Q1 2026, indicating a widespread belief that rates will continue rising over the next 12 months. This represents a clear shift in expectations, from easing or stability to renewed tightening. Despite higher expected borrowing costs, expectations for higher house prices in the next 12 months also strengthened further, rising steadily from +49% in Q1 2025 to +68% in Q4 2025, before jumping to +76% in Q1 2026. This suggests that consumers continue to view housing as structurally under-supplied, with price pressures expected to persist even in a higher rate environment.

Media is playing a powerful role in shaping consumer perceptions of the economy by influencing what issues feel most important and how they are interpreted. In Q1 2026, Australians were markedly more likely to say that what they were reading, hearing, and seeing in the media contained more bad news than good. This deterioration was broad-based rather than confined to a single region or group. For the first time, we also asked consumers if they believed the media coverage accurately reflects the true state of the Australian economy. Most remain sceptical, with over half believing media coverage does not reflect the true state of the economy. This suggests consumers are distinguishing between tone and credibility - though they may feel inundated with negative stories, many simultaneously believe those stories are exaggerated or misaligned with reality. That combination can still weigh on confidence because uncertainty rises when people do not know what to believe.

Ultimately, NAB's latest findings paint a picture of an Australian consumer under strain. Financial pressures are reshaping spending, saving, and shopping habits, yet resilience and adaptability are clearly evident in how households respond. Australians are making pragmatic choices, optimising their budgets, and preparing for what lies ahead. As economic conditions continue to evolve, the nation's capacity to navigate uncertainty remains a story of balancing concern with resolve.

About the Report: NAB's Consumer Stress Index measures household stress across five key areas: job security, health, ability to fund retirement, cost of living, and the impact of Government policy. These five factors collectively capture the primary sources of everyday stress for Australians, directly influencing not just confidence, but spending behaviour, and capacity to adapt to changing economic conditions. More broadly, NAB's research offers a distinctive perspective on the consumer by delving beyond the high-level sentiment. By examining granular behavioural responses such as switching service providers, tactical spending cutbacks, and the adoption of value-seeking strategies, the findings paint a richer, more actionable picture of consumer resilience, resourcefulness, and vulnerability in the face of evolving economic challenges.

Key Tables

Consumer Stress Index (100 = extremely concerned)

	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Consumer Stress Index	59.6	56.6	57.7	59.0	59.1
Job Security	47.3	44.2	46.9	48.4	43.4
Health	57.3	54.1	55.2	55.5	56.3
Ability to Fund Retirement	61.6	58.3	59.0	60.3	60.6
Cost of Living	69.3	66.1	66.3	67.8	71.8
Government Policy	62.6	60.0	61.1	62.8	63.4

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

	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Overall Cost of Living	71	68	70	70	78
Travel/Holidays	58	56	57	53	62
Eating out	62	58	62	55	66
Entertainment	54	51	56	49	60
Groceries	74	71	73	68	78
Home improvements	58	56	58	51	62
Major HH items	52	52	53	48	59
Utilities	63	66	73	65	71
Telecoms	50	54	56	47	51
Personal goods	54	52	55	49	58
Medical expenses	57	52	55	50	52
Transport	57	50	55	53	53
Children	48	44	46	43	48
Mortgage	51	38	37	34	58
Rent	57	51	56	47	62
Other debt	47	43	43	39	46

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

	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Major household item	-25	-22	-19	-19	-24
Car	-11	-11	-13	-12	-13
Property (residence)	-10	-10	-10	-10	-12
Property (investment)	-13	-15	-13	-16	-18
Home renovation	-14	-15	-11	-10	-14
School fees	-11	-11	-14	-11	-15
Holiday	-16	-19	-15	-13	-17
Private health insurance	-7	-8	-7	-7	-9
Other Investment (ex. property)	-12	-10	-12	-13	-11

Consumer Stress

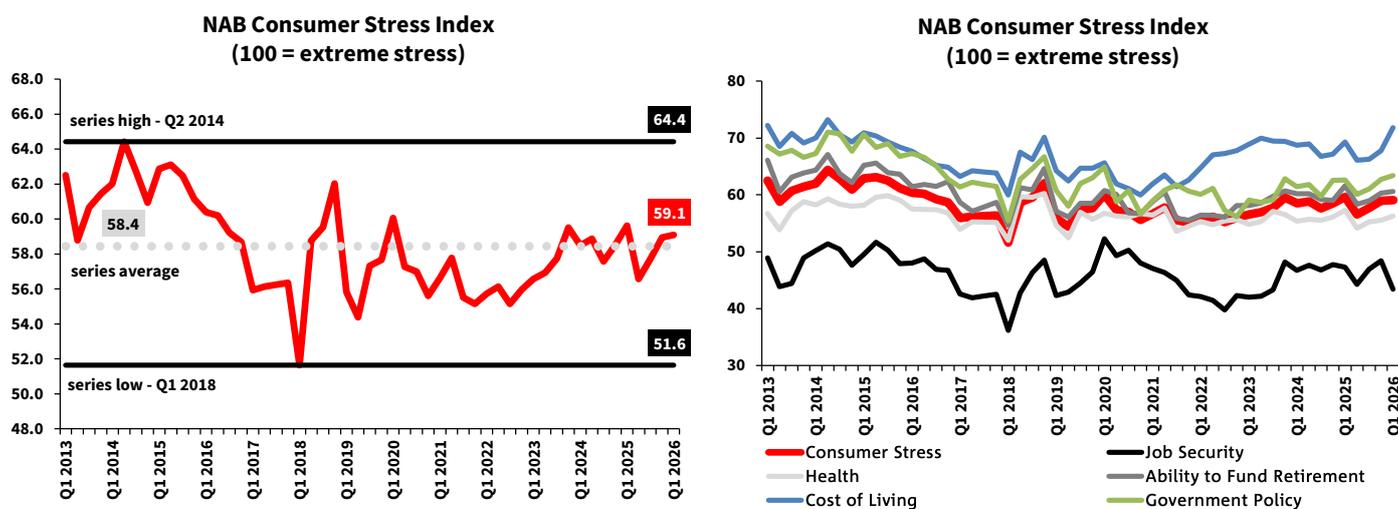
NAB’s Consumer Stress Index measures household stress across five key areas: job security, health, ability to fund retirement, cost of living, and the impact of Government policy. In the first quarter of 2026, overall consumer stress remained elevated, edging up slightly to 59.1 (59.0 in Q4 2025) and above the long-term average of 58.4. While headline stress broadly stabilised, the composition of stress suggests a rotation in consumer pressures rather than a meaningful easing of pressures.

Cost of living remains the dominant source of household stress, rising sharply to 71.8 in Q1 2026 - the highest level since mid-2014 and well above its long-term average of 66.7. This reflects the persistence of high inflation, the accumulated impact of higher price levels already embedded in household budgets, and ongoing concerns that inflation pressures may remain entrenched (noting the survey was conducted prior to recent events in Iran). It is notable that the cost of living index currently exceeds its level during the 2022–2024 period of elevated inflation. This suggests increasing consumer expectations regarding inflation, a trend which the Reserve Bank of Australia has recently expressed concern about.

By contrast, job security concerns eased materially, falling to a two-and-a-half-year low of 43.4 and well below the long-term average of 45.9. This follows heightened volatility through 2025, when job security stress peaked at 48.4 in Q4 2025 before retracing. The improvement suggests households continue to view labour market conditions as relatively resilient, supported by low unemployment. However, the volatility over the past year also indicates confidence remains sensitive to shifts in economic momentum rather than firmly anchored.

Health-related stress was increased to 56.3 (55.5 in Q4 2025) and was in line with its long-term average (56.4), suggesting health concerns are not a key driver of changes in overall stress at present. In contrast, concerns about the ability to fund retirement remain elevated and entrenched, with stress edging up to 60.6 (above the long-term average of 60.2).

Concerns associated with Government policy also trended higher, rising to 63.4 in Q1 2026 from 62.8 in Q4 2025 and remaining above the long-term average of 62.9. This steady increase points to growing unease around the policy environment, likely reflecting uncertainty over fiscal settings, regulation, and cost of living responses rather than specific policy changes.



Overall consumer stress was marginally higher in the March quarter, but outcomes diverged more sharply across monitored groups. In total, 21 groups recorded higher stress, 20 reported lower stress, and two were unchanged.

Across states, stress levels remain uneven. They were highest and rose in NSW/ACT (up 0.7 points to 60.0), followed by Victoria at 59.7 (and 0.4 lower) but above the national average. Queensland printed at 58.9 (up 0.5), in line with the national result. Tasmania experienced a notable deterioration, with the index rising 1.8 to 58.7, well above its historical average of 56.0. In contrast, Western Australia remains the least stressed state, falling 0.9 to 55.7, well below its long-run average of 57.2.

A clear geographic divide persists between urban and non-urban areas. Stress is highest in rural areas, where the index rose sharply to 61.8 (up 2.4). Regional cities also reported elevated stress at 59.0 (up 1.5). By contrast, stress among capital city consumers eased to 58.6 (down 0.7). This pattern suggests financial pressures remain most acute outside metropolitan centres.

Income remains a key determinant of consumer stress. Households earning less than \$35,000 continue to report the highest stress levels at 63.0, despite a modest decline (down 0.6). It increased materially in middle-income households, particularly those earning \$50,000-75,000, where stress rose 2.5 to 61.9, now exceeding the \$35,000-50,000 cohort (up 0.7 to 60.8). In contrast, higher-income households earning \$100,000+ reported much lower stress at 56.9 (up 0.1).

Gender differences persist, with women reporting higher stress than men. The index for women however eased to 59.9 (down 0.6), while stress among men increased to 58.1 (up 0.7). As a result, the gender stress gap narrowed to 1.8 points, broadly in line with the long-run survey average, after stretching to 3.2 points in the previous quarter.

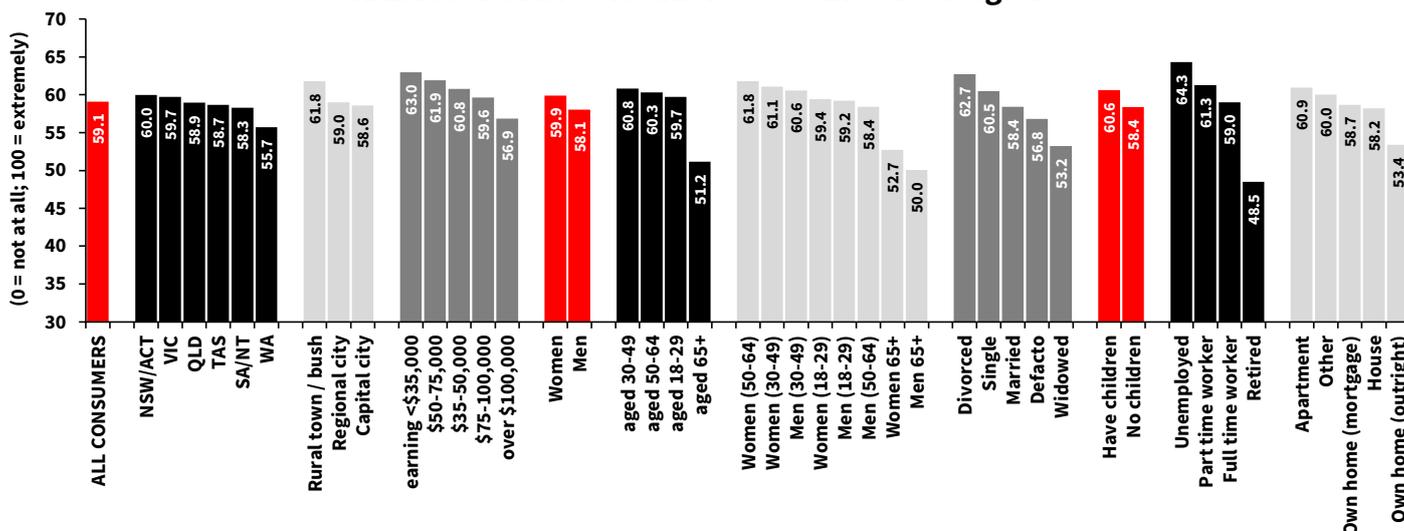
Stress remains highest among working-age Australians. While stress among those aged 30-49 eased to 60.8 (down 1.3), it rose sharply among 50-64 year olds, increasing 2.7 points to 60.3. Younger adults aged 18-29 also remained highly stressed at 59.7 (up 1.4), well above their historical average of 57.7. In contrast, Australians aged 65 and over reported much lower stress at 51.2, which also eased over the quarter (down 1.5).

Within age and gender cohorts, stress was particularly elevated among women aged 50-64, where the index rose to 61.8 (up 2.2), and women aged 30-49 at 61.1 (despite easing 1.5). Among men, the sharpest quarterly increase occurred for those aged 50-64, where stress rose 4.0 points to 58.4, signalling growing pressure later in working life.

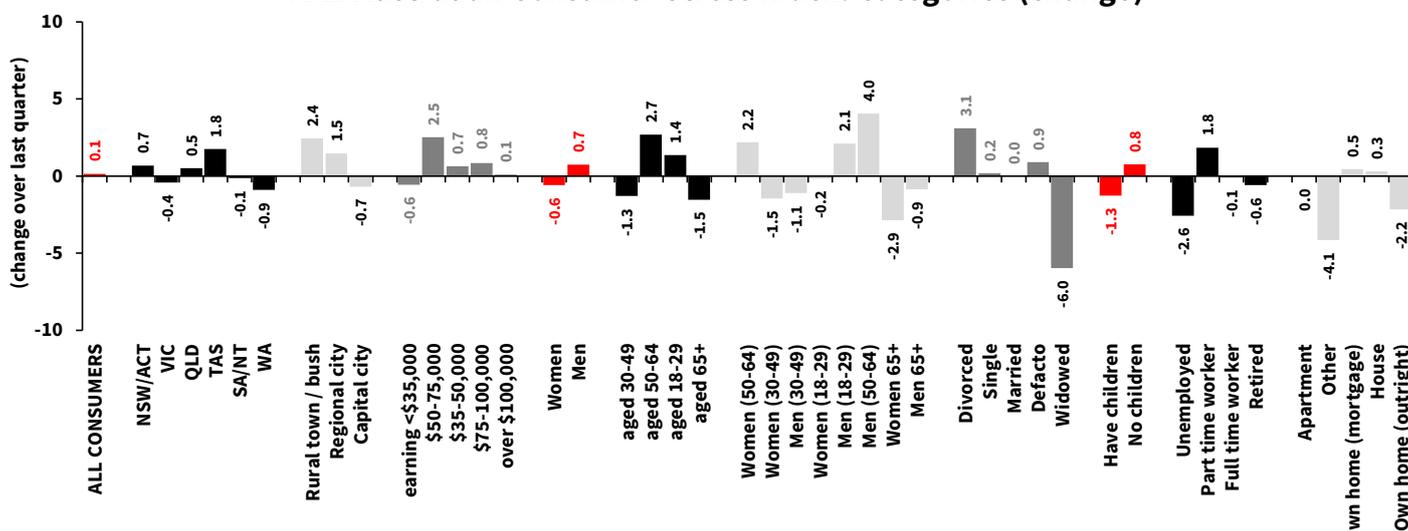
Household composition also matters. Divorced individuals recorded one of the highest stress readings at 62.7, following a sharp quarterly increase (up 3.1). Stress remains higher among households with children (60.6) than among those without children (58.4), although stress eased for families with children (down 1.3) and rose modestly for those without (up 0.8).

Labour market status shows a strong gradient. The unemployed remain the most stressed group at 64.3, despite a quarterly improvement (down 2.6). Part-time workers reported elevated stress at 61.3 (up 1.8), compared with full-time workers at 59.0, and broadly unchanged. Retirees continue to report the lowest stress at 48.5, which also eased over the quarter (down 0.6). Housing tenure further differentiates outcomes. Stress was highest among those living in apartments (60.9) and other housing types (60.0), although stress in the latter group fell sharply (down 4.1). With interest rates moving higher, mortgage holders recorded higher stress at 58.7 (up 0.5). In contrast, households that own their home outright reported much lower and easing stress at 53.4 (down 2.2).

NAB Australian Consumer Stress Index: Categories



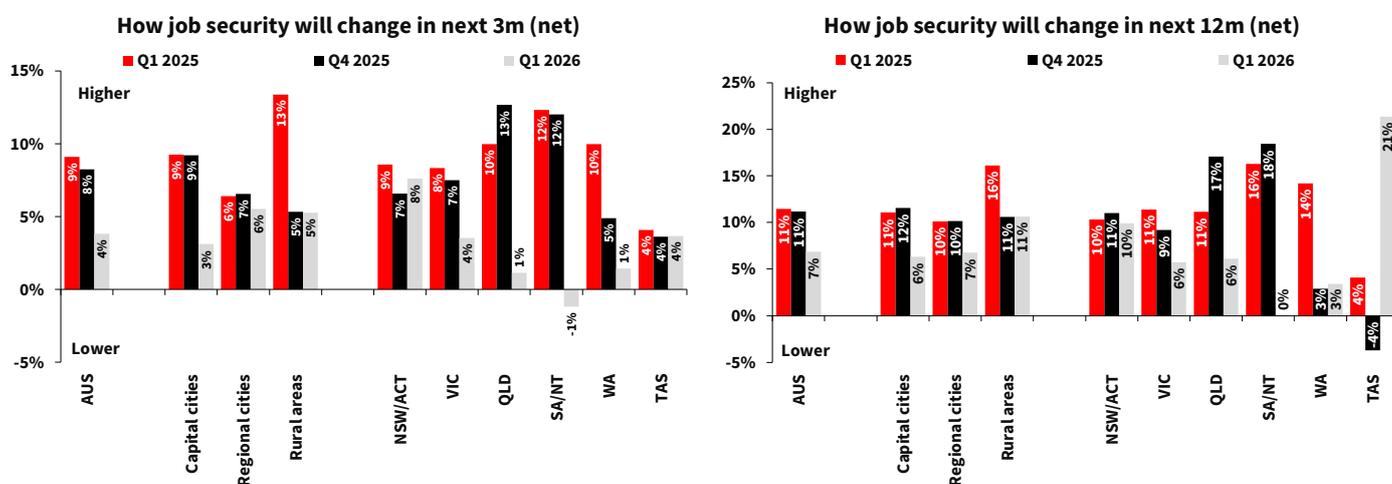
NAB Australian Consumer Stress Index: Categories (change)



Job security

Australians were notably less concerned about job security in Q1 2026, supported by January ABS data showing unemployment easing back to 4.1% (or around the lower end of its 4.1-4.4% range over the past 12 months). Trend employment growth, which had slowed through much of 2025, also showed signs of re-acceleration, helping to underpin consumer optimism. However, this improvement sits alongside a shifting outlook. As the RBA leans against activity, the resulting drag on growth is expected to open spare capacity and gradually loosen labour market conditions. Against this backdrop, a significantly smaller share of consumers now also expect that their job security will improve in both the near and longer term.

In the March quarter, the net share of consumers expecting job security to improve over the next 3 months halved to +4%, down from +8% previously and +9% a year earlier. While expectations remain positive across all regions, momentum weakened sharply in capital cities, where the net balance fell to just +3% from +9%. Regional cities also recorded a modest decline to +6% from +7%, while rural areas were unchanged at +5%. At the state level, the picture is increasingly uneven. NSW/ACT edged higher to +8% (from +7%), with Tasmania steady at +4%. Elsewhere, expectations deteriorated sharply and are now broadly neutral in SA/NT (-1% from +12%), QLD (+1% from +13%) and WA (+1% from +5%). In Victoria, the net share of consumers expecting higher job security also nearly halved, falling to +4% from +7%.



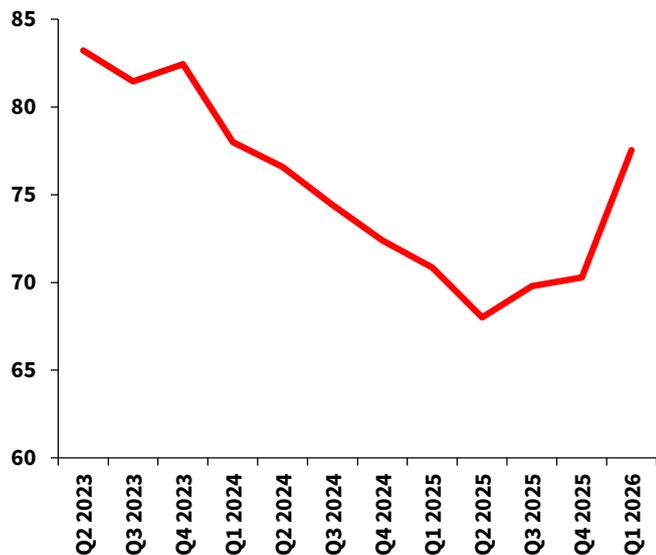
Looking further ahead, confidence has softened over the 12-month horizon as well. The proportion of consumers expecting higher job security declined to +7% from +11%. Optimism remains strongest in rural areas, unchanged at +11%, but has fallen notably in capital cities (+6% from +12%) and regional cities (+7% from +10%). State-level outcomes continue to diverge. Tasmania stands out as the most confident, with a net +21% anticipating improved job security over the next year (from -4%). Expectations are broadly steady in Western Australia (+3%) and NSW/ACT (+10% from +11%) but have weakened substantially in SA/NT (neutral from +18%) and QLD (+6% from +17%) and are somewhat lower in Victoria (+6% from +9%).

Economic conditions - like higher inflation, rising interest rates, and a more benign outlook for economic growth - are likely weighing on consumers perceptions of their job security. Indeed, looking forward, the NAB Economics team expect growth to slow a little through 2026, and has also softened its forecast for growth over 2027, while the unemployment rate is expected to gradually drift higher, reaching 4.5% by the end of 2026.

Cost of living stress in focus

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. The latest CPI data available at the time this survey was taken showed inflation at 3.8% in the 12 months to January 2026, unchanged from December 2025 and indicating persistent inflationary pressure are adding further to already elevated embedded costs. And with these pressures mounting, Australian consumers reported the highest level of cost of living stress in almost 12 years in Q1 2026, rising sharply to 71.8 and well above its long-term average of 66.7.

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



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.

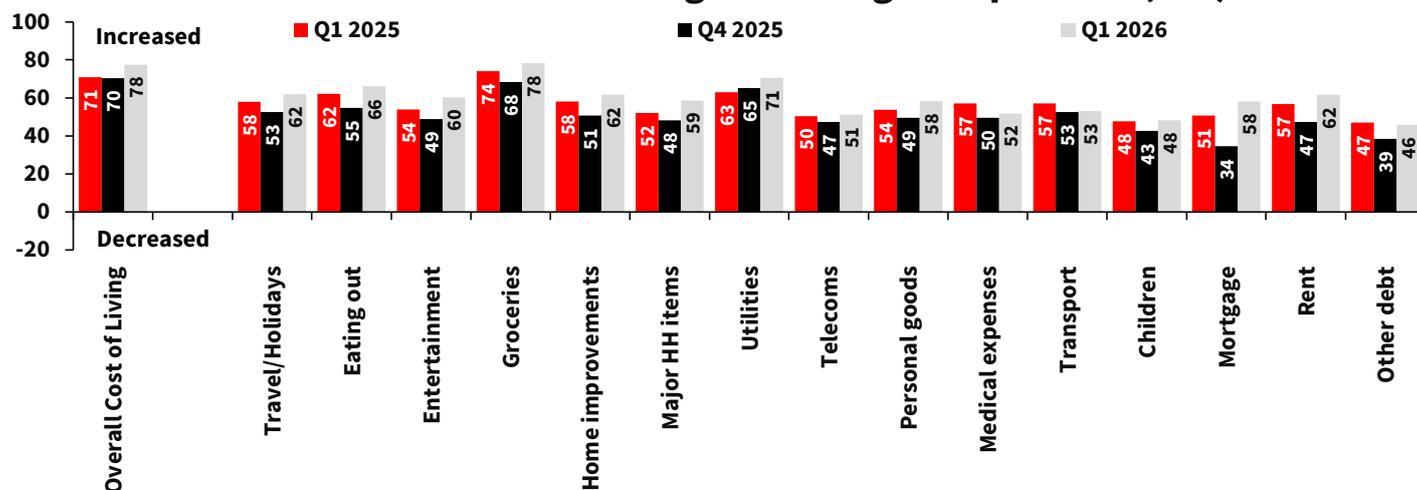
After easing through late-2023 to mid-2025, consumer perceptions of cost of living pressures rose sharply in Q1 2026, with a much larger share reporting higher prices across a range of categories. In net terms, +78% reported higher overall living costs, up from +70% in Q4 2025, marking a clear break from the earlier moderation phase. Importantly, the pick-up is broad-based, spanning both essential and discretionary items, suggesting renewed and more entrenched pressure on household budgets.

Essential items remain the main source of pressure. A net +78% of consumers reported higher grocery costs in Q1 2026, up from +68% in Q4 2025, making it the largest contributor to perceived cost pressures. Utilities costs rose according to +71%, continuing a steady rise from +63% in Q1 2025 and +65% in Q4 2025. The persistence of utilities inflation suggests structural rather than transitory pressures, reinforcing the sense that cost of living strains are becoming more embedded.

After moderating late last year, discretionary spending categories clearly re-accelerated. A net +62% of consumers reported higher travel and holiday costs, up from +53% in Q4 2025, while +66% pointed to higher eating-out costs (up from +55%). Entertainment costs saw one of the sharpest rebounds, with +60% reporting increases, up from +49% previously. Home-related discretionary spending also intensified, with +62% reporting higher home improvement costs (from +51%) and +59% higher major household item prices (from +48%). Together, these moves point to a renewed squeeze on non-essential spending capacity, even as households attempt to maintain discretionary consumption.

Housing-related costs recorded some of the largest quarter-to-quarter movements, underscoring the sensitivity of household finances to interest rate changes. As rates increased, the share of consumers reporting higher mortgage costs jumped to +58%, from a low of +34% in Q4 2025, representing the largest increase across all categories. Perceptions of higher rent costs also lifted sharply to +62%, up from +47% in the previous quarter. Other debt costs remained more subdued at +46%, but still rose notably from +36%, indicating that debt servicing pressures are broadening beyond housing.

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



Only a small number of categories showed relative stability. The share of consumers reporting higher transport costs stabilised at +53%, while medical costs edged up modestly according to +52%, from +50%. These pockets of stability, however, are insufficient to offset the widespread re-acceleration elsewhere.

Overall, the data points to a clear and broad-based re-acceleration in consumer perceptions of their living costs in Q1 2026, with particularly pronounced increases in groceries, utilities, mortgages and rent, alongside a renewed lift across discretionary spending categories. The breadth of the increase suggests households are facing simultaneous pressure from both unavoidable essentials and discretionary items, heightening the risk of further constraint on real consumption.

Extent cost of living changed in past 3 months (net): Q1 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	78	78	77	79	76	74	86	75	80	81	63	78	83	85	76	77
Groceries	78	77	79	85	76	76	85	77	80	78	67	79	82	85	82	75
Utilities	71	70	71	72	72	68	75	65	77	50	55	71	78	79	73	69
Eating out	66	66	66	65	66	65	68	67	67	54	54	66	72	75	67	63
Travel/Holidays	62	62	63	62	60	58	68	61	73	47	50	62	67	72	62	59
Home improvements	62	62	58	65	58	57	69	67	66	56	41	64	69	73	62	59
Rent	62	64	57	52	53	62	72	62	73	61	58	67	61	55	61	59
Entertainment	60	60	61	61	60	57	64	62	63	56	51	61	66	64	64	59
Major HH items	59	60	55	61	57	55	67	57	69	37	42	58	65	73	62	54
Personal goods	58	58	59	60	60	56	58	59	65	45	47	58	65	65	64	53
Mortgage	58	59	55	62	54	58	61	61	60	63	48	64	60	50	55	58
Transport	53	53	51	59	57	56	50	46	54	25	42	53	58	60	58	48
Medical expenses	52	51	52	54	52	52	54	51	50	42	42	52	59	54	56	50
Telecoms	51	52	49	53	54	46	55	49	54	42	45	50	55	57	58	46
Children	48	50	41	52	44	47	52	60	46	43	40	51	53	51	42	47
Other debt	46	47	41	49	46	44	48	42	53	41	44	46	53	40	59	42

Overall cost of living pressures are uniform across geography at +78% in capital cities, +77% in regional cities and +79% in rural areas, underscoring that inflation pressures are no longer location specific. By state, however, the intensity varied materially, with Queensland standing out at +86%, well above Victoria (+74%), Western Australia (+75%) and NSW/ACT (+76%), pointing to more acute household stress in faster-growing and higher-cost regions.

Cost pressures continue to rise sharply with age. Only +63% of consumers aged 18-29 reported higher overall costs, compared with +78% of those aged 30-49, +83% of 50-64 year-olds, and +85% among those 65 and over. This gradient suggests that older households, many of whom are more exposed to essentials and fixed-income constraints, are bearing a disproportionate share of the inflation burden.

Groceries remain the single largest and most pervasive source of pressure, with +78% of consumers nationally reporting higher grocery costs. The impact is particularly acute in rural areas (+85%) and Queensland (+85%), and increases markedly with age, from +67% among 18-29 year-olds to +85% among those 65 and over. Grocery inflation is also regressive, with +82% of lower-income households reporting higher costs compared with +75% of higher-income households, reinforcing the uneven distributional impact of essential price pressures.

Utilities costs remain elevated and structurally persistent, with around 70-71% of consumers in both capital and regional areas reporting increases. Age remains a key differentiator. Cost pressures from utilities rise to +78% for those aged 50-64 and +79% for over 65s, compared with just +55% among 18-29 year-olds. Lower-income households again face greater strain, with +73% reporting higher utilities costs versus +69% among higher-income households.

Housing costs continue to weigh heavily, though with clear tenure and life-cycle effects. Rent costs rose for +62% of consumers nationally but was notably higher in Queensland (+72%) and SA/NT (+73%). Rent stress is most acute among 30-49 year-olds (+67%), compared with +58% for those aged 18-29 and +55% for 65 and older, highlighting the squeeze on prime working-age renters. Mortgage costs, were higher according to +58% of consumers overall, peaking among 30-49 year-olds (+64%) and remaining elevated in regional areas (+62%).

While discretionary categories show some moderation relative to essentials, pressures remain widespread. Eating out costs increased for +66% of consumers nationally, rising to +72% among 50-64 year-olds and +75% for those 65 and over, while entertainment costs rose most for +66% of 50-64 year-olds, compared to +51% of 18-29 year olds.

Cost pressures on large and durable purchases also remain elevated, particularly for older cohorts. Major household items were reported as more expensive by +59% of consumers nationally, rising sharply to +73% among those 65 and older. Similarly, home improvement costs increased for +62% of consumers nationally, but +69% for 50-64 year-olds and +73% for over 65s, indicating that inflation pressures remain embedded even in categories typically sensitive to demand softening.

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

Cost of living pressures continue to significantly influence how consumers allocate their spending, and with cost of living stress intensifying sharply in the March quarter, households became noticeably more restrictive with their spending in Q1 2026 compared to the previous quarter, with the share of consumers cutting, cancelling or delaying expenditure rising in almost every category.

At the same time, NAB's latest Consumer Spend Trend Report for February - based on actual transaction data - shows spending rising by 0.4% over the month and 6.7% year-on-year. While this may appear inconsistent at first glance, the behaviour survey does not ask consumers what they plan or intend to do. Rather, it captures what households have already cut, cancelled or delayed in response to cost of living pressures. As such, the results point to active restraint, not pessimism.

This restraint is not yet fully visible in aggregate spending data because many expenditures are locked in or slow to unwind, and adjustment tends to occur first at the margin - through fewer occasions, smaller baskets, or deferred big-ticket decisions. As a result, transaction data can remain resilient even as households tighten day-to-day behaviour beneath the surface. Historically, these reported cutbacks tend to show up in aggregate spending with a lag, making the behaviour survey an early signal of pressure rather than a contradiction of the spending data.

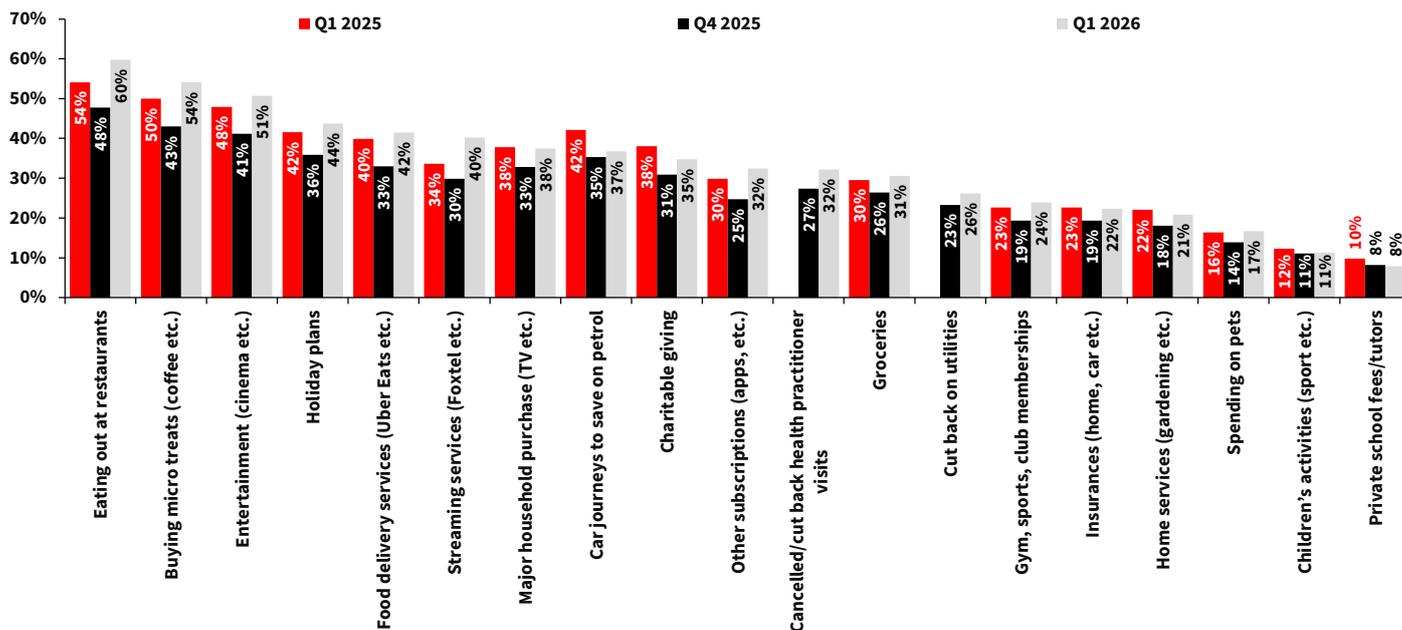
In Q1 2026, our survey shows that pullbacks extended beyond clearly discretionary items into everyday necessities. The proportion cutting back on groceries increased from 26% to 31%, while reductions in utilities rose from 23% to 26% and insurance spending from 19% to 22%. Even fuel-related behaviour showed further restraint, with 37% of all consumers cutting car journeys to save on petrol in Q1 2026 compared with 35% in Q4 2025. These shifts indicate that cost pressures are increasingly affecting core household budgets rather than being absorbed solely through discretionary adjustment.

Discretionary and lifestyle spending experienced the sharpest deterioration. The share of consumers eating out less climbed from 48% to 60%, while cutbacks on entertainment such as cinemas rose from 41% to 51%. Spending on food delivery services increased from 33% to 42% cutting back, and streaming services from 30% to 40%. Particularly striking was the rise in the overall number of consumers reducing, cutting or spending less micro treats such as coffee and snacks, which jumped from 43% in Q4 2025 to 54% in Q1 2026. These categories are typically among the most resilient during milder slowdowns, so the scale of the pullback points to heightened financial caution and close management of day-to-day expenses.

There are also emerging signs of pressure in areas with longer-term or social implications. The proportion of households cancelling or cutting back health practitioner visits rose from 27% to 32%, while charitable giving declined further, with 35% cutting back compared with 31% previously. Larger and less frequent commitments were also increasingly deferred, with 44% cutting holiday plans (up from 36%) and 38% postponing major household purchases (up from 33%). In contrast, spending related to children remained comparatively protected, with private school fees and tutors unchanged at 8% and children's activities steady at 11% across both quarters.

Overall, the data depicts a consumer sector under sustained strain, prioritising essentials and children-related expenses while retrenching sharply elsewhere.

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



Cut, cancelled or delayed spending in last 3m due to cost of living pressures: Q1 2026

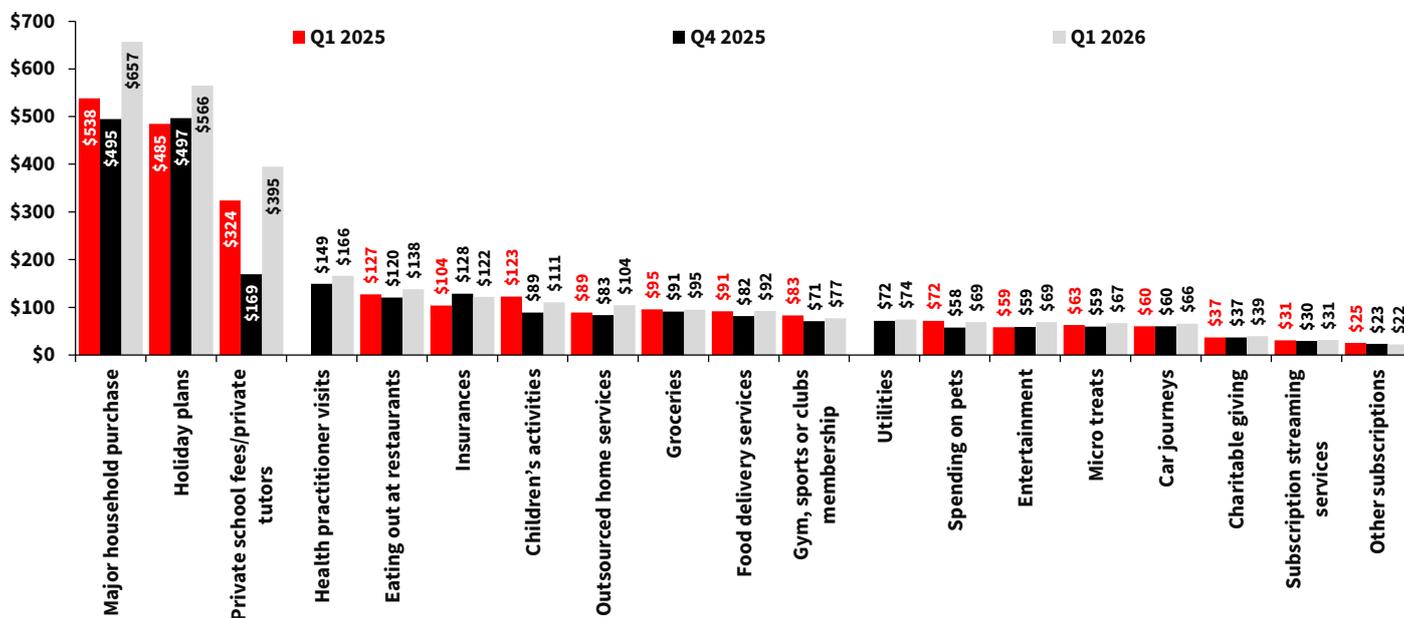
	All	18-29	30-49	50-64	65+	Men	Women	Lower Income	Higher Income
Eating out at restaurants	60%	64%	68%	60%	42%	54%	66%	59%	59%
Buying micro treats (coffee etc.)	54%	60%	61%	55%	36%	46%	62%	54%	55%
Entertainment (cinema etc.)	51%	53%	58%	54%	32%	44%	57%	50%	51%
Holiday plans	44%	45%	51%	45%	27%	37%	48%	42%	45%
Cancelled/cut back health practitioner visits	43%	38%	38%	34%	15%	26%	39%	35%	32%
Food delivery services (Uber Eats etc.)	42%	54%	52%	36%	15%	35%	47%	42%	44%
Streaming services (Foxtel etc.)	40%	47%	50%	37%	20%	35%	45%	39%	42%
Major household purchase (TV etc.)	38%	36%	46%	41%	20%	33%	41%	45%	37%
Car journeys to save on petrol	37%	35%	38%	42%	30%	33%	40%	48%	33%
Charitable giving	35%	29%	38%	38%	32%	32%	37%	40%	32%
Other subscriptions (apps, etc.)	32%	41%	38%	29%	18%	29%	36%	33%	33%
Cut back on utilities	32%	25%	30%	27%	21%	24%	29%	39%	22%
Groceries	31%	40%	33%	31%	15%	26%	35%	48%	25%
Gym, sports, club memberships	24%	33%	31%	19%	8%	21%	26%	22%	26%
Insurances (home, car etc.)	22%	24%	26%	23%	14%	20%	24%	22%	22%
Home services (gardening etc.)	21%	25%	26%	19%	10%	19%	22%	25%	22%
Spending on pets	17%	18%	22%	17%	6%	14%	19%	20%	17%
Children's activities (sport etc.)	11%	12%	19%	8%	2%	9%	13%	11%	12%
Private school fees/tutors	8%	11%	11%	6%	0%	10%	6%	8%	9%

Behaviours during the March quarter were however nuanced across key groups. Spending restraint is clearly age dependent. Consumers under 50 are consistently more likely to be cutting back, particularly those aged 30-49. For example, eating out was reduced by 68% of those aged 30-49, compared with just 42% among those 65 and over. A similar pattern is evident for micro treats (61% compared to 36%), entertainment (58% versus 32%), holiday plans (51% versus 27%) and streaming services (50% versus 20%). In contrast, older consumers appear significantly more insulated from the need to cut back across most categories.

Gender differences are also pronounced, with women reporting higher cutbacks than men in every category. For instance, 66% of women reduced spending on eating out compared with 54% of men, while 62% also cut back spending on micro treats versus 46% of men. Women were also more likely to reduce entertainment spending (57% compared with 44%), holiday plans (48% versus 37%), and health practitioner visits (39% versus 26%), suggesting they are shouldering a greater share of household adjustment.

Income differences point to more concerning pressure among lower-income households. While discretionary cutbacks are widespread across all income groups, lower-income consumers are much more likely to be cutting back on essentials. Almost half (48%) report reducing grocery spending compared with 25% of higher-income consumers, and 39% are cutting back on utilities versus 22%. Lower-income households are also more likely to reduce car travel to save on petrol (48% versus 33%) and to cut back on major household purchases (45% versus 37%). Together, these patterns suggest that cost of living pressure is increasingly forcing adjustment in non-discretionary areas for more financially constrained households.

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



Consumers who cut, cancelled or delayed spending in the past 3 because of cost of living pressures were also asked to approximate how much they thought they were saving per month in each area they did so. The results point to a broad-based intensification of cost cutting or spending restraint with households reporting higher monthly savings in Q1 2026 than in Q4 2025 across most categories.

Everyday and discretionary items show consistent increases. For example, savings on groceries edged up from \$91 in Q4 2025 to \$95 in Q1 2026, while savings from spending on pets rose from \$58 to \$69 over the same period. Similarly, households reported higher savings on gym, sports or club memberships (\$71 to \$77) and subscription streaming services (\$30 to \$31), suggesting incremental tightening rather than wholesale withdrawal from these activities. Discretionary lifestyle spending shows a clearer step-up in savings. Reported monthly savings increased for food delivery services (\$82 to \$92), entertainment (\$59 to \$69), micro treats (\$59 to \$67) and eating out at restaurants (\$120 to \$138). This pattern points to households becoming more deliberate about optional consumption, trimming frequency or scale rather than eliminating categories entirely.

Some of the largest increases in reported savings are concentrated in higher-ticket or postponable items. Savings associated with holiday plans rose from \$497 in Q4 2025 to \$566 in Q1 2026, while major household purchases increased from \$495 to \$657. Most strikingly, reported savings on private school fees or private tutors jumped from \$169 to \$395, suggesting either delayed payments, reduced use of supplementary education services, or a reassessment of large, recurring commitments.

Households also reported higher savings in areas linked to services and family-related expenses. Savings on outsourced home services increased from \$83 to \$104, while savings on children's activities rose from \$89 to \$111. At the same time, health practitioner visits saw reported savings lift from \$149 to \$166, which may reflect deferred appointments or reduced out-of-pocket spending.

By contrast, a small number of categories show stable or slightly lower savings, implying relative stickiness. Other subscriptions eased marginally from \$23 to \$22, and insurances dipped from \$128 to \$122, suggesting these costs remain harder to adjust in the short term. Utilities also show only a modest change, from \$72 to \$74, consistent with limited short-run flexibility.

Taken together, the table points to a household sector that is saving more across a wide range of spending categories in Q1 2026, with particularly strong pullbacks in discretionary, deferrable and high-value items. This pattern is consistent with heightened cost consciousness and a preference for preserving cash flow by postponing big-ticket decisions while making incremental cutbacks in everyday consumption.

Estimated savings per month from spend cutbacks: Q1 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Major household purchase	\$657	\$505	\$712	\$787	\$494	\$657	\$667	\$494	\$675
Holiday plans	\$566	\$501	\$604	\$578	\$643	\$490	\$638	\$399	\$539
Private school fees/private tutors	\$395	\$546	\$326	\$569	\$0	\$211	\$580	\$412	\$631
Health practitioner visits	\$166	\$174	\$170	\$152	\$182	\$133	\$185	\$192	\$157
Eating out at restaurants	\$138	\$140	\$143	\$145	\$109	\$135	\$141	\$111	\$155
Insurances	\$122	\$130	\$116	\$112	\$143	\$120	\$121	\$116	\$133
Children's activities	\$111	\$70	\$114	\$154	\$50	\$64	\$130	\$126	\$124
Outsourced home services	\$104	\$93	\$111	\$100	\$114	\$93	\$109	\$96	\$112
Groceries	\$95	\$115	\$97	\$89	\$55	\$91	\$97	\$92	\$114
Food delivery services	\$92	\$99	\$93	\$90	\$68	\$90	\$94	\$93	\$96
Gym, sports or clubs membership	\$77	\$80	\$83	\$65	\$57	\$75	\$76	\$68	\$79
Utilities	\$74	\$81	\$76	\$80	\$63	\$75	\$71	\$77	\$75
Spending on pets	\$69	\$75	\$73	\$61	\$53	\$71	\$67	\$78	\$74
Entertainment	\$69	\$67	\$74	\$71	\$51	\$62	\$73	\$65	\$76
Micro treats	\$67	\$79	\$68	\$67	\$43	\$65	\$68	\$58	\$74
Car journeys	\$66	\$90	\$65	\$59	\$57	\$68	\$63	\$75	\$66
Charitable giving	\$39	\$53	\$43	\$40	\$30	\$38	\$39	\$26	\$43
Subscription streaming services	\$31	\$33	\$31	\$29	\$31	\$33	\$29	\$33	\$33
Other subscriptions	\$22	\$28	\$20	\$25	\$24	\$23	\$22	\$20	\$21

Savings capacity however varied notably by age, especially for major household purchases. Estimated monthly savings rise from \$505 for 18-29 year olds to \$787 for those aged 50-64, before dropping to \$494 for those 65 and over. A similar age gradient is visible in private school fees and tutoring, where savings peak at \$569 for ages 50-64 closely followed by 18-29 year olds (\$546), compared with \$326 for 30-49 year olds and \$0 for those 65 and over, reflecting life-cycle differences in exposure to education costs. Holiday-related cutbacks are relatively broad-based across age groups, but still show dispersion, with monthly savings ranging from \$501 among 18-29 year olds to \$643 for those 65 and above. In contrast, younger cohorts show relatively higher savings on car journeys (\$90 for 18-29 year olds) and micro treats (\$79), pointing to different consumption baskets rather than uniformly tighter budgets.

Gender differences are modest for most categories but become more visible in areas linked to family and services. Women report higher potential savings than men from private school fees and tutoring (\$580 versus \$211) and children's activities (\$130 versus \$64). Women also show somewhat higher savings from holiday plans (\$638 versus \$490) and health practitioner visits (\$185 versus \$133).

Income differences are more pronounced and consistent across categories. Higher-income households report larger potential savings almost universally, including \$675 versus \$494 for major household purchases, \$539 versus \$399 for holidays, and \$631 versus \$412 for private school fees. Even for everyday items such as groceries, higher-income households report \$114 per month in savings compared with \$92 for lower-income households, indicating that higher-income groups still have more discretionary slack even in essential spending categories.

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

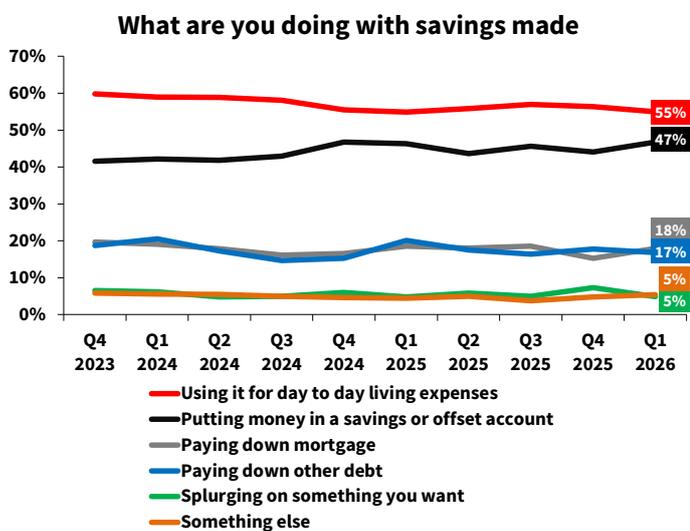
Most consumers are using it to "plug gaps" than get ahead with 55% use the savings they have made to help cover their day-to-day living expenses. This effectively suggests that when households successfully trim spending, the "savings" are largely being absorbed by regular bills rather than building wealth - a pattern consistent with an environment where essential costs remain elevated and households are reallocating rather than accumulating.

The second-largest destination is putting money in a savings or offset account, rising from 44% in Q4 2025 to 47% in Q1 2026. This lift suggests some households have enough capacity after meeting essentials to prioritise resilience (cash buffers) or interest savings (offset). It may also suggest precautionary behaviour as interest rates move higher (with widespread market expectations of more to come).

The number of consumers that used their saving to pay down mortgages rose from 15% in Q4 2025 to 18% in Q1 2026, while those using these savings to pay down other debt edged down from 18% to 17%. This suggests households may be prioritising

their mortgages and directing incremental capacity to the largest liability first - particularly as interest rates are widely expected to continue climbing.

Only a small share report splurging on something they want, and it declined from 7% in Q4 2025 to 5% in Q1 2026, while an unchanged 5% did “something else”.



Across demographic groups, the share of consumers using savings made for day-to-day living expenses was particularly high among older people aged 65 and over (72%) and in lower-income households (69%), suggesting that in these groups, spending cutbacks are largely a means of maintaining basic consumption rather than improving financial resilience. Women (60%) are also more likely than men (50%) to be using savings for everyday expenses.

Though a significant proportion of households overall are still directing savings made towards to savings or offset accounts (47%), this behaviour was much more pronounced among 18-29 year olds (65%) and higher-income households (53%). In contrast, only 31% of those aged 65 and over and 31% of lower-income households report doing so, reinforcing the view that financial buffers are harder to rebuild for groups most exposed to cost of living pressures.

Mortgage repayment behaviour highlights a clear life cycle and income pattern. Around 18% of respondents overall are using savings to pay down their mortgage, rising to 23% among those aged 30-49 and 20% among those aged 50-64, before falling sharply to 5% among those aged 65 and over. Higher-income households are much more likely to be paying down mortgages (26%) than lower-income households (5%), while men (21%) are more likely than women (15%) to be directing savings towards mortgage debt.

What are you doing with savings made: Q1 2026

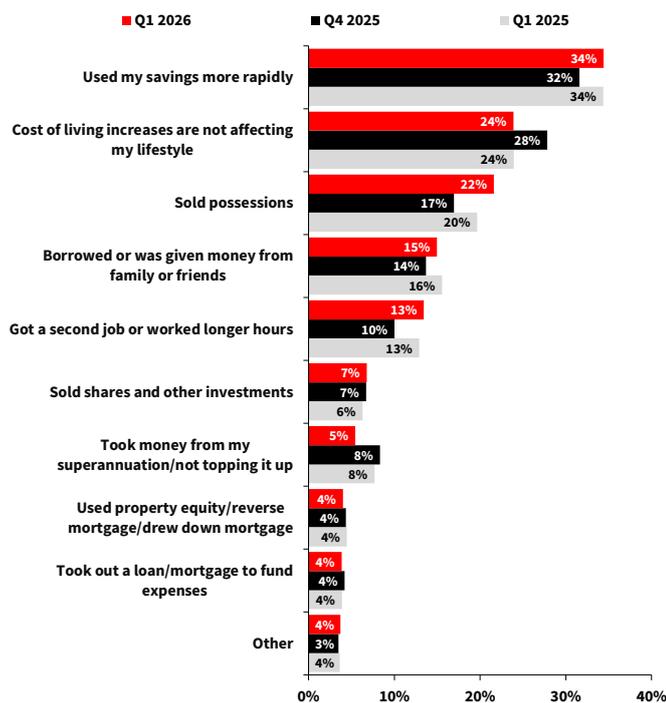
	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Using it for day to day living expenses	55%	44%	52%	59%	72%	50%	60%	69%	50%
Putting money in savings or offset account	47%	65%	47%	36%	31%	48%	46%	31%	53%
Paying down mortgage	18%	15%	23%	20%	5%	21%	15%	5%	26%
Paying down other debt	17%	17%	19%	18%	10%	16%	18%	19%	17%
Splurging on something you want	5%	5%	6%	5%	6%	4%	6%	6%	5%
Something else	5%	11%	3%	2%	4%	6%	3%	2%	5%

Use of savings to pay down other debt is somewhat more evenly distributed but remains modest at 17% overall. There is little variation by gender (16% men versus 18% women) or income (19% lower income versus 17% higher income). In age groups under 65, it ranges narrowly from 17% among 18-29 year olds to 19% among 30-49 year olds, but is notably lower at just 10% for those 65 and over. Overall, this suggests that while deleveraging remains a priority for some, it is secondary to meeting immediate expenses and rebuilding cash buffers.

Notably, discretionary use of savings remains extremely limited, underscoring a broadly cautious and defensive mindset. Only 5% of respondents overall report splurging on something they want, with minimal variation across age, gender, or income groups (ranging from just 4-6%). This points to a broadly cautious consumer mindset, with little evidence that spending cutbacks are translating into higher non-essential consumption. A similarly small share (5% overall) report using savings for “something else,” though this is higher among younger people aged 18-29 (11%).

More acute coping strategies also remain widespread and in some cases are intensifying, suggesting that many households have moved beyond marginal belt-tightening. Selling possessions was reported by 20% of consumers in Q1 2025, declining to 17% in Q4 2025, before rising sharply to 22% in Q1 2026. Borrowing from or receiving money from family and friends also remains consistently high at 15% (up from 14% in the previous quarter). These figures point to ongoing financial stress among a significant share of households, particularly as reliance on informal support and asset liquidation persists.

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



Labour supply adjustments show a similar pattern of resilience rather than resolution. Getting a second job or working longer hours was reported by 13% in Q1 2025, falling to 10% in Q4 2025, before rebounding to 13% in Q1 2026. Rather than marking a turning point, the dip in late-2025 appears temporary, with households reverting to additional work as cost pressures re-emerge.

Responses involving longer-term financial trade-offs remain smaller but notable. Selling shares or other investments increased from 6% in Q1 2025 to 7% in both Q4 2025 and Q1 2026, while drawing down superannuation or reducing contributions was reported by 8% in Q1 2025, 8% in Q4 2025, and 5% in Q1 2026. Debt-based strategies were used by a consistently small share of households, with only 4% over this time frame taking out a loan or mortgage to fund expenses and 4% drawing on property equity. The stability of these figures suggests that while financial strain is widespread, households remain reluctant or unable to materially increase leverage.

Around 1 in 4 (24%) households however report being insulated from cost pressures, indicating that cost of living increases are not affecting their lifestyle, down from to 28% in Q4 2025. The temporary improvement in late-2025 was not sustained into early-2026, suggesting that any easing in financial conditions was short-lived rather than structural.

Overall, we saw little evidence of a sustained easing in cost of living pressures. Temporary improvements late in 2025 gave way to renewed strain in early-2026, with savings depletion, asset sales and additional work remaining central coping mechanisms. The persistence of these responses points to ongoing pressure on household finances rather than a clear turning point.

Other changes made to manage COL increases in last 3m: Q1 2026

	All	18-29	30-49	50-64	65+	Men	Women	Lower income	Higher income
Used my savings more rapidly	34%	36%	38%	36%	26%	30%	39%	40%	33%
Cost of living not affecting my lifestyle	24%	17%	16%	26%	41%	30%	18%	15%	26%
Sold possessions	22%	22%	27%	23%	11%	20%	23%	26%	21%
Borrowed/given money from family or friends	15%	23%	19%	9%	5%	13%	17%	21%	11%
Got a second job or worked longer hours	13%	28%	16%	6%	2%	12%	15%	11%	15%
Took money from my super/not topping it up	5%	3%	4%	7%	9%	6%	5%	7%	4%
Sold shares and other investments	7%	8%	9%	6%	3%	8%	6%	5%	9%
Used equity, reverse or drew down mortgage	4%	3%	7%	4%	1%	3%	5%	3%	6%
Took out a loan/mortgage to fund expenses	4%	6%	5%	3%	1%	4%	4%	3%	5%

Though 34% of Australians overall used their savings more rapidly to manage rising living costs, this behaviour was most pronounced among core working-age and consumption-driving cohorts, rising to 38% for 30-49 year olds and 36% for both 18-29 and 50-64 year olds, compared with just 26% for those aged 65 and over. The drawdown of savings by income was also regressive, with 40% of lower-income households using savings more rapidly versus 33% of higher-income households, and also more prevalent among women (39%) than men (30%).

The number who sold possessions peaked among 30-49 year olds (27%) and remained elevated for 50-64 year olds (23%) and 18-29 year olds (22%) but dropped sharply to 11% among those 65 and over. Asset liquidation was more common among lower-income households (26%) than higher-income households (21%). In parallel, 15% of consumers overall borrowed from or received money from family or friends, rising to 23% among 18-29 year olds and 19% among 30-49 year olds, but just 5% for those 65 and older. Reliance on informal financial support was also notably higher in lower-income households (21%) than higher-income households (11%).

Labour-supply adjustment is uneven. Overall, 13% reported getting a second job or working longer hours, rising sharply to 28% among 18-29 year olds and 16% among 30-49 year olds, before falling to 6% for 50-64 year olds and just 2% for those 65 and over. Women were also slightly more likely than men to increase work hours (15% versus 12%).

There is also a clear life-cycle split in financial adjustment mechanisms. Around 3% of 18-29 year olds reported taking money from superannuation or not topping it up, rising with age to 9% among those aged 65 and over. Meanwhile, 7% overall sold shares or other investments, with higher rates among 30-49 year olds (9%) and higher-income households (9%), compared with 5% among lower-income households. This reinforces the role of wealth buffers in determining who can absorb higher costs with less disruption, with older and higher-income households more able to adjust via assets rather than consumption or labour.

Despite these pressures, households remain reluctant to materially increase leverage. Only 4% of consumers reported drawing down housing equity and 4% took out a loan or mortgage to fund expenses, with both behaviours peaking among 30-49 year olds (7% equity drawdown) and rare among those 65 and above.

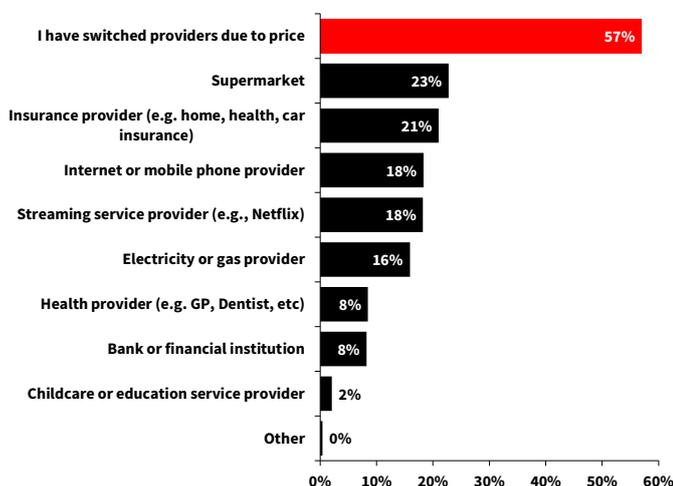
We also noted a sharp life cycle divide in the number of consumers reporting that cost of living increases are not affecting their lifestyle - from 41% among those 65 and over to 26% in the 50-64 age group and just 16-17% among those under 50. Higher-income households are also materially more insulated (26% unaffected) than lower-income households (15%). This divergence points to an increasingly two speed consumer where older and wealthier consumers retain spending capacity, while younger and lower-income cohorts remain constrained, limiting momentum in discretionary consumption.

Switched providers due to price increases

The cost of everyday services has been changing for many households. To understand how price increases are affecting people’s choices, for the first time we ask them whether higher prices have led them to switch providers in the past 12 months.

This is important because it helps measure behavioural responses to price pressure, not just attitudes or perceptions. Switching providers is a concrete action that signals financial stress or value-seeking behaviour. It also helps to identify which sectors are most sensitive to price increases (e.g. utilities, insurance, banking, streaming), allowing more targeted analysis across essential versus discretionary services, and distinguish between price awareness and price impact - many people notice prices rising; fewer are able or willing to switch.

Switched or changed providers because of price increases in past 12 months



NAB’s survey findings show that price increases are clearly driving tangible changes in consumer behaviour. In Q1 2026, 57% of Australians indicated they had switched a provider due to price rises - signalling that a clear majority are proactively looking for better deals.

This highlights that price pressure has moved beyond sentiment and is actively reshaping how households manage their spending.

Switching behaviour was most pronounced in everyday and high-frequency spending categories, where price increases are felt most often and alternatives are relatively easy to compare. Supermarkets led all categories, with 23% of consumers reporting they switched where they shop because of higher prices. This positions the weekly grocery shop as the frontline of cost of living pressure, reflecting active deal-seeking and substitution as households try to regain control of their budgets.

Notably, switching is also elevated in traditionally “sticky” categories. Around 21% of consumers report switching insurance providers due to price increases, suggesting that loyalty is weakening even for large, infrequent bills where people may previously have tolerated higher costs. This indicates heightened price sensitivity and a greater willingness to challenge providers when annual or renewal-based expenses rise sharply.

Recurring monthly services were also under scrutiny. Nearly 1 in 5 consumers switched internet or mobile providers (18%) and switched streaming services (18%) because of price. This points to households actively reassessing the value of ongoing subscriptions - chasing better offers in telco markets or rotating and pruning streaming services to keep costs down.

Energy costs are another meaningful driver of behaviour, with 16% switching electricity or gas providers. Given the size and volatility of energy bills, this level of switching suggests bill shock is prompting households to seek savings where they believe switching can make a material difference.

By contrast, switching remains lower in categories associated with trust, relationships, or higher perceived complexity. Only 8% report switching health providers such as GPs or dentists due to price, and the same proportion switched banks or financial institutions. While these categories are not immune to price pressure, the lower switching rates likely reflect higher switching costs in terms of time, effort, or perceived risk.

Switched or changed providers because of price increases in past 12m: Q1 2026

	All	18-29	30-49	50-64	65+	Men	Women	Low income	High income
I have not switched any providers due to price	43%	37%	35%	46%	62%	46%	41%	45%	40%
Supermarket	23%	28%	27%	23%	10%	20%	26%	23%	23%
Insurance provider (e.g. home, health, car insurance)	21%	17%	23%	24%	18%	20%	22%	14%	25%
Internet or mobile phone provider	18%	20%	25%	15%	8%	20%	17%	15%	19%
Streaming service provider (e.g. Netflix)	18%	25%	22%	14%	9%	16%	20%	17%	20%
Electricity or gas provider	16%	14%	20%	17%	10%	17%	15%	11%	19%
Health provider (e.g. GP, Dentist, etc.)	8%	11%	10%	7%	6%	8%	9%	14%	8%
Bank or financial institution	8%	10%	11%	6%	3%	9%	7%	6%	10%
Childcare or education service provider	2%	5%	3%	1%	0%	2%	2%	1%	3%
Other	0%	0%	1%	1%	0%	0%	1%	1%	0%

Across key groups, price pressures over the past year have translated into substantial switching behaviour, particularly among younger Australians and in categories that are easy to change. Overall, the likelihood of not switching any provider due to price rises increases sharply with age - from 37-35% among for those 18-49 to 46% for those 50-64, and 62% for Australians aged 65 and over. This indicates that older consumers are significantly more resistant to switching, even in the face of higher prices.

Switching activity is most pronounced in everyday and subscription-based services. Supermarkets are the most frequently switched provider, with 28% of 18-29 year olds and 27% of 30-49 year olds switching, compared with just 10% among those aged 65 and over. A similar age gradient is evident in streaming services, where 25% of 18-29 year olds and 22% of 30-49 year olds switched, falling to 9% among older consumers. Internet and mobile providers also show elevated churn, peaking at 25% in the 30-49 age group, before dropping to 8% for those aged 65 and over.

Notably, insurance switching is relatively high across a broader age range, suggesting that price increases in this category are forcing even older and more established households to shop around. Switching rates reach 23% for 30-49 year olds and 24% for those aged 50-64, before easing to 18% in the oldest group. Electricity and gas providers show a similar, though more moderate, pattern with switching highest among 30-49 year olds at 20%, compared with 10% for those 65 and over.

In contrast, only 6-11% of consumers switched health providers, while 3-11% switched banks or financial institutions, though this ranged a little more widely from 11% among 30-49 year olds to 3% in the 65 and over group. Switching in childcare or education services was minimal, ranging from 5% among 18-29 year olds to 0% among those aged 65 and over. This highlights the role of non-price factors such as trust, continuity and administrative burden may be playing in limiting switching behaviour.

There are also clear gender differences. Women are more likely than men to have switched providers, with 41% of women reporting no switching compared with 46% of men. The gap is particularly large in insurance, where 25% of women switched providers versus 14% of men, and in electricity and gas (19% for women versus 11% for men).

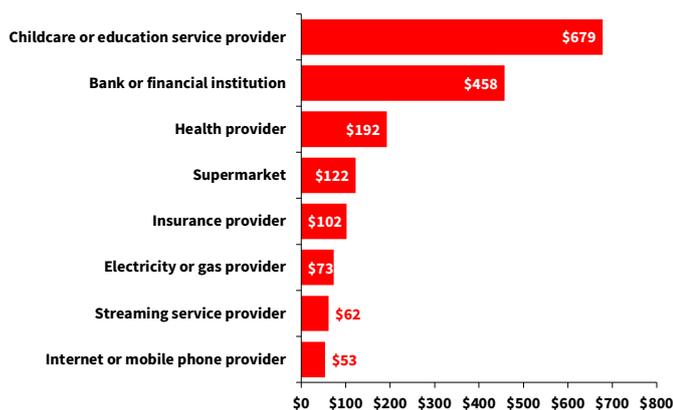
Taken together, the data point to a consumer environment where price sensitivity is highest among younger households and in low-commitment categories, while older consumers and high-friction services remain relatively insulated from switching despite ongoing cost of living pressures.

So how much was saved from switching? Households that switched providers reported the largest monthly savings in high-cost, essential services, with far smaller gains from everyday retail and subscription categories - though even more modest monthly savings in these areas amount to annual savings exceeding \$600.

On average, however, switching childcare or education service providers delivered the biggest saving at \$679 per month, followed by banks or financial institutions at \$458 per month - see chart of following page.

These savings were substantially larger than those reported for health providers (\$192), supermarkets (\$122) and insurance providers (\$102), with switching electricity or gas (\$73), streaming services (\$62) and internet or mobile providers (\$53) yielding the smallest average gains.

Estimated monthly savings from changing these providers



Savings from childcare or education switching were highly concentrated among households most likely to be paying these costs.

Australians aged 30-49 reported exceptionally large savings of \$990 per month, compared with \$378 among 18-29 year olds, \$419 among 50-64 year olds and \$0 among those aged 65 and over.

A large gender gap was also evident, with women reporting \$988 per month in savings, compared with \$279 for men.

By income, high-income households reported \$990 per month, while low-income households reported \$148, highlighting that while childcare switching can deliver very large savings, the benefits are unevenly distributed.

Switching banks or financial institutions represented the second-largest source of savings and showed a different distributional pattern. Average savings were \$458 per month, rising to \$641 for those aged 30-49, compared with \$364 for 18-29 year olds, \$138 for 50-64 year olds and \$180 for those 65 and over. Women again reported slightly higher savings than men (\$493 versus \$394). Notably, low-income households reported larger banking savings (\$540 per month) than high-income households (\$272), suggesting bank switching may provide a particularly important relief channel for lower-income households facing rising fees or interest margins.

Monthly savings from switching/changing providers because of price increases in past 12m: Q1 2026

	All	18-29	30-49	50-64	65+	Men	Women	Low income	High income
Childcare or education service provider	\$679	\$378	\$990	\$419	\$0	\$279	\$988	\$148	\$990
Bank or financial institution	\$458	\$364	\$641	\$138	\$180	\$394	\$493	\$540	\$272
Health provider	\$192	\$322	\$157	\$116	\$111	\$162	\$223	\$263	\$174
Supermarket	\$122	\$140	\$113	\$122	\$113	\$110	\$128	\$99	\$144
Insurance provider	\$102	\$148	\$83	\$101	\$104	\$109	\$94	\$88	\$92
Electricity or gas provider	\$73	\$116	\$62	\$66	\$53	\$79	\$62	\$49	\$67
Streaming service provider	\$62	\$133	\$31	\$34	\$42	\$57	\$31	\$106	\$75
Internet or mobile phone provider	\$53	\$115	\$32	\$36	\$47	\$39	\$37	\$32	\$72

Savings from switching health providers sat in the middle of the distribution at \$192 per month overall but were largest among younger adults. Those aged 18-29 reported savings of \$322 per month, well above \$157 for 30-49 year olds, \$116 for 50-64 year olds and \$111 for those 65 and over. Women again reported higher savings than men (\$223 versus \$162), and low-income households (\$263) reported larger gains than high-income households (\$174).

By contrast, switching supermarkets delivered more modest but broadly consistent savings across age groups, averaging \$122 per month, with estimates ranging narrowly from \$113 to \$140. Gender differences were small (\$128 for women and \$110 for men), though savings were greater for high-income households (\$144) than low-income households (\$99). This suggests grocery switching offers incremental rather than transformative budget relief.

Savings from switching insurance providers averaged \$102 per month, with younger households again reporting the largest gains (\$148 among 18-29 year olds), compared with \$83 for 30-49 year olds, \$101 for 50-64 year olds and \$104 for those aged 65 and over. Gender and income differences were relatively small in this category.

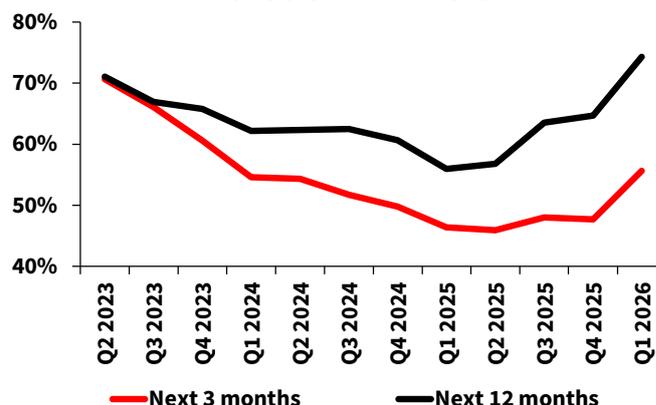
The smallest average savings were reported for utilities and subscription-style services, but even here younger households extracted substantially larger gains. Switching electricity or gas providers saved \$73 per month on average, rising to \$116 among 18-29 year olds. Streaming services saved \$62 per month overall, but \$133 for 18-29 year olds, while internet or mobile switching saved \$53 on average, increasing to \$115 in the youngest age group. These patterns point to greater switching activity or price responsiveness among younger consumers in subscription-based markets.

Future cost of living expectations

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.

Expectations for cost of living increases eased steadily through 2023 and 2024 before accelerating sharply in early-2026. Across both short (next 3 months) and long (12 months) horizons, there was clear downtrend through 2023-24, as fewer Australians on balance were less convinced cost of living would keep rising.

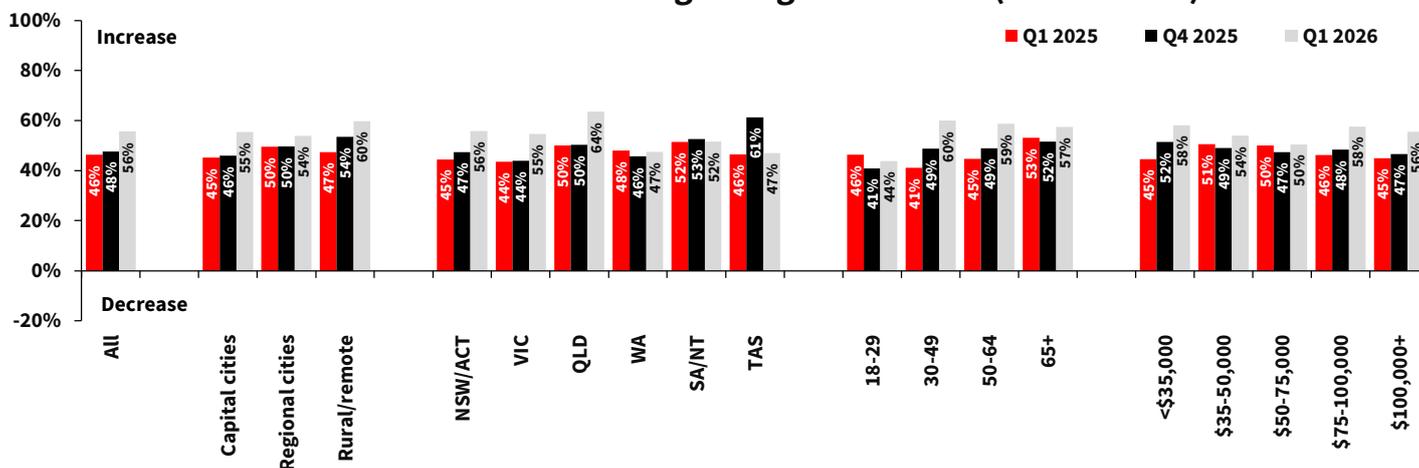
How will overall COL change in the next 3 & 12 months



This however changed in mid-2025, with the net number expecting cost of living to increase rising to 56% in the next 3 months (from 48% in Q4 2025) with 12 month expectations surging to 74% (from 65%). The widening gap between near and long-term expectations suggests a renewed inflation psychology taking hold. Effectively, consumers are saying costs might rise soon, but they are much more convinced they will rise over the year with living costs entrenched. It also suggests a behavioural implication - when a large share expects costs to rise, that expectation can become a psychological anchor for decisions (budgeting, saving, reluctance to commit to discretionary spending).

Expectations that the cost of living will increase in the next 3 months rose materially in all key cohorts, indicating a broad-based deterioration in household inflation sentiment (see chart below). All location types recorded an increase, with the sharpest rise in capital cities (55% up from 46%). Rural and remote areas remain the most pessimistic, with a net 60% expecting higher costs in Q1 2026.

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



By state, Queensland stands out, with nearly two-thirds (64%) expecting cost of living increases, well above the national average, while Victoria and NSW/ACT also saw sizeable increases (both up +11 pts to the mid-50s), suggesting worsening sentiment in the two largest population centres. Tasmania was the clear outlier, where expectations fell sharply (from 61% to 47%), diverging from the national trend.

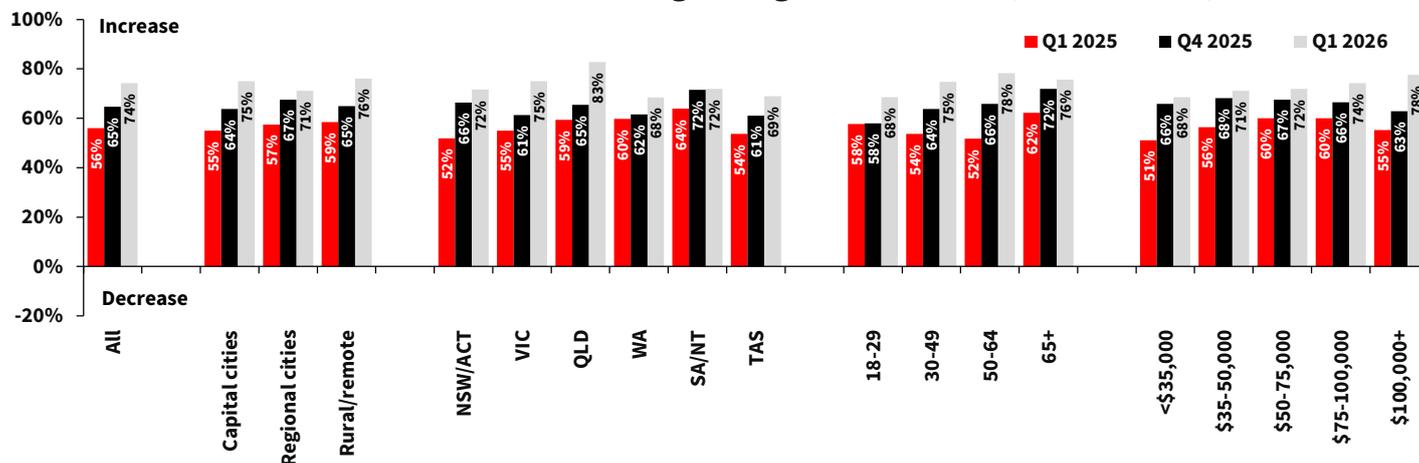
Younger respondents (18-29) remain the least concerned, but expectations still edged higher to 44% (from 41%). Middle-aged cohorts (30-64) recorded the largest increases, with around 60% now expecting higher costs in the next 3 months, highlighting growing pressure among working-age households. Older Australians 65 and over also showed elevated concern, though the increase was less pronounced than in 30-49 and 50-64 age groups.

Rising cost of living expectations were also evident across all income bands. Concerns were most acute among lower-income households (58% for those earning under \$35,000). Notably, higher-income households (\$100,000+) also saw a sizeable lift to 56% (from 47%), suggesting inflation pressures are increasingly perceived as economy-wide rather than concentrated at the lower end.

Expectations that the cost of living will increase over the next 12 months strengthened even more markedly between Q4 2025 and Q1 2026, with net balances rising across almost all geographic, demographic and income groups.

Net balances rose across capital cities, regional areas and rural locations, indicating that rising cost of living concerns are not confined to a particular geography. Capital cities recorded a notable lift from 64% to 75%, while rural areas increased from 65% to 76%.

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



Sharp rises were also seen in several states, led by Queensland and Victoria. Queensland stood out most, with expectations jumping sharply to 83% in Q1 2026 (from 65%), the highest of all states. Victoria also recorded a large increase, rising from 61% to 75%. Most other states saw increases of a smaller but still meaningful magnitude, while SA/NT remained unchanged at 72%.

Younger respondents (18-29) continue to report lower net balances than older cohorts but still experienced a clear rise (from 58% to 68%). The highest expectations for increased living costs over the next 12 months was among older age groups, particularly those aged 50-64 (78% from 66%) and 65 and over (76% from 72%), suggesting heightened sensitivity to cost pressures among older households.

Expectations for higher cost of living increased across all income brackets, but the rise was especially pronounced in higher-income households. Those earning \$100,000+ recorded a jump from 63% to 78%, indicating that inflation concerns are no longer concentrated among lower-income groups alone.

General level of concern over the economy

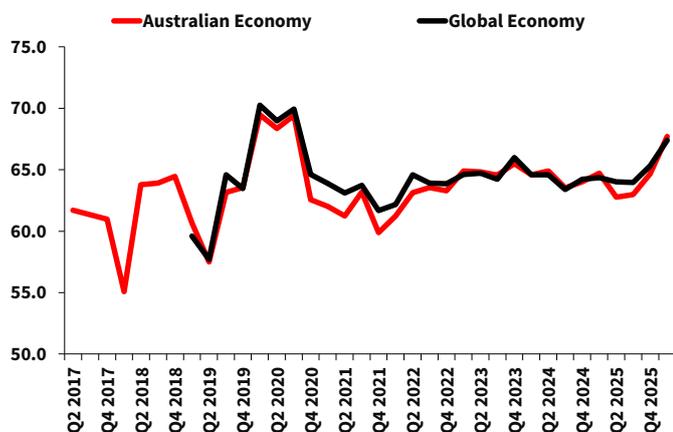
The economic outlook has a major impact on consumer confidence and financial security, influencing how the spend and save. According to the latest assessment from NAB Economics team during the survey period, data released since mid-December showed that the economy held onto much of the momentum gained through mid-2025. Household spending data suggests growth remained robust in January after a strong Q4. The NAB Business Survey continued to show business conditions at a level consistent with trend growth, while forward orders picked up in recent months.

Alongside the pick-up in private sector growth, there were signs the economy has been pushing up against capacity constraints. Though employment growth slowed, the unemployment rate remained low. The NAB Business Survey measure of capacity utilisation remained well above average, and the share of firms reporting “labour as a significant constraint” remained elevated.

CPI data for Q4 confirmed that inflation accelerated notably over H2 2025. While NAB expect some of this strength to unwind over coming quarters, the acceleration has been broad-based across the CPI basket. That said, the NAB Survey measures of costs and prices point to some easing in inflation pressure. Looking forward, NAB expect growth to slow a little through 2026, but GDP growth to still track around 2% year-on-year. NAB also softened its forecast for growth over 2027, which is also expected to be around 2%. The unemployment rate is expected to gradually drift higher, reaching 4.5% by the end of 2026.

On inflation, NAB sees a gradual moderation in quarterly outcomes from here, and pencil in 0.8% quarter-on-quarter for the trimmed mean in Q1. Despite this easing, underlying inflation will track above 3% for most of 2026. For the RBA, this implies that a further tightening in policy remains appropriate. We continue to see the largest downside risk for the Australian economy in 2026 emanating from a global shock, with domestic conditions remaining relatively strong. However, there has been little evidence to date of global uncertainty weighing on consumption, hiring, or investment decisions in the private sector. Indeed, global conditions have proven more resilient than expected six months ago.

Concern about economic situation (100 = extremely concerned)



Against this backdrop, consumer concern about both the Australian and global economy over the past year increased materially, reaching their highest levels in Q1 2026 (and also highest since Q3 2020 during the height of the Covid pandemic). Concern about the Australian economy rose from 64.7 in Q1 2025 to 67.7, while concern about the global economy increased from 64.4 to 67.4 over the same period. Though concern eased in Q2 2025, it never meaningfully retreated, indicating that households remained cautious despite temporary improvements. The renewed rise in late-2025 and early-2026 marks a shift from episodic uncertainty toward a more persistent sense of economic risk.

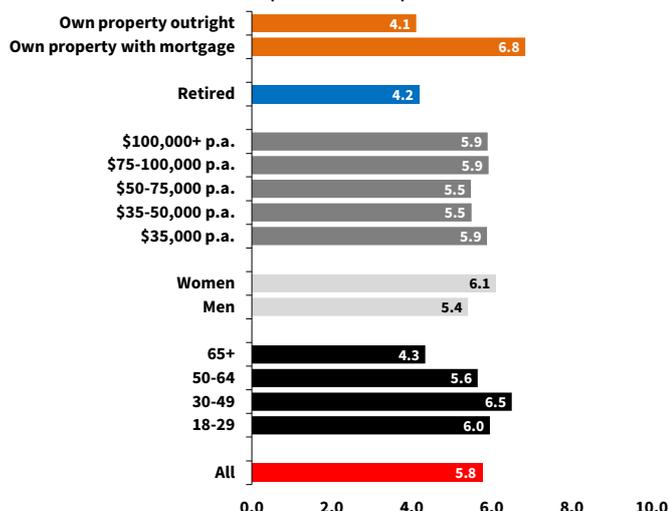
A key feature is the parallel increase in concern about domestic and global conditions. In addition, the narrowing gap between the two suggests consumers increasingly view Australia as exposed to international developments, with fewer perceived buffers against global shocks. This suggests a change in how risk is interpreted - away from isolated, local issues and toward a more systemic and enduring set of challenges.

At these elevated levels, concern is likely to act as a restraint on consumer behaviour. Households are expected to remain cautious, prioritising essentials, delaying discretionary spending, and placing greater emphasis on savings and balance-sheet resilience. Importantly, sustained concern also risks becoming embedded in expectations around income growth, job security and asset values, weighing on consumption and confidence beyond the near-term even in the absence of a sharp downturn. Note this survey was conducted prior to events in Iran.

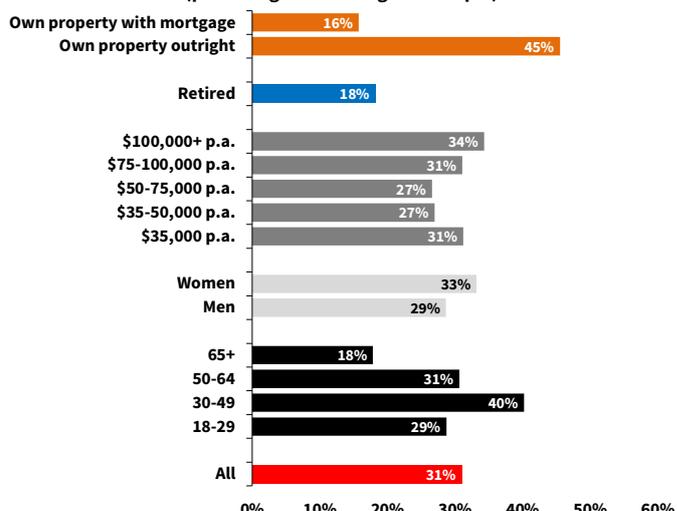
How Australians are being impacted by interest rates

In this survey, NAB asks Australian consumers for the first time to describe their level of concern or stress over interest rates, and if they have made or are planning to make changes in response to recent rate movements. These questions are important because they link how strongly consumers feel affected by interest rates with the concrete financial actions they take in response. This helps explain how monetary policy transmits through households, and helps interpret movements in consumption, saving and financial resilience across households.

Level of concern over interest rates
(score out of 10)



Level of concern over interest rates
(percentage scored 'high' i.e. 8+ pts)



After having been on hold since August 2025 when policy rates were cut to 3.60%, the RBA cash rate was increased by 25 bps to 3.85% in February 2026, with the consensus view (including our own) toward further tightening in 2026. Against this backdrop, Australian consumers reported an average stress level of 5.8 out of 10 (10 is extremely), but 31% reported “high” levels of concern (scored 8+ pts). This suggests that while many households are managing, interest rates continue to represent a

significant source of anxiety for a substantial minority of consumers, reinforcing a cautious backdrop for spending and financial decision-making.

Headline figures however mask substantial variation across demographics, revealing that interest rate stress is highly uneven and closely tied to life stage and financial exposure.

Age is one of the clearest fault lines. Stress is most acute among 30-49 year olds, where average concern reached 6.5, with 40% also reporting high stress - the most of all age groups. This likely reflects life-stage pressures, as households in this group are more likely to carry large mortgages and family-related financial commitments, leaving them especially sensitive to changes in borrowing costs. Younger consumers aged 18-29 also report elevated concern at 6.0, with 29% highly stressed, while stress moderated in older cohorts, falling to 5.6 for 50-64 and dropping sharply to 4.3 among those 65 and over where only 18% reported high stress. This decline with age points to lower exposure to interest rate sensitive debt later in life.

A clear gender gap is also evident. Women reported higher concern on average (6.1) compared with men (5.4), and a larger share of women also reported high stress (33% versus 29%). This suggests that interest rate pressures are being felt more intensely by women, consistent with broader patterns of heightened financial anxiety and budget pressure.

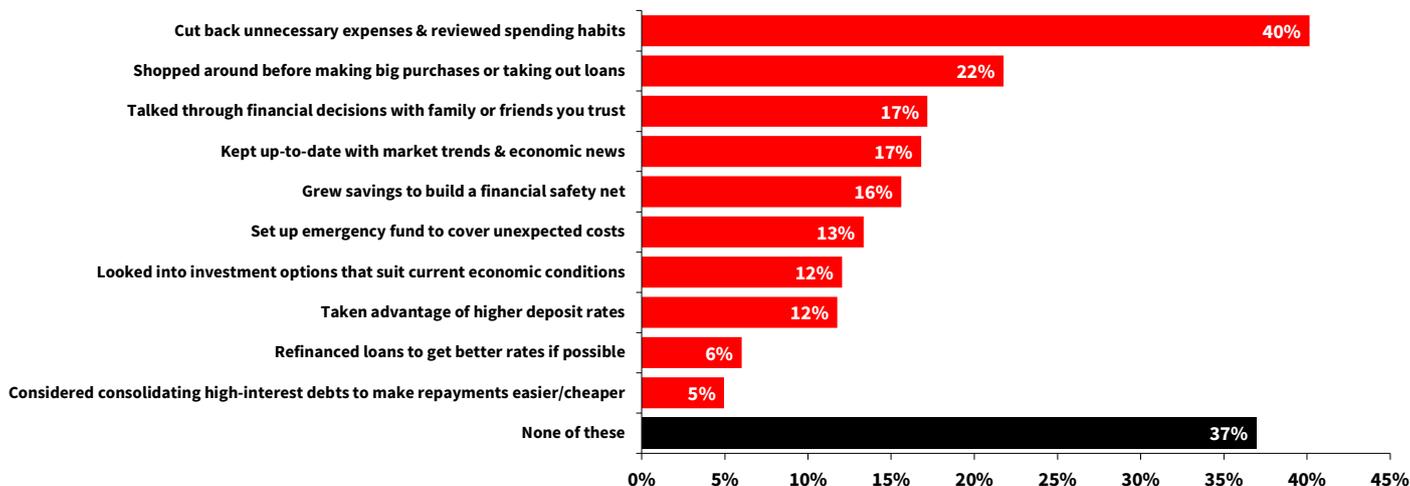
Notably, interest rate stress was broadly distributed across income groups rather than being concentrated at the lower end. Average stress levels clustered tightly between 5.5 and 5.9 across all income brackets, and the share reporting high stress ranged from 27% to 34%. In fact, households earning \$100,000 or more recorded one of the greatest rates of high stress (34%), highlighting that exposure to large debts rather than income alone is a key driver of concern. As a result, interest rate concern appears to be a system-wide sentiment issue, not a niche problem affecting only financially vulnerable groups.

Housing tenure emerges as the single strongest differentiator of interest rate stress. Consumers who own their home with a mortgage reported an average stress level of 6.8 (markedly higher than the national average), with 45% experiencing high stress (also well above the average). In contrast, those who own their home outright reported much lower concern (4.1) and a significantly smaller share with high stress (16%). This highlights that interest rates matter most when they translate directly into monthly repayments - for mortgage holders rate increases immediately affect household budgets and amplify anxiety.

Retirees stand out as one of the least concerned cohorts, reporting average stress at 4.2 with only 18% highly stressed. This reinforces the role of debt exposure in shaping sentiment. With many retirees more likely to own their homes outright, they are less exposed to repayment shocks and therefore more insulated from interest-rate volatility.

Taken together, the results point to a two-speed consumer environment. On one side are younger and middle-aged Australians (particularly mortgage holders) who are significantly more anxious about interest rates and therefore more likely to pull back on discretionary spending, prioritise savings, or focus on debt reduction. On the other side are older Australians and outright homeowners, whose lower concern suggests more stable consumption patterns. While average stress appears moderate, the concentration of concern among economically active, debt-exposed households means interest rates continue to exert a powerful influence on consumer behaviour, even in the absence of extreme headline anxiety.

Made or making changes following recent interest rate movements



Recent interest rate movements are also translating into clear behavioural restraint rather than heightened stress or concern. When we asked Australian consumers what changes they have made or are making in the wake of recent rate movements, the most common was cutting back and actively reviewing spending, with 40% saying they have reduced unnecessary expenses and reassessed their spending habits. This is the largest behavioural change, suggesting recent rate increases are being experienced as a direct cash-flow constraint, or at least perceived that way.

Recent rate movements are also making consumers more deliberate and value-focused, particularly for larger financial decisions. Around 22% indicated they have shopped around before making big purchases or taking out loans, indicating increased price sensitivity in purchase decisions. For consumers, this implies longer decision cycles, greater comparison behaviour and a shift away from premium options toward “value.” Purchases are more likely to be delayed, negotiated or abandoned altogether, reinforcing cautious spending dynamics even where income has not fallen.

Alongside spending restraint, there is a noticeable shift toward information-seeking and social validation. Around 17% report keeping up to date with market trends and economic news, while 17% say they have talked through financial decisions with family or friends they trust. This combination suggests that when financial conditions tighten, consumers are not only reassessing numbers but also seeking reassurance and confidence from media and social networks. Financial decisions become more emotionally loaded, and sentiment can be strongly influenced by headlines and shared experiences.

There is also evidence of precautionary behaviour through savings and buffer-building, with 16% reporting that they have grown their savings to build a financial safety net, 13% have set up an emergency fund, and 12% have taken advantage of higher deposit rates. Together, these actions point to a desire among a meaningful minority of consumers to rebuild financial resilience. That said, the fact these figures sit well below the 40% cutting back suggests many households are still in defensive mode and are focussed first on stopping financial leakage than actively building buffers, or a limited capacity to save while cost of living pressures continued rising.

By contrast, actions involving structural or balance-sheet optimisation were limited. Only 6% reported refinancing loans to get better rates, 5% considered consolidating high-interest debts, and 12% looked into investment options suited to current economic conditions. The relatively low numbers resorting to these measures may suggest significant barriers such as complexity, perceived hassle, uncertainty or limited eligibility. It also implies that many are choosing to absorb higher costs rather than reconfigure their finances, potentially extending financial stress but preserving simplicity and liquidity.

At the same time, almost 4 in 10 (37%) consumers said they are making no changes at all, almost matching the size of the cut-back cohort. This creates a clear split in consumer behaviour with a large group actively adjusting to higher rates, while a similarly large group remain unchanged. This could reflect a mix of resilience and constraint fatigue. Some consumers are likely insulated by fixed rates, higher incomes or existing savings buffers, while others may already feel they have nothing left to cut. For consumers, this polarisation matters because it can mask underlying stress. For example, those reporting no change may appear stable until a trigger such as job loss, rent increases or loan refinancing forces abrupt adjustment.

Made or making changes following recent interest rate movements: Q1 2026

	All	18-29	30-49	50-64	65+	Men	Women	\$35,000 p.a.	\$35-50,000 p.a.	\$50-75,000 p.a.	\$75-100,000 p.a.	\$100,000+ p.a.	Retired	Own property with mortgage	Own property outright
Cut back unnecessary expenses & reviewed spending habits	40%	41%	49%	40%	25%	34%	46%	33%	38%	34%	46%	44%	23%	50%	27%
Shopped around before making big purchases or taking out loans	22%	27%	25%	22%	11%	18%	26%	16%	13%	18%	25%	25%	12%	26%	17%
Talked through financial decisions with family or friends you trust	17%	26%	20%	13%	8%	15%	19%	14%	14%	14%	19%	20%	7%	19%	12%
Kept up to date with market trends & economic news	17%	15%	17%	18%	16%	21%	13%	8%	13%	11%	18%	22%	15%	21%	19%
Grew savings to build a financial safety net	16%	22%	18%	11%	10%	16%	15%	10%	9%	14%	19%	19%	9%	15%	14%
Set up emergency fund to cover unexpected costs	13%	22%	15%	10%	6%	12%	15%	11%	8%	13%	17%	15%	6%	13%	9%
Looked into investment options that suit current economic conditions	12%	20%	13%	9%	6%	14%	10%	5%	8%	8%	13%	17%	7%	11%	11%
Taken advantage of higher deposit rates	12%	14%	9%	12%	15%	13%	10%	7%	12%	14%	11%	12%	16%	7%	20%
Refinanced loans to get better rates if possible	6%	6%	11%	4%	1%	7%	5%	2%	2%	2%	5%	9%	0%	14%	1%
Considered consolidating high-interest debts to make repayments easier & cheaper	5%	7%	7%	4%	1%	5%	5%	3%	4%	3%	5%	7%	1%	8%	2%
None of these	37%	30%	31%	39%	53%	39%	35%	48%	40%	45%	32%	32%	54%	28%	46%

Households' responses to recent interest rate movements in Q1 2026 were dominated by defensive, short-term financial adjustments, with relatively limited take-up of more structural or balance-sheet actions across almost all demographic groups, with the most common response in nearly all groups cutting back unnecessary expenses and reviewing spending habits, highlighting ongoing cost of living and repayment pressures.

This behaviour is most prevalent among 30-49 year olds (49%), followed by 18-29 year olds (41%) and 50-64 year olds (40%), before falling sharply for those aged 65+ (25%). Women are notably more likely to report cutting back than men (46% vs 34%). Housing tenure is a key differentiator. Half of mortgage holders (50%) report cutting back, compared with 27% of outright owners and 23% of retirees, underscoring the sensitivity of leveraged households to higher rates.

Younger households are also more active in building financial buffers, whereas older cohorts are far more likely to report no change in behaviour. Around 22% of those 18-29 report setting up an emergency fund and the same share report growing savings to build a safety net. These shares decline steadily with age, falling to 6-10% among those 65 and over. Consistent with this, the share reporting "none of these" rises markedly with age, from 30-31% among those under 50, to 39% for those 50-64, and 53% for those 65 and over. More than half of retirees (54%) report making no changes, as do 46% of outright homeowners, compared with just 28% of mortgage holders.

More active comparison behaviour is also evident, particularly among younger cohorts and mortgage holders. Shopping around before making big purchases or taking out loans was reported by 27% of 18-29 year olds and 25% of 30-49 year olds, compared with 11% of those 65 and over. Women are again more likely to report this behaviour than men (26% versus 18%), while mortgage holders (26%) are substantially more engaged than outright owners (17%).

By contrast, financial optimisation strategies such as refinancing or debt consolidation remain relatively uncommon. Refinancing loans is reported by just 6-11% of those under 50, falling to 1% among those 65 and over. However, where refinancing does occur it is highly concentrated among mortgage holders, 14% of whom report refinancing, compared with just 1% of outright owners and 0% of retirees. Debt consolidation is even rarer, with only 7% of those under 50 and 1% of those 65 and over reporting having considered it, suggesting households continue to favour spending restraint over increased leverage.

Higher deposit rates are being taken up primarily by households with surplus savings capacity rather than those under repayment pressure. Taking advantage of higher deposit rates rises with age - from 14% among 18-29 year olds to 15% among those 65 and over and is most pronounced among outright homeowners (20%) and retirees (16%), compared with just 7% of mortgage holders.

Finally, softer behavioural responses also show clear age and gender patterns. Talking through financial decisions with trusted family or friends is reported by 26% of 18-29 year olds, declining steadily to 8% among those aged 65 and over, and is more common among women (19%) than men (15%). Keeping up to date with market trends and economic news is relatively evenly spread by age (around 15-18%) but is more prevalent among men (21%) than women (13%).

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.

In line with the sharp rise cost of living stress reported during the quarter, consumer spending intentions for the forthcoming quarter appear have tightened considerably, with the net balance of consumers planning to reduce their overall spending rising sharply from -9 to -15 to sit at its highest level since we started compiling this data in in Q4 2022. In short, this suggests that financial pressure is translating into materially weaker spending intentions, reinforcing a softer outlook for consumption in the coming quarter rather than just heightened concern.

Spending intentions (net balance)

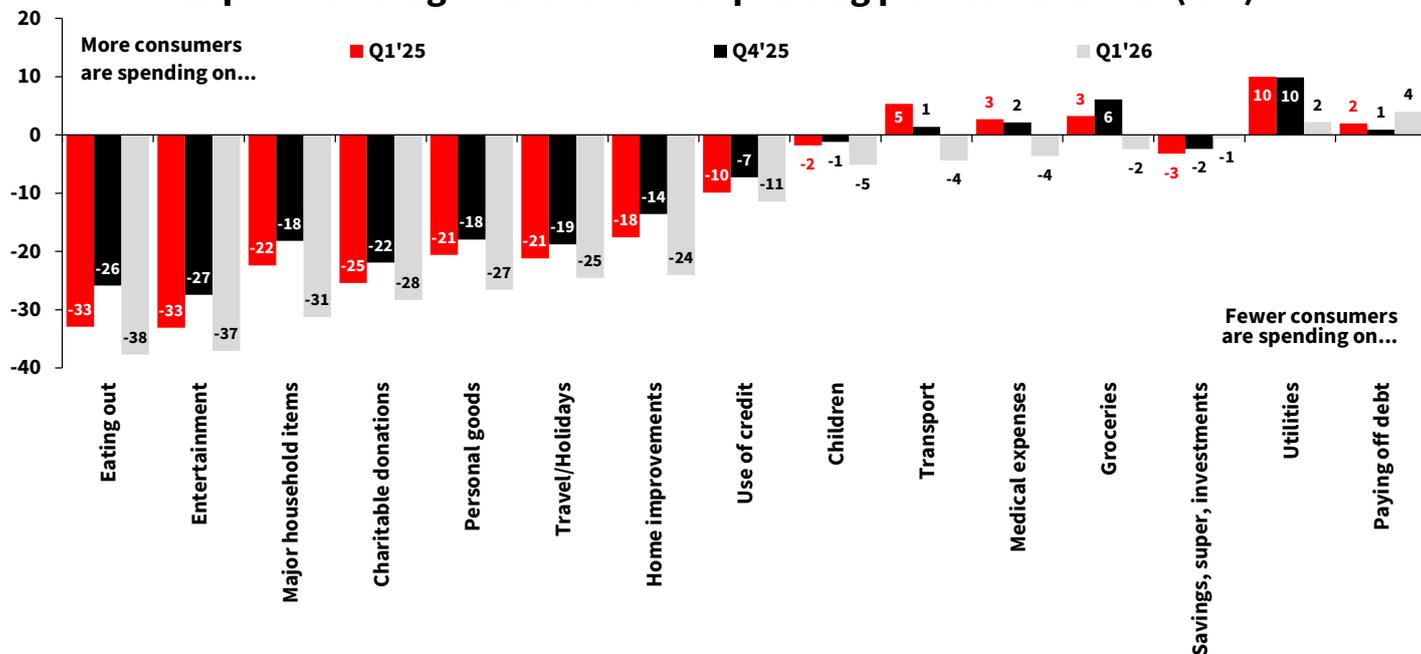
	Non-essentials			Essentials			Financial spending			Overall		
	Q1'26	Q4'25	Q1'25	Q1'26	Q4'25	Q1'25	Q1'26	Q4'25	Q1'25	Q1'26	Q4'25	Q1'25
AUS	-30	-21	-25	-3	4	4	-3	-3	-4	-15	-9	-11
NSW/ACT	-30	-20	-21	-3	5	6	-3	-3	-2	-15	-9	-8
VIC	-32	-21	-27	-4	3	3	-4	-2	-5	-17	-9	-12
QLD	-31	-20	-30	-1	5	1	-2	-3	-5	-15	-9	-15
WA	-26	-18	-19	-4	0	4	-2	0	-2	-14	-8	-8
SA/NT	-29	-21	-29	-2	2	6	-2	-5	-10	-15	-10	-14
TAS	-31	-28	-14	3	2	3	5	-8	2	-12	-14	-5

Notably, the proportion intending to cut back on non-discretionary items increased from -21 to -30 over the quarter, reaching its highest level since Q4 2023. In addition, a higher number of consumers in net balance terms now also plan to reduce outlays in all non-essential categories - eating out, entertainment, major household items, charitable donations, personal goods, travel & holidays and home improvements (refer to chart below).

Regarding essential expenditures (such as groceries, utilities, medical expenses, transport, and children’s needs), the net number of respondents planning to decrease spending outweighed those planning to spend more (-3), reversing the situation from the previous quarter when those expecting to spend more outweighed those planning to spend less (+4). This shift is predominantly driven by a notable increase in the proportion expecting to spend less on children (-5 from -1), transport (-4 from +1), medical expenses (-4 from +2) and groceries (-2 from +6). Meanwhile, intentions concerning financial commitments (debt repayment, credit usage, superannuation, savings, and investments) remained stable at -3.

These intentions suggest that consumers are planning to shift from selective cutbacks in discretionary spending to broad-based restraint that now includes essential items, signalling rising financial stress and reduced spending capacity. The deterioration in intentions for non-discretionary categories suggests households are no longer just reprioritising but actively compressing overall consumption, reflecting heightened caution and limited ability to absorb ongoing cost pressures. With spending pullbacks spreading across essentials while financial commitments remain broadly unchanged, consumer behaviour has become increasingly defensive.

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



Spending intentions deteriorated across the country in Q1 2026. The pullback was most pronounced in non-essential spending in every state. Victoria recorded the weakest discretionary outlook, with -31 planning to cut back non-essential spending in the next 3 months, up from -21 in Q4 2025. A similarly large increase was evident in Queensland (-31 from -20) and NSW/ACT (-30 from -20), while WA (-26 from -18) and SA/NT (-29 from -21) saw more moderate but still material increases. Tasmania remained deeply negative at -31, up slightly from -28.

Spending intentions also turned negative in all states for non-discretionary items, marking a clear shift from Q4 2025 when several states reported positive intentions. NSW/ACT swung sharply from +5 in Q4'25 to -3 in Q1 2026 while Victoria moved from +3 to -4. Queensland flipped from +5 to -1, while WA and SA/NT also moved lower to -4 and -2 respectively. Tasmania was the exception, with essentials intentions still positive and edging up to +3 from +2. This broad-based downturn suggests households are increasingly constrained, with restraint now extending beyond non-essentials into everyday spending in most states.

Intentions around financial spending were generally less volatile, remaining mildly negative in most states, but Tasmania again diverged sharply from the national pattern, with financial spending intentions rising to +5 (from -8), representing the largest move in the country. SA/NT and Queensland recorded smaller improvements, while NSW/ACT was unchanged at -3. By contrast, Victoria and WA saw modest deteriorations, both slipping to -4 and -2 respectively.

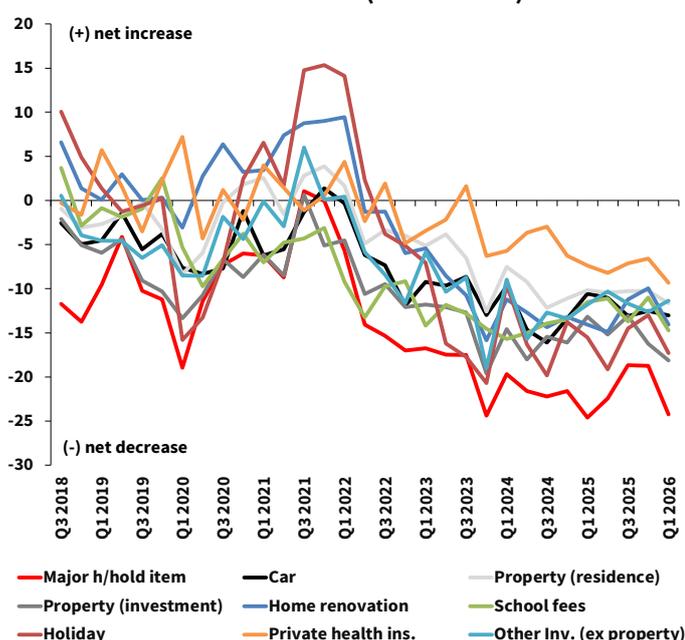
Reflecting these shifts, overall spending intentions weakened further across most of the country. Victoria again underperformed, recording the most negative overall reading at -17 (down from -9 and the largest deterioration of any state), and was consistently ranked as the weakest state for non-essential, essential and financial spending intentions in the next 3 months. Overall spending intentions were also notably more conservative in NSW/ACT (-15 from -9), Queensland (-15 from -9),

WA (-14 from -8) and SA/NT (-15 from -10). Tasmania was the clear outlier, with the net number planning spend less overall easing to -12 from -14, making it the least negative state on this measure.

Major purchases

From a consumer behaviour perspective, a longer-term view of spending intentions for major purchases matters because these decisions reflect households' underlying confidence and financial capacity rather than short-term fluctuations in everyday spending. Major purchases are costly, difficult to reverse, and often require stable income expectations, access to credit, and sufficient savings or equity. As a result, intentions around items such as property, cars or renovations provide a clearer signal of how households assess their medium-term financial position. Looking over a 12-month horizon also helps filter out temporary noise from inflation or one-off shocks, making these expectations more informative as leading indicators of future demand and of how financial conditions are flowing through to household behaviour.

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



Expectations for major purchases deteriorated in Q1 2026, pointing to a renewed softening in consumer appetite for large outlays relative to Q4 2025. On balance, households were more negative across almost every purchase category. Intentions to buy major household items weakened notably, with the net balance falling from -19 to -24, the largest deterioration. Expectations for home renovations also declined materially, shifting from -10 to -14, while plans for holidays fell from -13 to -17. A similar-sized pullback was evident for school fees, where the net balance fell from -11 to -15.

Housing-related intentions also softened over the quarter, though the magnitude of change was more modest. Expectations for purchasing a residential property declined from -10 in Q4 2025 to -12 in Q1 2026, while intentions to buy investment property weakened from -16 to -18. Sentiment toward car purchases edged lower, moving from -12 to -13, and expectations around private health insurance also deteriorated slightly, from -7 to -9.

The only category to show an improvement over the quarter was other investment (excluding property), where the net balance fell from -13 to -11, indicating a small easing in pessimism toward non property investment decisions, despite broader caution elsewhere.

Expectations for major purchases: Q1 2026

	AUS	18-29	30-49	50-64	65+	Women	Men	Lower income	Higher income
Private health ins.	-9	-15	-16	-12	14	-8	-11	-15	-8
Other Inv. (ex property)	-11	-7	-14	-16	-5	-11	-12	-27	-8
Property (residence)	-12	-5	-11	-20	-11	-10	-13	-17	-7
Car	-13	-4	-16	-18	-13	-13	-13	-18	-11
Home renovation	-14	-15	-14	-14	-13	-11	-17	-24	-9
School fees	-15	-18	-13	-11	-27	-9	-19	-28	-11
Holiday	-17	-9	-22	-25	-7	-17	-17	-23	-16
Property (investment)	-18	-13	-19	-25	-19	-17	-20	-19	-15
Major h/hold item	-24	-16	-27	-32	-20	-23	-26	-23	-23

On balance, more consumers expect to reduce spending on major items over the next 12 months across almost all categories and demographic groups. The sole exception was private health insurance among Australians aged 65 and over (+14), likely reflecting rising age-related health needs rather than discretionary confidence.

Income remains an important buffer. Higher-income households are less likely to cut back than lower-income groups, although even among higher earners spending intentions remain broadly negative.

By age, 50-64 year olds stand out as the most cautious cohort, recording some of the weakest intentions across major household items (-32), property investment (-25), residential property (-20), cars (-18) and other investments (-16). In contrast, younger consumers (18-29) are comparatively less pessimistic, particularly for cars (-4) and owner-occupied housing (-5).

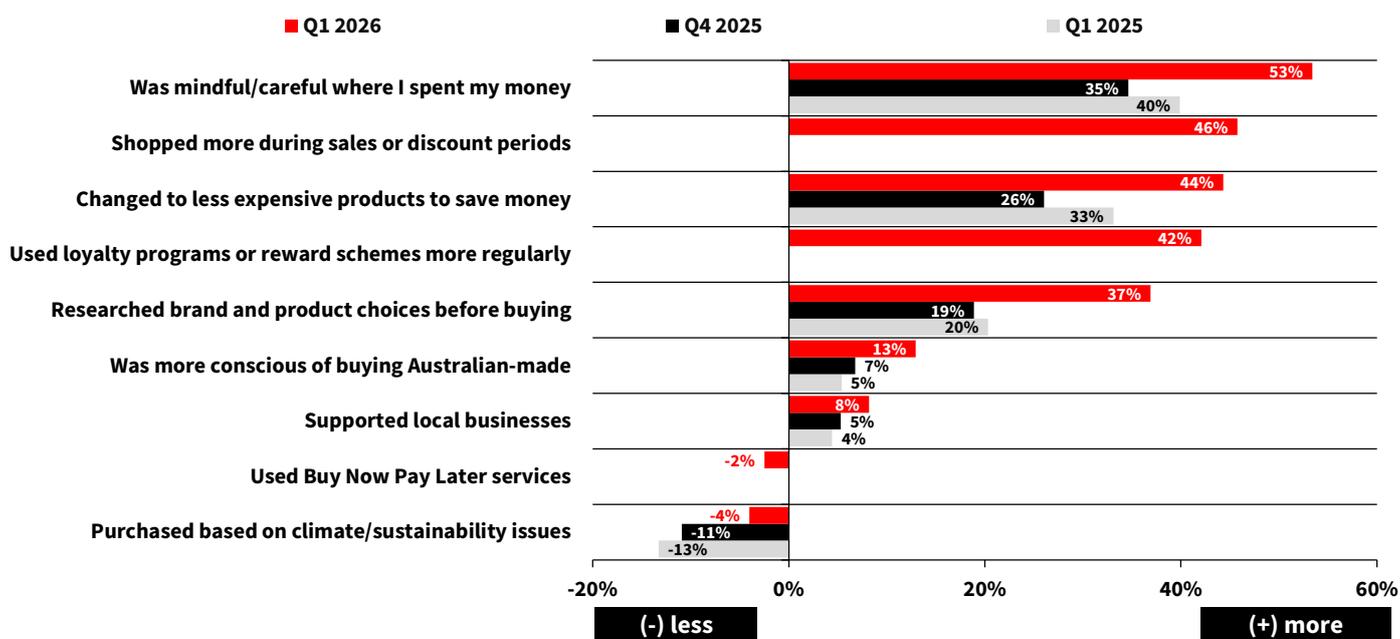
Men report weaker spending intentions than women across most categories, with the main exceptions being cars and holidays, where intentions are similarly negative.

In summary, the data strongly suggests that consumer caution remains entrenched. Spending intentions are broadly negative across major purchases, with only older households lifting health insurance spending. Middle-aged households (50-64) are the most constrained, while higher incomes and younger consumers provide only limited offsets.

Shopping Behaviours

Over the past 3 months, Australian consumers adjusted their shopping behaviours in response to various factors, including cost, value, environmental, and social considerations. In Q1 2026, their behaviour showed a clear intensification of cost of living pressure, with consumers becoming both more cautious and more tactical in how they spend. The most pronounced shifts were in value-seeking behaviours. Overall, the net balance of consumers who changed to less expensive products to save money rose sharply from +26% in Q4 2025 to +44%, while those reporting they were mindful or careful about where they spent their money rose from +35% to +53% over the same period. These large increases indicate that households are not only feeling financial pressure but are actively responding by trading down and applying tighter spending discipline across everyday purchases.

Shopping behaviours (net balance)



New research introduced this quarter further reinforces this behaviour with a large number of consumers in net balance terms also using loyalty programs or reward schemes more regularly (+42%) and shopping more during sales and discount periods (+46%), while fewer consumers used buy now pay later schemes (-2%)

Consumers also put more effort into optimising purchase decisions rather than simply cutting back indiscriminately. The share of consumers who researched brands and product choices before buying jumped from +19% in Q4 2025 to +37% in Q1 2026, suggesting heightened price sensitivity and greater comparison shopping. Alongside this, preferences for local and domestic products strengthened with net support for local businesses rising from +5% to +8% and being more conscious of buying Australian-made increasing from +7% to +13%. These shifts imply that when consumers do spend, they are increasingly selective, combining value considerations with local or national preferences.

Sustainability-driven purchases remained a lower priority in this environment, although there were signs of modest improvement. In Q1 2026, the net balance of consumers buying based on climate or sustainability issues improved to -4% (from -11% in Q4 2025) but was still negative overall. This suggests that while sustainability considerations are still being crowded out by price and budget constraints, the extent of that de-prioritisation eased slightly in early-2026.

Shopping Behaviours (net balance): Q1 2026

	All	18-29	30-49	50-64	65+	Men	Women	Low income	High income
Was mindful/careful where I spent my money	53%	49%	59%	58%	43%	48%	58%	50%	53%
Shopped more during sales or discount periods	46%	50%	51%	47%	32%	38%	52%	39%	47%
Changed to less expensive products to save money	44%	44%	51%	47%	30%	37%	51%	37%	45%
Used loyalty programs/reward schemes more regularly	42%	45%	47%	43%	30%	34%	49%	34%	44%
Researched brand and product choices before buying	37%	38%	41%	37%	29%	34%	40%	31%	39%
Was more conscious of buying Australian-made	13%	7%	6%	14%	29%	14%	12%	11%	10%
Supported local businesses	8%	7%	4%	5%	20%	10%	7%	11%	6%
Used Buy Now Pay Later services	-2%	-1%	3%	-4%	-13%	-5%	0%	-5%	-2%
Purchased based on climate/sustainability issues	-4%	3%	-3%	-10%	-7%	-4%	-4%	-8%	-5%

Households in all key cohorts responded to cost of living pressures mainly by becoming more deliberate and value-focused in everyday spending in Q1 2026. The dominant shift was being more mindful about where money is spent, which was widespread across all groups but strongest among 30-64 year-olds (around 60%) and by notably more women (58%) than men (48%).

This pattern extends to other cost-management behaviours. Shopping during sales, trading down to cheaper products, using loyalty programs, and researching purchases all showed solid net increases, particularly among working-age households and women, with gaps of around 10-15 percentage points versus older cohorts and men. In contrast, responses among those 65 and over were consistently weaker across these behaviours, indicating less active optimisation.

By comparison, values-based shifts remained niche. Buying Australian-made and supporting local businesses were modest overall but rose sharply among consumers aged 65 and over to roughly +20-30%, versus low single digits for younger groups. Credit-based coping has not expanded, with Buy Now Pay Later use flat to falling, especially in older households, and purchasing based on climate or sustainability considerations was net negative in most groups, bar 18-29 year olds (+3%).

Overall, these trends strongly suggest that household adjustment is being driven less by outright pullbacks and more by everyday optimisation - careful spending, bargain-hunting, trading down, loyalty use and research. These responses are also most intense among 30-64 year-olds and women. Older households are less engaged in cost-management behaviours and are more values-oriented. There is also little evidence of rising reliance on short-term credit based on BNPL usage.

How consumers see the year ahead

Consumer behaviour can be influenced by several factors including economic, social, political, cultural, personal, psychological, and technical. In this section, we seek to capture forward-looking consumer expectations across key economic factors that can shape household behaviour. This is useful because it provides a structured, forward-looking view of how households expect the economic environment to evolve over the next year. Expectations around inflation, interest rates, employment, housing, wages and living costs directly influence decisions on spending, saving and borrowing, often well before changes appear in official data. Capturing these expectations can also offer an early signal on emerging economic pressures and helps explain shifts in consumer behaviour.

Expectations for the Australian economy and the quality of life in our country shifted materially in early-2026, particularly around inflation, interest rates, housing and perceived living standards. In Q1 2026, a sharply higher net number of consumers said they expect inflation and prices in general to increase over the next year, rising to +76% from +61% in Q4 2025. Expectations for energy and utility costs were similarly elevated, also at +76% and underscoring the extent to which cost of living pressures are expected to intensify.

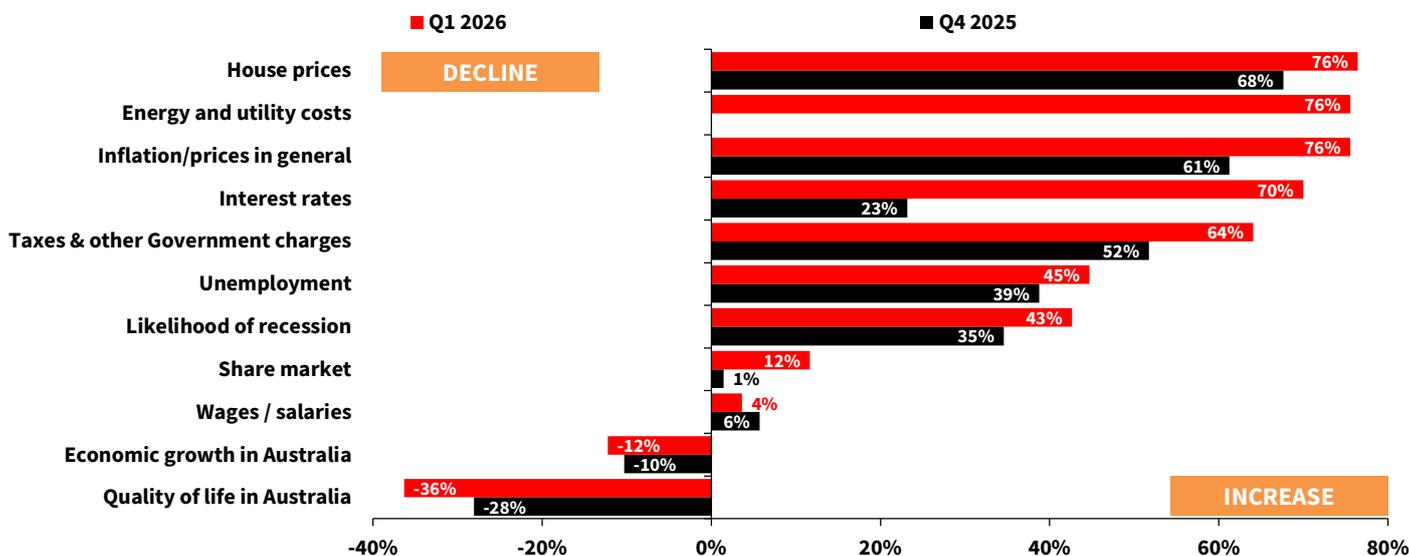
The most pronounced change over the period was around expectations for interest rates. After being negative through much of 2025, sentiment turned decisively in late-2025 with +23% expecting higher rates, and surged to +70% in Q1 2026, indicating a widespread belief that rates will continue rising over the next 12 months. This represents a clear regime shift in expectations, from easing or stability to renewed tightening.

Despite higher expected borrowing costs, expectations for higher house prices in the next 12 months also strengthened further, rising steadily from +49% in Q1 2025 to +68% in Q4 2025, before jumping to +76% in Q1 2026 - the strongest result in the series. This suggests that consumers continue to view housing as structurally under-supplied, with price pressures expected to persist even in a higher-rate environment.

Expectations for the broader economic outlook deteriorated. Though net expectations for economic growth have remained negative since early-2025 (-7%) they increased to -12% in Q1 2026. Consistent with this, a higher number also said the likelihood

of recession increased (+43% from 35% in Q4 2025). Expectations for unemployment also deteriorated, with +45% now expecting unemployment to rise (+39% in Q4 2025). Together, these results point to growing concern about downside risks to activity and the labour market.

How will following change in next 12 month?



Perceived pressures are also increasingly being felt at a household level. Expectations among consumers that taxes and other government charges will increase in the next 12 months rose to +64%, from +52% in Q4 2025. While slightly fewer see wages and salaries increasing (+2% from +4%), notably more were optimistic about the share market (+12% up from +1%) - again noting this survey was taken prior to events in Iran.

Against this backdrop, perceptions of the quality of life in Australia deteriorated markedly in Q1 2026, with the overall net number expecting it to worsen rising notably to -36%, from -28% in Q4 2025. This suggests that higher prices, rising rates and economic uncertainty are translating directly into weaker assessments of personal wellbeing.

How will the following change in the next 12 months (net balance): Q1 2026

	NSW	VIC	QLD	SA	ACT	WA	TAS	18-29	30-49	50-64	65+	Men	Women	Low income	High income
House prices	76%	72%	78%	81%	94%	82%	79%	76%	76%	78%	69%	76%	80%	81%	75%
Inflation/prices	75%	73%	83%	77%	91%	74%	60%	75%	77%	74%	67%	74%	81%	81%	70%
Energy/utility costs	73%	74%	80%	86%	85%	72%	70%	75%	75%	79%	58%	75%	83%	87%	73%
Interest rates	69%	65%	77%	78%	78%	67%	67%	71%	67%	69%	55%	73%	77%	73%	67%
Taxes/Govt charges	62%	63%	71%	67%	76%	57%	68%	62%	65%	72%	57%	63%	70%	67%	57%
Unemployment	42%	50%	49%	39%	76%	36%	35%	47%	39%	43%	39%	47%	56%	35%	39%
Recession	42%	42%	49%	34%	51%	40%	39%	41%	45%	46%	36%	47%	47%	37%	39%
Share market	12%	8%	11%	8%	37%	18%	16%	15%	10%	-2%	16%	13%	7%	10%	18%
Economic growth	-9%	-17%	-17%	-12%	3%	-2%	-15%	-10%	-12%	-24%	-2%	-11%	-17%	-21%	-13%
Wages/salaries	2%	4%	3%	-6%	6%	13%	8%	4%	7%	-5%	9%	2%	-7%	11%	7%
Quality of life in AUS	-35%	-38%	-46%	-33%	-33%	-22%	-38%	-34%	-41%	-43%	-24%	-34%	-46%	-41%	-35%

Among the key takeouts across key demographic groups, expectations over the next 12 months are dominated by cost of living pressures in all groups. Large majorities anticipate further increases in house prices and inflation, with sentiment particularly acute in the ACT, where expectations reach +94% for house prices and +91% for inflation. Expectations for higher house prices and inflation are lowest in VIC at +72% and +73% respectively.

Views differ most sharply on the labour market, with expectations for higher unemployment showing the widest variation of any indicator, ranging from +76% in the ACT to +35% in TAS and +36% in WA. A strong geographic split is also evident in attitudes to risk assets, with higher share market expectations stretching from +37% in the ACT to just +8% in VIC and SA.

Wide divergences are also evident in utilities, where low-income respondents are the most convinced that energy and utility costs will rise (+87%), while older Australians aged 65 and over are notably less concerned (+58%).

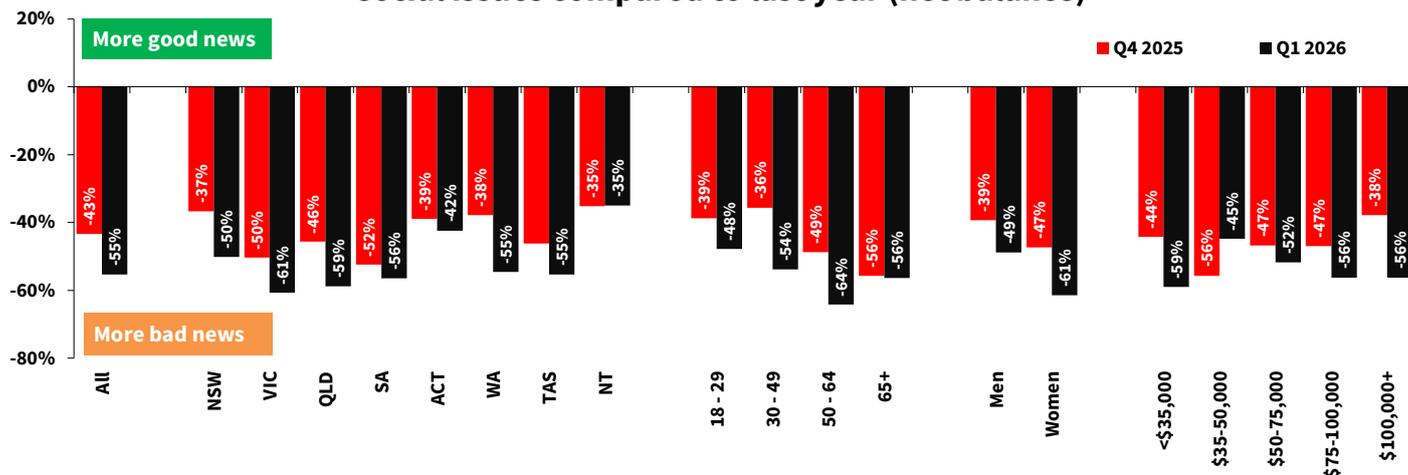
These pressures feed through clearly to broader wellbeing, with expectations for quality of life in Australia negative across all groups, indicating a widespread belief that living standards will deteriorate further. The decline is most pronounced among women (-46% versus -34% men) and in Queensland (-46%), while WA stands out as comparatively less pessimistic, underscoring how cost pressures are translating unevenly into perceptions of overall quality of life (-22%).

Media & consumer perceptions

Media plays a powerful role in shaping consumer perceptions of the economy by influencing what issues feel most important and how they are interpreted. Through framing and tone, headlines can create optimism or fear, while selective emphasis on indicators like inflation or unemployment shapes overall sentiment. Emotional stories about job losses or rising costs amplify anxiety, whereas positive narratives encourage spending. Social media further magnifies these effects, spreading extreme views quickly. Ultimately, media coverage can alter expectations and behaviours, sometimes creating self-fulfilling economic trends.

In this section, we look at how the media is impacting the perception of Australian consumers of their country and how that has changed over the past quarter. We do this by asking them to think about what they have been reading, hearing or seeing in the media (TV, radio, newspapers, social media, podcasts etc.) about the economy, politics or other social issues, and tell us if there was more good news or bad news now compared to the same time last year. Results are reported in net balance terms. A positive result indicates that the number who said there was more good news outweighed those who said there was more bad news, and a negative result indicates that more people saw more bad news than good news.

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



In Q1 2026, Australians were markedly more likely to say that what they were reading, hearing, and seeing in the media contained more bad news than good. Nationally, the net number who said there was more bad news increased to -55%, from -43% in Q4 2025, indicating a clear intensification in negative sentiment around the economic, political, and social environment. This shift points to more negative information backdrop confronting households at the start of the year, with the tone of news coverage itself becoming a more prominent headwind to confidence.

Importantly, this deterioration was broad-based and not confined to a single region or group. Most states saw a worsening in net sentiment between Q4 and Q1. Victoria stands out as the most negative state, falling from -50% to -61%, with notably more Australians in most other states also reporting that there was more bad news. The Northern Territory was the only area not to deteriorate, holding steady at -35%, suggesting relative insulation from the broader shift in narrative elsewhere.

The change in sentiment was also evident across age groups, with particularly sharp movements among middle-aged consumers aged 30-49, who recorded one of the largest deteriorations reporting more negative (-54% from -36%), while for 50-64 year olds, it reached -64% (from -49%), making this the most negative age group. More younger Australians aged 18-29 also said there was more bad news (-48% from -39%) but it was unchanged among those 65 and over at -56%, suggesting negativity among older Australians was already elevated and largely entrenched.

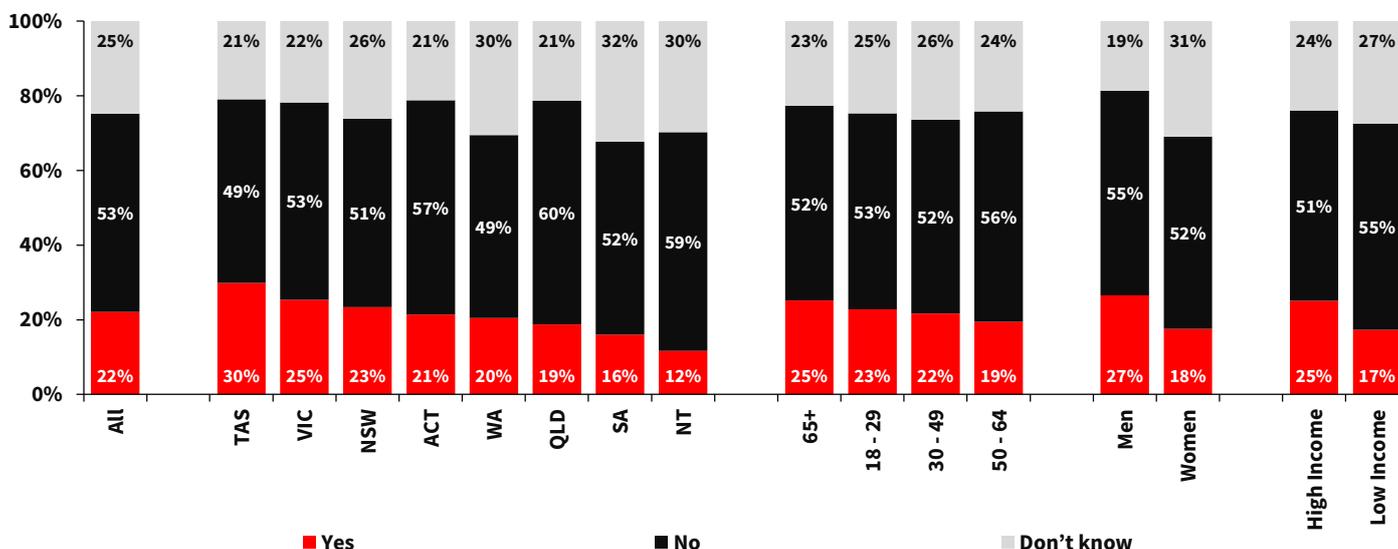
Gender differences are also notable. While both men and women became more negative, the shift was more pronounced among women. The net number of women reporting more bad news reached -61% (-47% in Q4 2025), with a smaller move from among men to -49% (from -39%). This divergence suggests women are experiencing, or at least perceiving, a sharper deterioration in

the news environment, which may have implications for household decision-making given women’s central role in budgeting and day-to-day spending choices.

Income-based results reinforce the view that this is not simply a low-income phenomenon. More consumers in most income brackets said there was more bad news in Q1 2026. Notably, those earning \$100,000+ reached -56% (from -38%), indicating that even higher-income consumers are increasingly absorbing negative headlines. The exception was the \$35-50,000 group, where the those reporting more bad news eased to -45% (from -56%) though this group is also still firmly in negative territory.

From a behavioural perspective, the significance of the widespread upturn in the number of consumers who perceive more bad news lies less in the immediate level of pessimism but more in what it may signal for future consumer behaviour. Consumers typically adjust their mindset before their spending patterns change, and the sharp increase of “bad news” in Q1 2026 may cause them to be more cautious over coming months. When consumers feel surrounded by bad news, perceived uncertainty rises, even if personal financial circumstances have not yet changed. This effect is likely to be most evident among cohorts showing the largest deterioration in sentiment, including middle-aged households, women, in Victoria and higher-income earners, for whom the driver appears to be heightened uncertainty rather than immediate cash-flow stress.

Media coverage accurately reflects true state of the economy



For the first time, we also asked consumers if they believe media coverage accurately reflects the true state of the Australian economy. By also asking this, it probes respondents’ trust in the media as an information source. This allows them to distinguish between news that feels negative and news that is believed to be realistic. Someone may perceive a steady flow of bad news and accept that it accurately reflects economic conditions, while another may feel equally inundated with negative stories but regard it as exaggerated or disconnected from their lived experience.

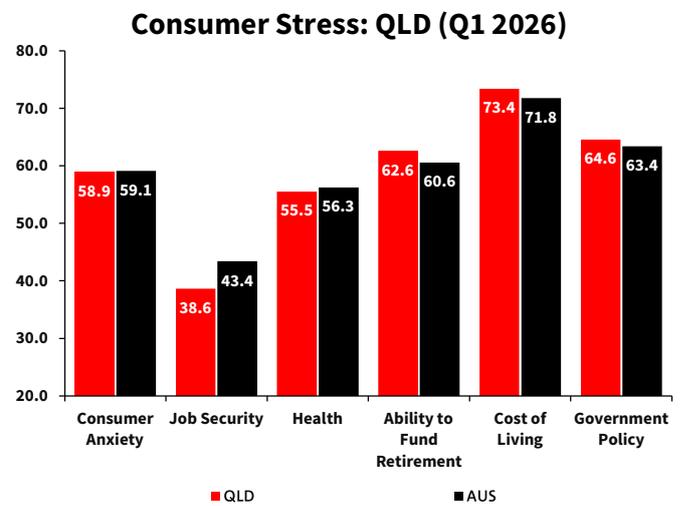
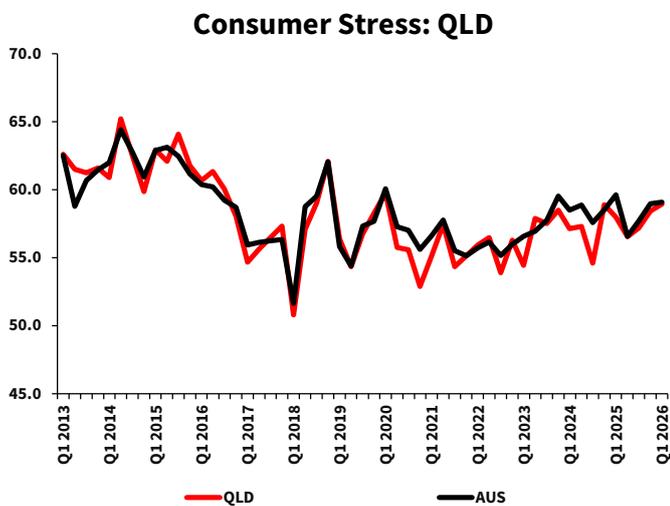
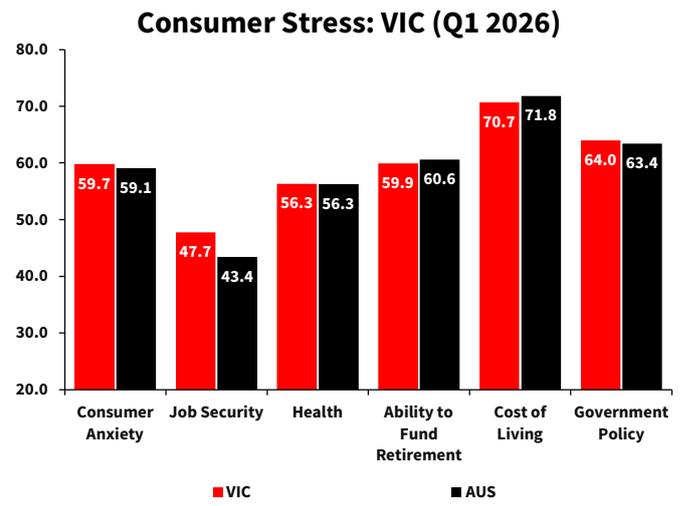
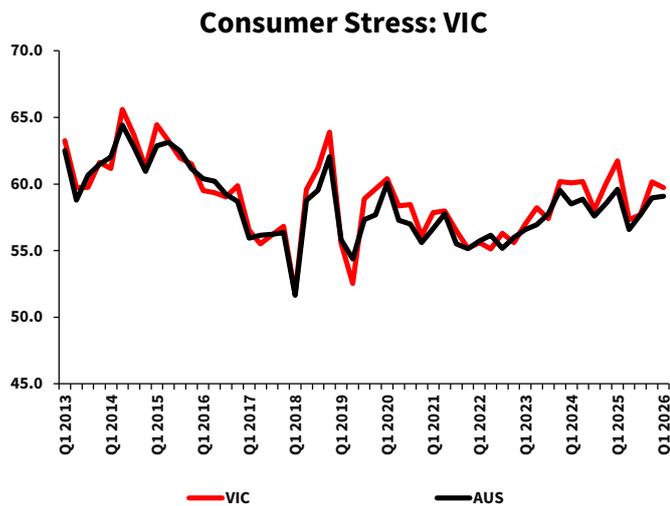
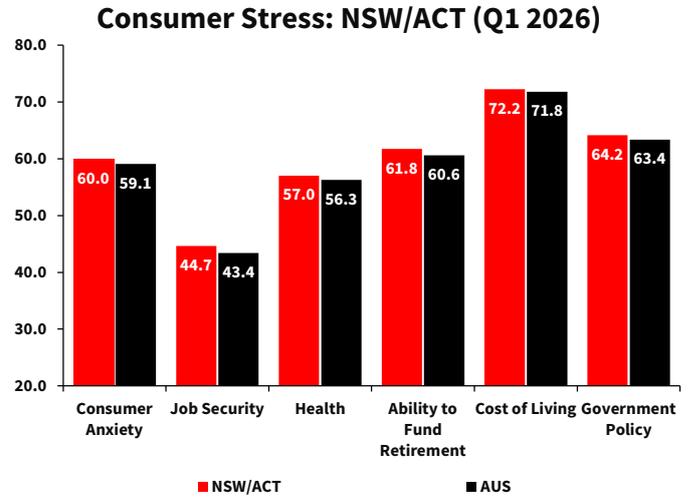
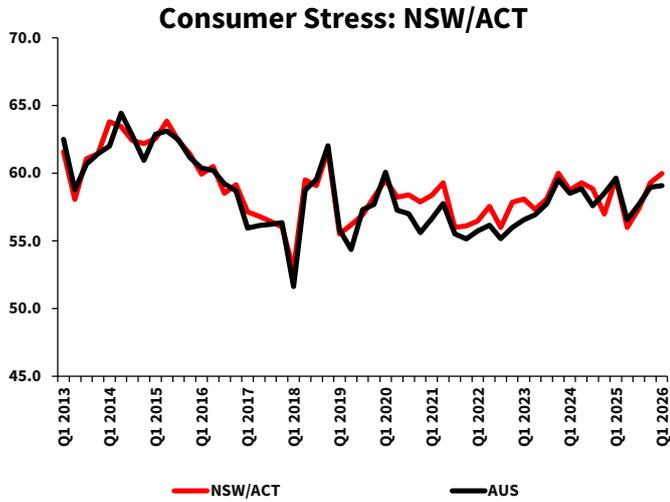
Overall, the survey revealed clear and consistent scepticism about economic reporting. Overall, most Australians (53%) do not believe media coverage accurately reflects the true state of the economy, while 22% believe it does and 25% unsure. This pattern was evident in every state and territory, with each recording a higher number who believe media coverage does not accurately reflect the true state of the economy. This ranged from 60% in Queensland to 49% in Tasmania, with those who said it did reflect the true state of the economy highest in Tasmania (30%) and lowest in the NT (12%).

Demographic differences are present in other groups but are relatively modest. Men are more likely than women to believe media coverage is accurate (27% versus 18%), while women are far more likely to say they are unsure (31% versus 19%). However, most men (55%) and women (52%) still say the media does not reflect the true state of the economy.

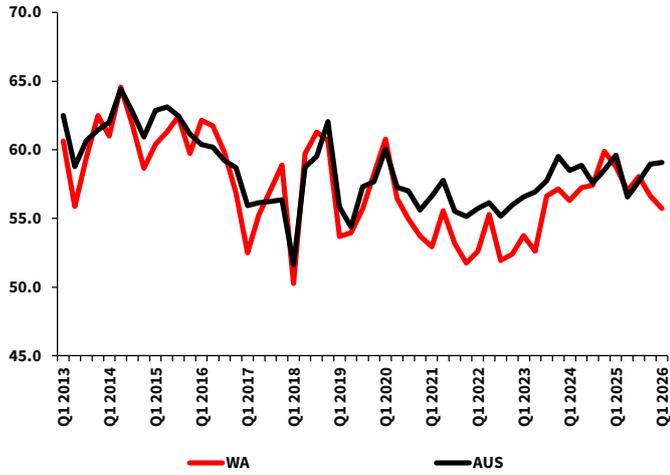
Views are also consistent across age groups. Roughly half or more in all age groups said media coverage was not accurate, ranging from 52-56%. Australians aged 65 and over were slightly more likely to say media coverage is accurate (25%) than younger and middle-aged groups, but this does not alter the overall pattern of majority scepticism. Income differences were also small. Low-income income earners were more likely to say media coverage is inaccurate (55% versus 51%), while high-income earners are more inclined to agree that coverage is accurate (25% versus 17%).

Taken together, this suggests that consumers can feel pessimistic but remain sceptical. While many feel surrounded by bad news, the majority also believe media coverage does not accurately reflect the true state of the economy. Consumers are distinguishing between tone and credibility - they may feel inundated by bad news but may also believe it is exaggerated or misaligned with reality. This can still weigh on confidence because uncertainty rises when people do not know what to believe.

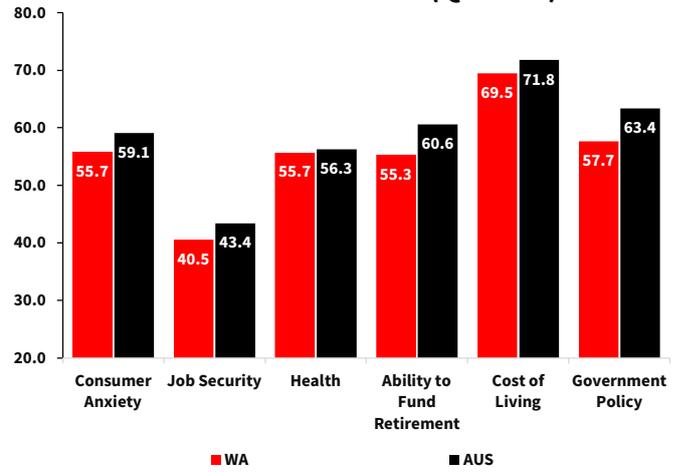
Appendix 1: Consumer Stress Index - States



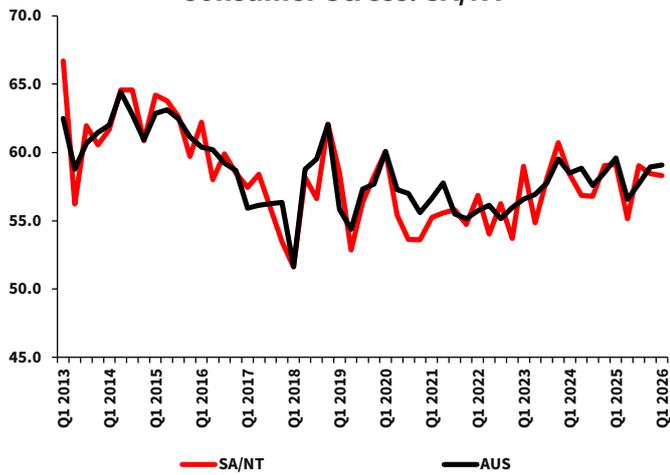
Consumer Stress: WA



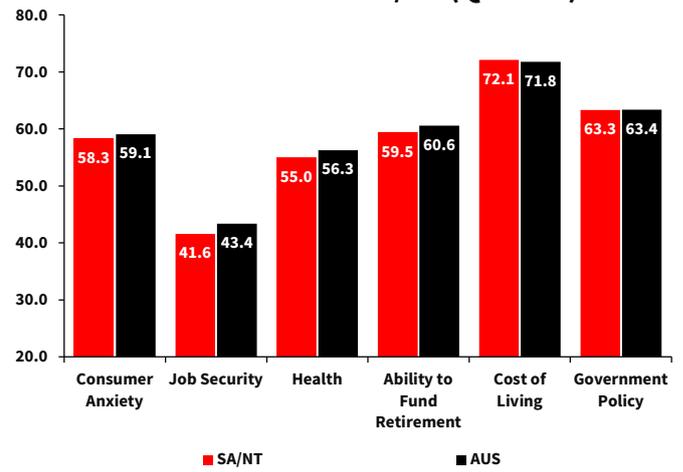
Consumer Stress: WA (Q1 2026)



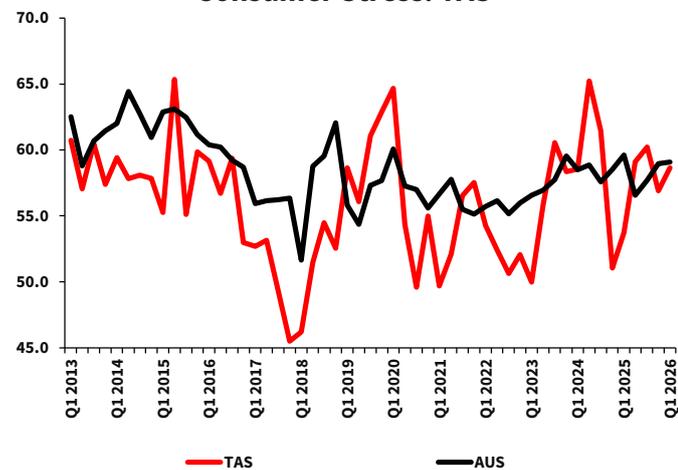
Consumer Stress: SA/NT



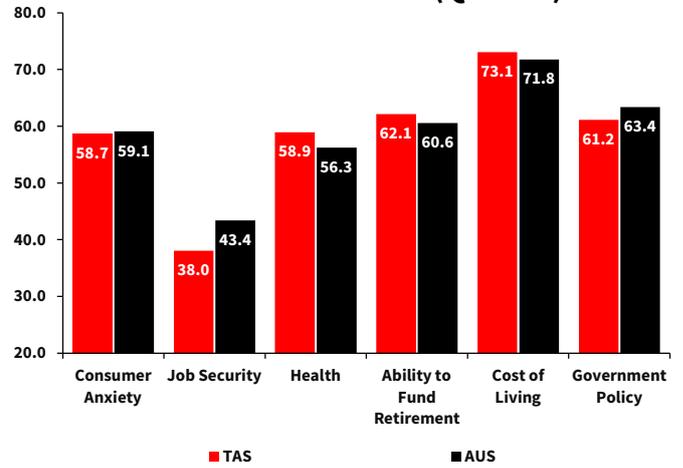
Consumer Stress: SA/NT (Q1 2026)



Consumer Stress: TAS

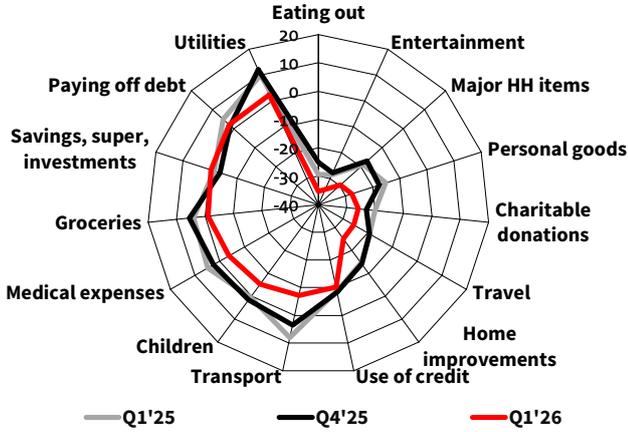


Consumer Stress: TAS (Q1 2026)

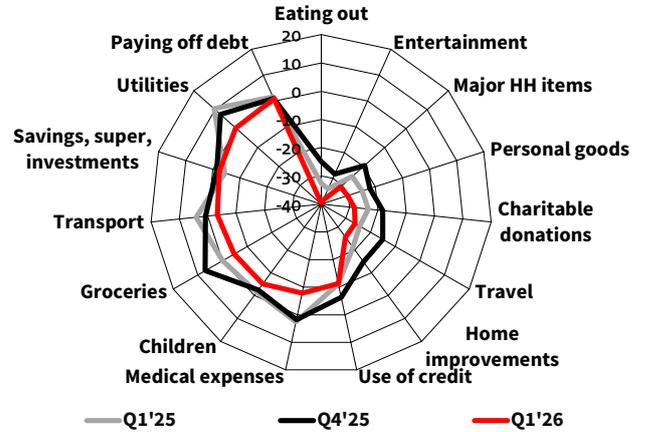


Appendix 2: Future Change in Spending Patterns: States

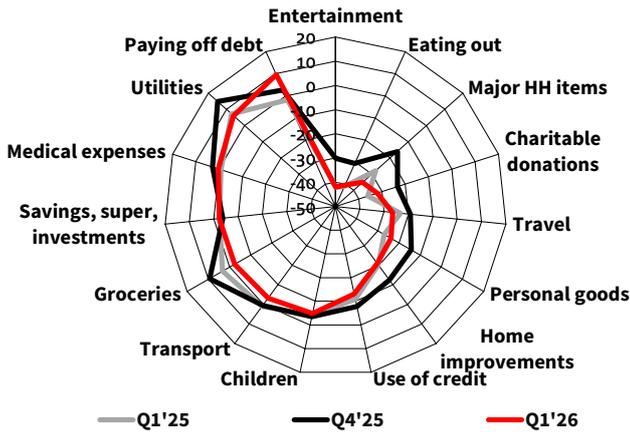
NSW/ACT: Change in spending patterns



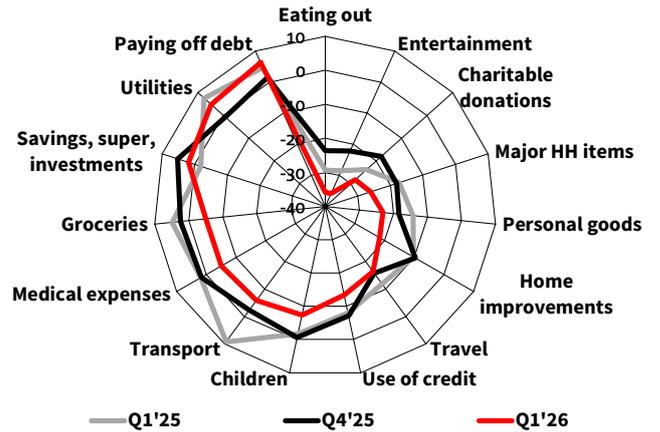
VIC: Change in spending patterns



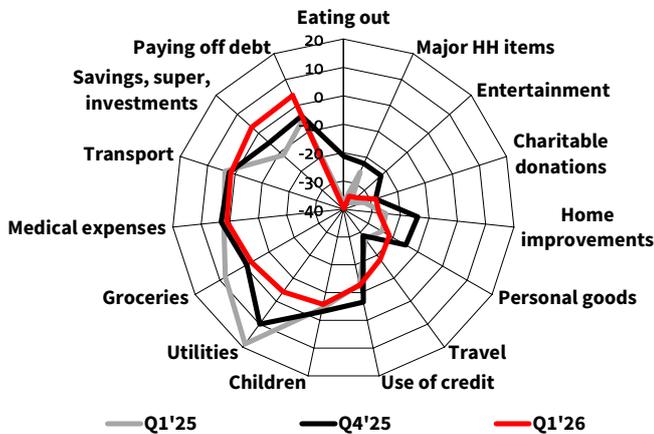
QLD: Change in spending patterns



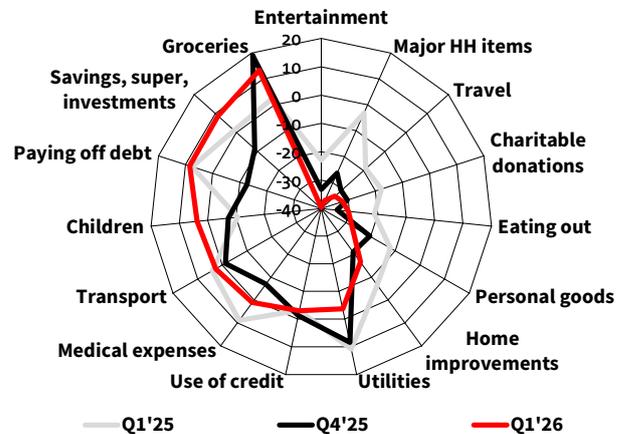
WA: Change in spending patterns

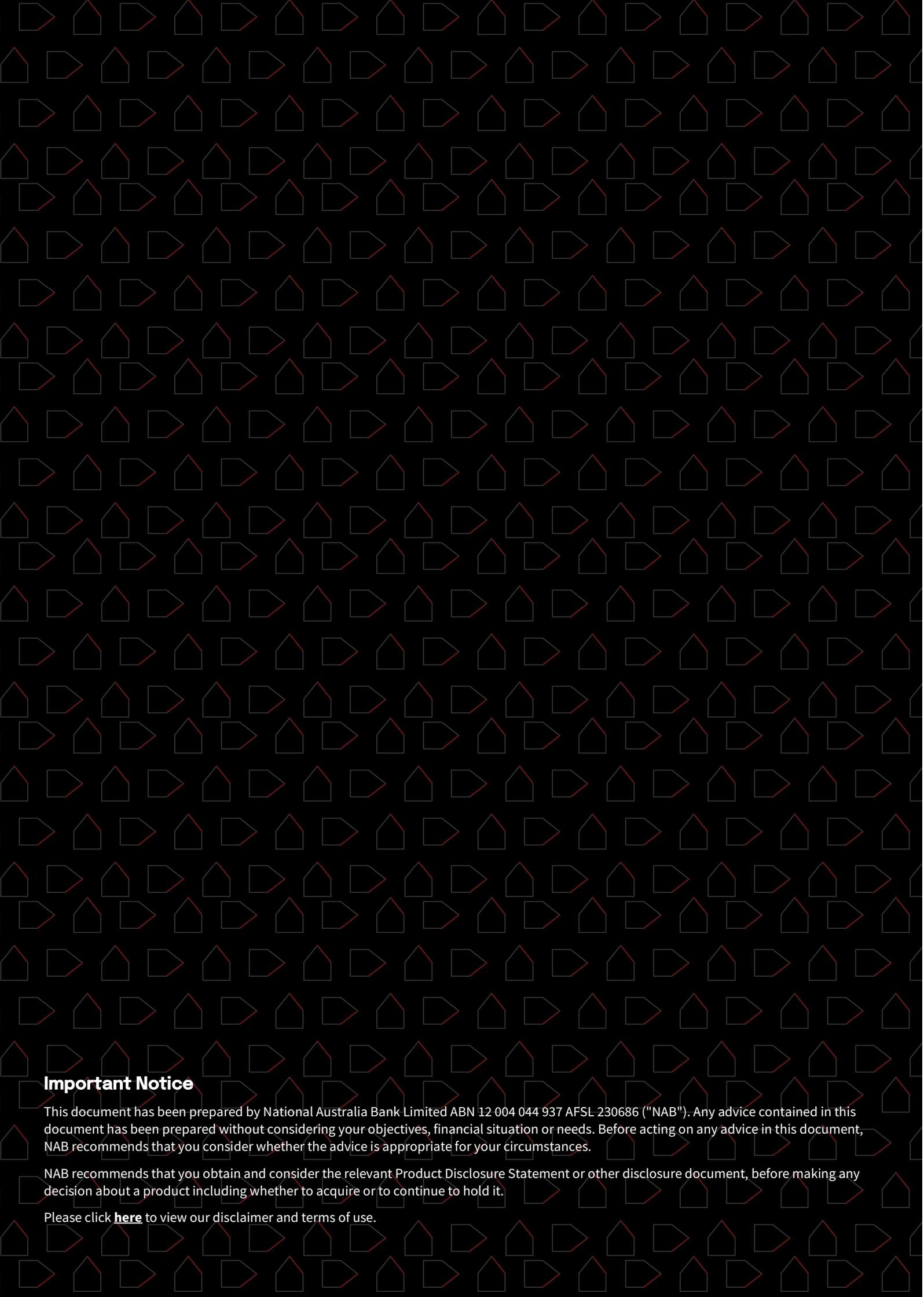


SA/NT: Change in spending patterns



TAS: Change in spending patterns





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