



Media release

9 June 2026

Strict Embargo 10:30am

Consumer sentiment slips as deep pessimism continues

- **Westpac–Melbourne Institute Consumer Sentiment Index down 2.9% to 80.6**
- **Consumers report more pressure on finances and fearful about the year ahead.**
- **Near term concern about economy eases but medium term outlook falls to 3yr low.**
- **Unemployment expectations steady at moderately elevated levels.**
- **Home purchase sentiment less bleak but price expectations off sharply.**

Westpac's Head of Australian Macro-Forecasting, Matthew Hassan, commented, "The Westpac–Melbourne Institute Consumer Sentiment Index declined 2.9% to 80.6 in June from 83 in May.

"Australian consumers remain deeply pessimistic. The sentiment shock that hit back in April eased off a touch in May but has intensified again in June. At 80.6, the latest monthly Index read is back amongst the weakest seen in the fifty-year history of the survey, pessimists outnumbering optimists by nearly 20%. The survey detail shows cost-of-living issues remain front and centre, the temporary halving in fuel excise tax providing only a small and brief reprieve. Meanwhile, other concerns may be starting to emerge with a sharp drop in house price expectations suggesting some consumers are becoming more unsettled about the impact of recently announced tax changes." Mr Hassan commented.



“The component detail shows big falls in assessments of family finances but more mixed moves around the economic outlook and attitudes towards major purchases. Recall that the Westpac–Melbourne Institute Consumer Sentiment Index is a composite measure based on five sub-indexes: one tracking assessments of family finances compared to a year ago; two tracking expectations for family finances and the economy over the next year; one tracking expectations for the economy over the next five years; and one tracking responses to whether now is a good time to buy a major household item.

“Cost-of-living issues came back with a vengeance in June. The ‘family finances vs a year ago’ and ‘family finances, next 12 months’ sub-indexes both dropped sharply, down 7.5% to 67.3 and 8.5% to 85.1 respectively, giving up almost all of their May gains to be back near April lows.

“The forward view speaks to particularly acute fears. Australians are more typically moderately positive about prospects for their finances, with an average index read historically of 106.5. There have been barely a handful of sub-85 reads on this sub-index over the last fifty years, one of which was back in April. Australian consumers are clearly bracing for more bad news on the financial front.

“Notably, the downgraded outlook for family finances came despite a marginal easing in rate rises fears. The Westpac–Melbourne Institute Mortgage Rate Expectations Index, which tracks consumer expectations for variable mortgage rates over the next 12 months, fell 4.8% to 172.6. Just over two thirds of consumers expect mortgage rates to increase further over the next 12 months, an outright majority but smaller than the 74% of respondents surveyed last month.



“Around the economy, consumers see a challenging near term outlook, albeit a little less threatening than a month ago. The ‘economy, next 12 months’ sub-index lifted 4.9% in June but remained at a very weak level overall at 77.8, down 15.8% on a year ago. The March quarter national accounts, released mid-way through the survey week, showed the economy managed to expand 0.3% in the quarter. While that was a subdued result, it may have been better than some had feared.

“The less pessimistic near-term outlook for the economy was tempered by a deterioration in medium to longer term expectations. The ‘economy, next 5 years’ sub-index fell 3.2% 86.5, sinking to a three-year low.

“Purchase attitudes remain downbeat. The ‘time to buy a major item’ sub-index rose 0.9% but at 86.4 is still at very weak levels by historical standards, some 37pts below the long run average of 123. Buyer restraint is clearly still the order of the day for most.

“Responses to additional questions on news recall highlight the main consumer themes. These questions are run once a quarter and ask consumers if they recall news items on a range of topics and whether that news was favourable or unfavourable. Responses in June showed particularly high recall for news on ‘Budget and taxation’ and ‘inflation’. While most assessed the news as unfavourable, there was a stronger consensus on ‘inflation’ news which 85% of consumers read as negative, compared to ‘Budget and taxation’ which closer to 70% viewed as unfavourable. This contrasts with ‘international news’, which 90% of consumers assessed as unfavourable, albeit with this news not cutting through in the same way – only 23% of consumers recalled news on this topic compared to 50-60% for news on the two major topics.



“The Westpac–Melbourne Institute Unemployment Expectations Index was largely unchanged, recording a slight 0.1% dip to 139.8 in May (recall that lower reads on this index mean more consumers expect unemployment to fall over the year ahead). The Index is still sitting above the long-run average of 129, suggesting consumers remain on edge about job prospects.

“Housing-related sentiment continues to look very unsettled, reflecting a mix of price declines in some markets, actual and expected interest rate rises, and the major tax policy changes affecting investor housing announced in the Federal budget.

“Homebuyer sentiment posted a partial recovery from last month’s steep fall, the ‘time to buy a dwelling’ index rising 12.6% to 81.1. This was coming off an extremely weak May read of 72, which was nearly 50pts below the long-run average of 119. Buyer sentiment is in the 80-86 range across most states but extremely weak in Western Australia at just 59.

“The June month showed an abrupt cooling in consumers’ house price expectations. The Westpac–Melbourne Institute Index of House Price Expectations fell 14.9% to 128.2 dropping below the long-run average of 130 for the first time in nearly three years. Most consumers still expect prices to rise, with 52% of those with a view expecting positive gains over the year ahead. However, that is down sharply on the 66% in May.

“Price expectations recorded particularly big pull-backs in New South Wales (–19% to 125) and Victoria (–18% to 121), where capital city markets – Sydney and Melbourne – are already recording significant price corrections. Price expectations also fell quite heavily in



Queensland but to a still relatively elevated level (–15% to 141) and were more stable in Western Australia (–1% to 134) and South Australia (–6% to 142).

“Consumer savings attitudes point to a significant rise in risk aversion and a notable shift in how ‘real estate’ is being viewed.

“June responses to our quarterly question on the ‘wisest place for savings’ show ‘safe options’ very heavily favoured: 31% of consumers nominating ‘bank deposits’; 27% nominating ‘pay down debt’ and 8% nominating ‘superannuation’. Two thirds of consumers opted for one of these three options, up from 55% in March.

“Much of the move centred on a big shift in attitudes towards housing investment. The share nominating ‘real estate’ fell from an already very low 9.2% in March to just 4.5% in June. This is the lowest share since the survey began in 1974 and compares to the historical average of 24% over that time. In other words, what 1 in 4 Australians typically viewed as the wisest place for savings historically is only seen that way by 1 in 22 today.”

“The Reserve Bank Monetary Policy Board next meets on June 15–16. Having raised rates at its previous three meetings, the Board is likely to pause in mid-June to assess the impact of the energy price shock and the significant monetary tightening. The negative impact on Australian consumers is becoming clear. However, the Bank’s more pressing concerns are still likely to be around inflation with underlying measures tracking above the RBA’s 2-3% target and the full impact of higher energy costs still to come. While there is room for the Board to take a quick breather, we still expect further rate hikes in subsequent meetings,” Mr Hassan commented.



Westpac Institutional Bank is a division of Westpac Banking Corporation ABN 33 007 457 141

Issued by: Westpac Banking Corporation

Further information:

Matthew Hassan	Viet Nguyen
Head of Australian Macro-Forecasting	Melbourne Institute
Westpac Banking Corporation	
Mobile: (+61) 0409 227 159	Ph: (61-3) 90353621

The survey is conducted by OZINFO & DYNATA. Respondents are selected at random. This latest survey is based on 1200 adults aged 18 years and over, across Australia. It was conducted in the week from 1 June to 5 June 2026. The data have been weighted to reflect Australia's population distribution. Copyright at all times remains with the Melbourne Institute of Applied Economic and Social Research.