

Consumer confidence lifts, bolstered by robust jobs market



December 2024



Sustained strength in the labour market and a gradual easing in cost pressures has boosted consumer confidence over the last quarter of 2024.

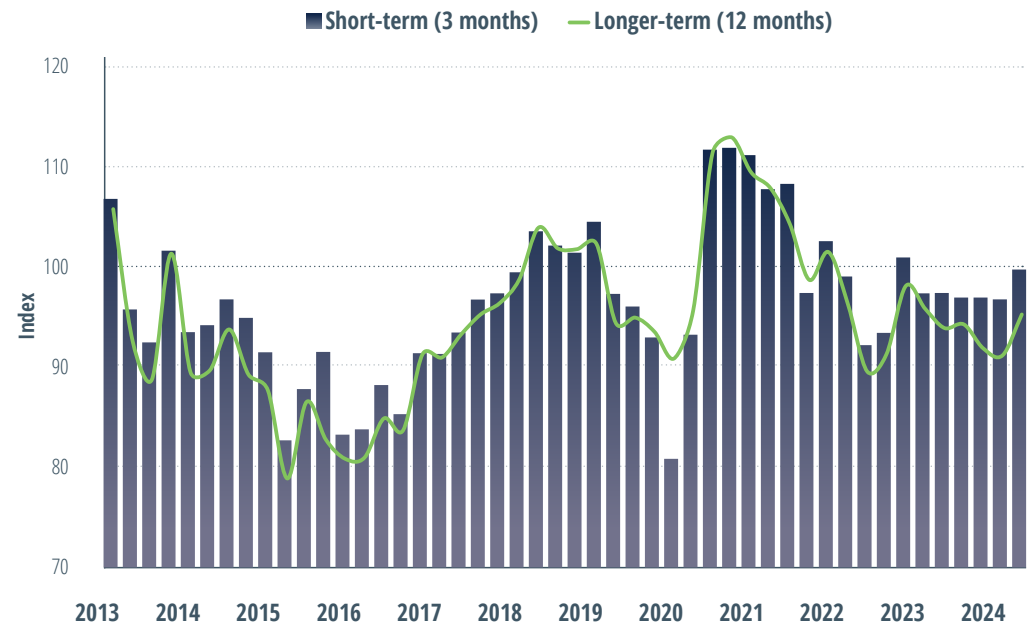
The short-term index has risen to its greatest level since June 2023, while the longer-term index has also made significant progress in the same direction, although it is yet to catch up to the same level.

Labour market conditions in Western Australia continue to provide a solid foundation for household confidence, being the key driver positively influencing sentiment. The State's unemployment rate remains lower than anticipated, while employment also continues to grow at a solid pace. As a result, robust job prospects are helping to offset economic headwinds.

The main drags on confidence remain the elevated cost of living, global economic developments and high interest rates. However, the negative influence of higher costs of living and interest rates has eased over the last two quarters, contributing to a stronger outlook this quarter. At the same time, global economic news has held relatively firm as a detractor to household confidence. This comes amid significant global uncertainty, with Trump's re-election poised to reshape US policy and geopolitical relations, while tensions in the Middle East, Ukraine and the South China Sea continue to create volatility.

In this edition of CCIWA's *Consumer Confidence Survey*, we ask Western Australians whether they plan to rein in their spending over the Christmas and holiday period, their main priority when considering energy supply and whether their household income is reliant on the mining industry.

CONSUMER CONFIDENCE: WA ECONOMIC CONDITIONS
Index: 2018 Average = 100



Confidence climbs in the short term

Short-Term Index increases 3.0 Points to **99.1**

Looking to the next three months, nearly three in five (58%) Western Australians believe economic conditions will remain the same. One in five (20%) expect conditions to improve, while a similar proportion (22%) anticipate softer conditions. This is the highest reading since June 2023.

Longer-term consumer confidence slips

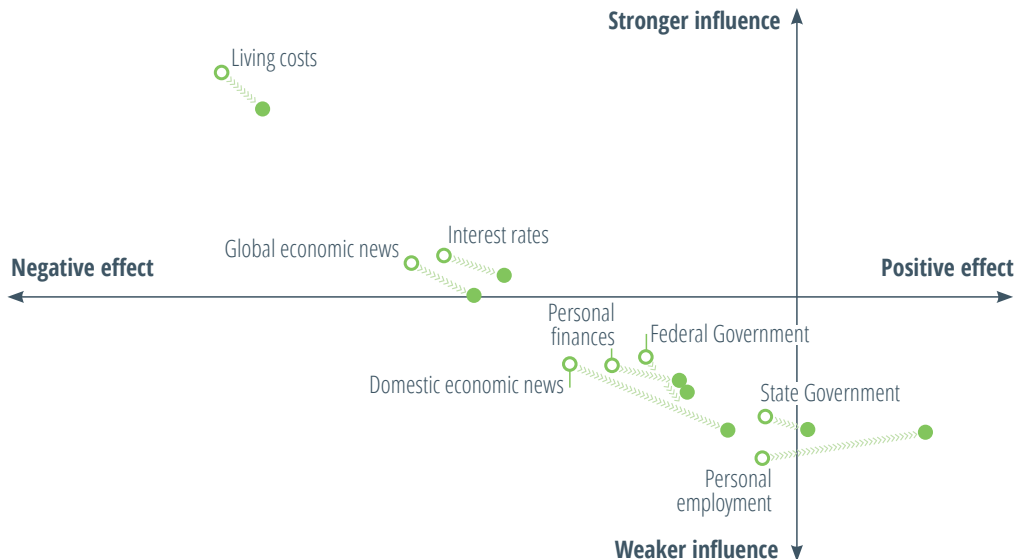
Longer-Term Index rises 4.1 Points over the quarter to **95.0**

Looking to the year ahead, three in 10 (32%) Western Australians expect stronger economic conditions, while two in five (41%) anticipate conditions to remain unchanged. The remainder (28%) expect weaker conditions.

In the following sections we unpack the key factors influencing Western Australians' confidence in the WA economy.

WHAT INFLUENCES CONSUMERS?

○ September ● December



What's influencing consumer confidence?

Living costs (-)

The vast majority (69%) of Western Australians reported **living costs** as dampening their confidence. While still a significant proportion, this represents a nine percentage point decline from its peak six months ago. This shift comes as Perth's annual rate of inflation eased to 3.8% in the September quarter and government electricity subsidies continue to be rolled out. However, despite inflation moving closer to the target range, the cumulative effect of prolonged high inflation continues to weigh heavily on household budgets.

International headlines (-)

Amid a backdrop of international uncertainty, **global economic news** remains a widespread concern for households, with more than half (54%) of households reporting this as a detractor to confidence. This comes at a time when Donald Trump's re-election as US President is set to create significant policy uncertainty, while ongoing geopolitical tensions in the Middle East, Ukraine and the South China Sea continue to add to global volatility.

Personal finances (-)

Persistent above target inflation for over three years, along with high borrowing costs, continues to pressure household cashflows. As a result, two in five (39%) respondents reported their **personal finances** have dragged on their confidence this quarter. Providing some encouragement, this marks a decrease of three percentage points from last quarter, as strong wage growth catches up to the current rate of inflation.

Interest rates (-)

The RBA's decision to keep the cash rate unchanged at 4.35% in November now marks one year of rates being held at this level. As a result, the restrictive cash rate continues to place pressure on household budgets, particularly for mortgage holders. This has had a dampening effect on household confidence, with over half (52%) of households reporting **interest rates** as a negative influence on their outlook. However, this proportion has decreased by 11 percentage points from its peak six months ago, likely reflecting households adjusting to tighter monetary policy and growing optimism about potential rate cuts, as observed in other countries.

Employment prospects (+)

Western Australia's unemployment rate remains at a low level, sitting at 4.0% in October, while the number of people employed in the State has recently surpassed a record 1.6 million. As a result, **employment prospects** are the number one factor bolstering consumer confidence, with over a third (36%) of respondents indicating this.

State Government (+)

The **WA State Government** continues to bolster consumer confidence this quarter, with three in 10 (32%) respondents identifying this. This follows the first electricity subsidy for the 2024-25 financial year taking effect, providing relief to household budgets.

Insights into CCIWA's Consumer Database

Younger Western Australians set to lead Christmas and holiday spending

With household budgets under pressure and the Christmas and holiday period approaching, we seek to explore Western Australians' spending plans.

When comparing their spending intentions over the upcoming holiday period with their spending over the same period last year, two in five (42%) Western Australians said they intend to reduce their spending. A similar proportion (40%) said they intend to spend about the same, while the remaining 17% indicated they intend to increase their spending. Those most likely to be increasing their spending are aged 18-39 (26%) and males (23%).

On average, Western Australians expect to spend approximately \$2,100 over the Christmas and holiday period. This has increased from last year's average spend of \$1,800. The median household holiday-related spending is expected to be \$600 – in other words, half of WA households expect to spend less than \$600.

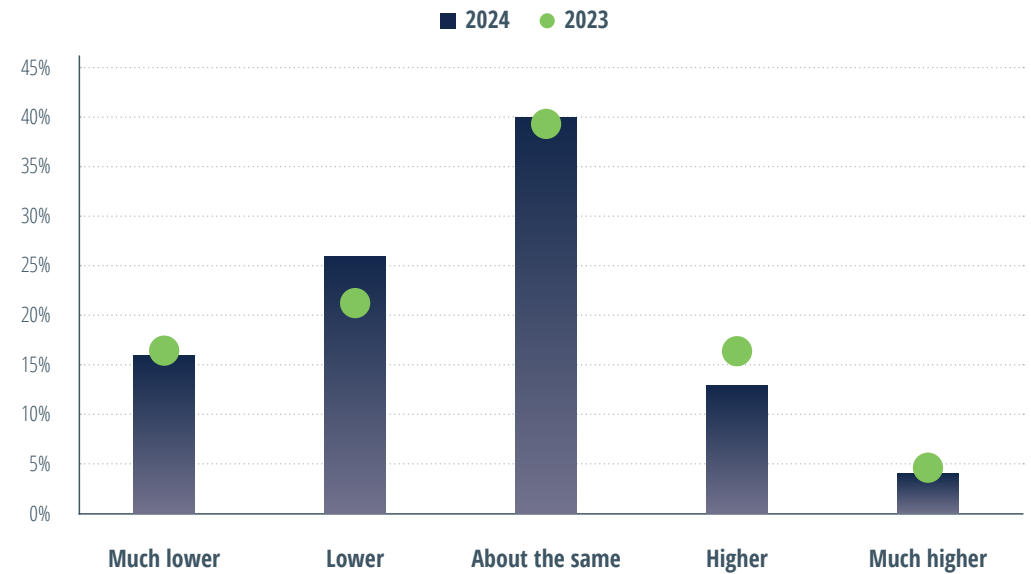
Of note, this marks a \$400 decrease compared with last year, reflecting a widening divergence in financial conditions across society. Collectively, Western Australians are expected to spend just over \$6 billion over the festive season.

There is a significant divergence in average spending by gender, age and household income. Breaking this down by gender, the average planned spend for males is significantly higher, at approximately \$3,000, compared with females at \$1,300.

Looking at spending intentions by age groups, those most likely to be splashing cash are again aged 18-39, with an average anticipated spend of approximately \$3,000 – those that are older only expect to spend approximately \$1,400.

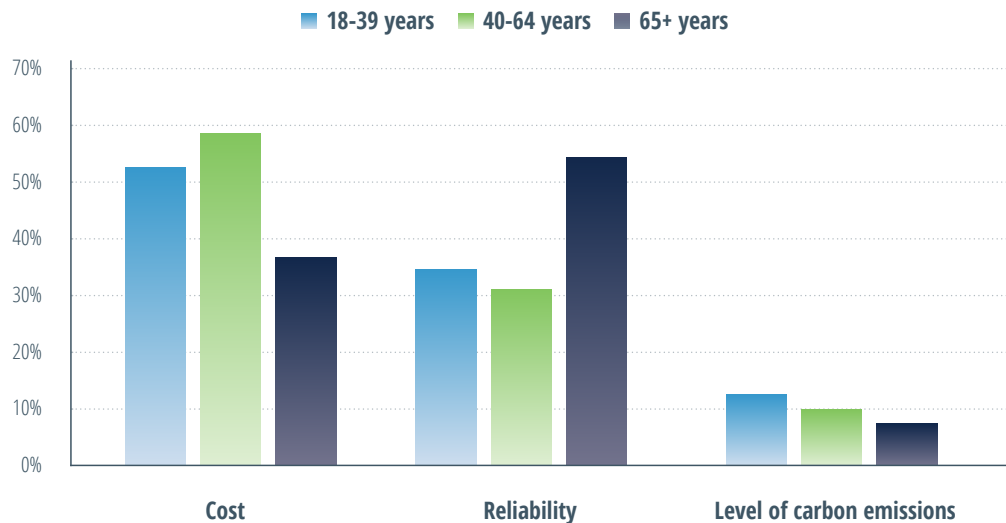
Unsurprisingly, those with higher incomes are likely to be spending more, with those that earn between \$116,000 and \$185,000 per annum expecting to spend approximately \$5,000 each, on average. In contrast, households earning up to \$75,000 expect to spend only \$1,100 on average.

COMPARED WITH LAST YEAR, DO YOU INTEND TO SPEND MORE OVER THIS CHRISTMAS AND HOLIDAY PERIOD?

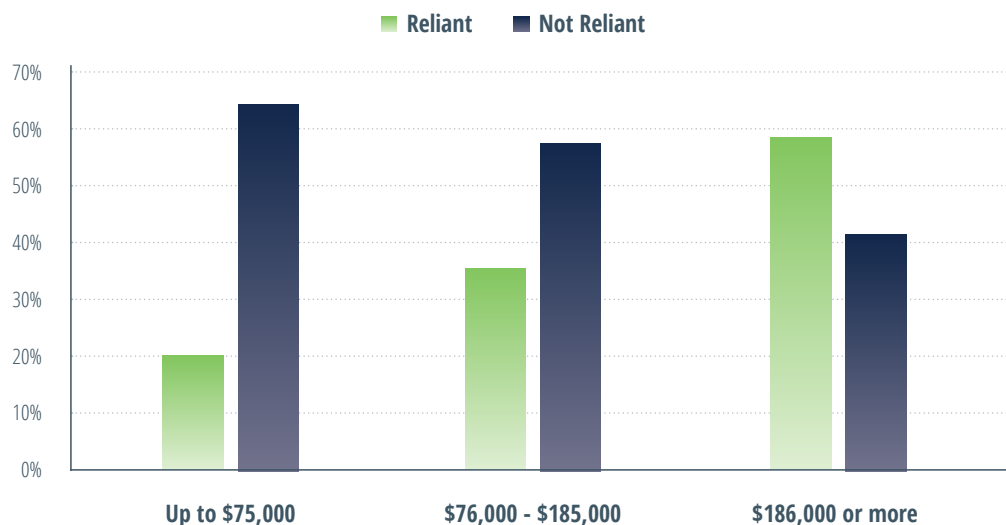


	Average spending per person (\$)	Higher (%)	Lower (%)
Male	2,962	23	35
Female	1,336	12	48
18 - 39 years	2,994	26	42
40 - 64 years	1,648	12	44
65+ years	1,400	11	38
Total	2,130	17	42

WHEN IT COMES TO ENERGY SUPPLY, WHAT IS YOUR HIGHEST PRIORITY?



IS YOUR HOUSEHOLD INCOME RELIANT ON THE MINING SECTOR, EITHER DIRECTLY OR INDIRECTLY?



Cost tops energy priorities for WA households

The energy transition is one of the most significant challenges facing the world economy, requiring a delicate balancing of priorities to ensure a smooth shift.

In this edition of CCIWA's *Consumer Confidence Survey*, we investigate the priorities for WA households when considering their energy supply needs.

The leading priority for WA households is cost, with one half (51%) of respondents indicating this. This is closely followed by reliability, with two in five (39%) respondents indicating this as their leading priority. The remaining one in ten (10%) said the level of carbon emissions is the most important factor.

Breaking this down by cohorts, those between 40 and 64 years (59%) and those between 18 and 39 years (53%) are more likely to prioritise cost, while those above 65 years are most likely to prioritise reliability (55%).

Younger people are the most likely to prioritise the level of carbon emissions (13%), compared with those between 40 and 64 years (10%) and those above 65 years (8%). These results underscore the need for an orderly transition to ensure costs are not significantly inflated while maintaining energy reliability.

WA household incomes reliant on the mining sector

Western Australia's mining sector accounts for 45% of the State's economic activity – the highest proportion a single sector contributes to any state economy across the country. In this edition of CCIWA's *Consumer Confidence Survey*, we delve into the extent to which WA household incomes are reliant on the mining sector.

Three in ten (31%) Western Australians said their household income is reliant on mining to at least some extent. This is a significant proportion, considering that only 9.6% of all jobs in WA are in the mining sector. Of those who reported their income is reliant, 12 per cent indicated their income is directly reliant, while 19 per cent said their income is indirectly reliant.

Breaking down the results by age group, a significantly greater proportion of younger people reported their income is reliant on the mining sector compared to their older counterparts. Two in five (42%) of those aged 18-39 said their income is reliant on the sector. This compares to one in four (27%) of those aged 40-64 and one in five (18%) of those above 65 years indicating the same.

Higher income households are also more likely to be reliant on the mining sector. Three in five (59%) households earning over \$186,000 per annum reported this, compared with only one in five (20%) of households earning up to \$75,000 per annum.

Flexibility remains top priority for job hunters

Western Australia's labour market continues to surprise with its strength. The unemployment rate remains at a low 4.0% as of October, while other indicators continue to suggest demand for labour remains strong.

In this edition of CCIWA's *Consumer Confidence Survey*, we look to explore the reasons driving Western Australians to seek new jobs, information which may help businesses attract and retain talent.

Looking to the responses, around one in three (34%) Western Australians are actively seeking new employment, largely unchanged over the last two quarters.

The younger cohort remains the most likely to be seeking new employment, with half (53%) of those aged 18-39 reporting this, compared with three in 10 (32%) of those aged 40-64 reporting the same.

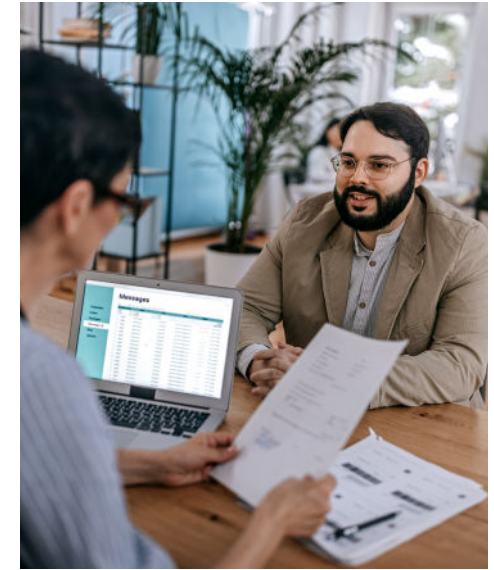
The main factor driving job mobility remains more flexible working conditions, with over two in five (44%) of those looking for new employment reporting this — up eight percentage points from the same time last year. This quarter also marks the second consecutive rise in the proportion of job seekers looking for greater career opportunities (42%), while the proportion seeking better remuneration (31%) is now at its lowest since December 2022.

Other factors driving job mobility include:

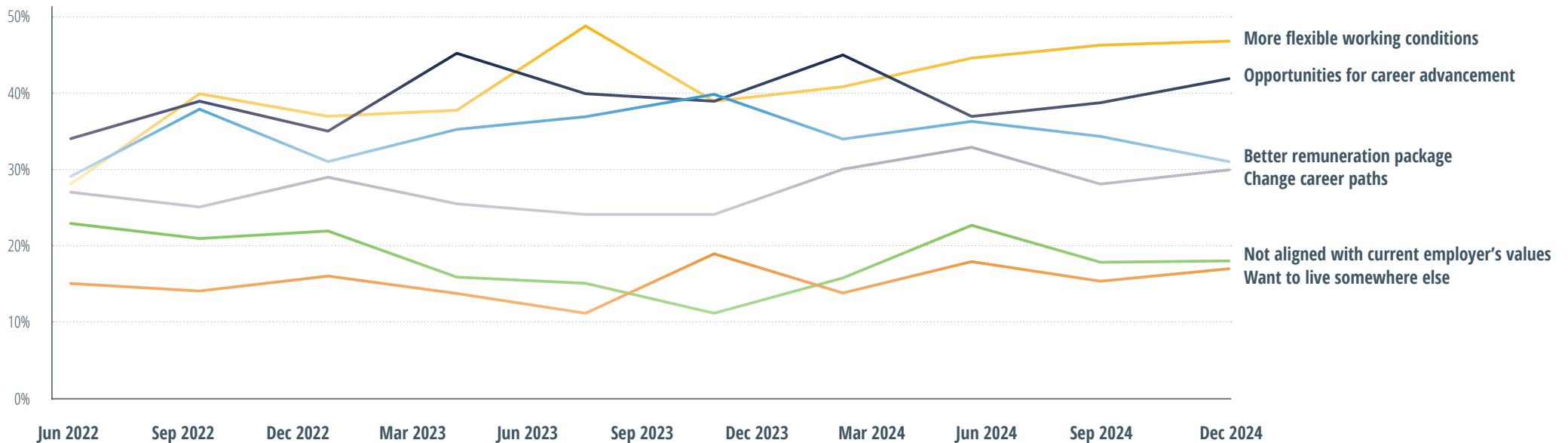
- 30%** Change of career path
- 18%** Not aligned with employer's values
- 17%** Want to live somewhere else, for lifestyle reasons

Younger job seekers are more likely to be searching for flexible working arrangements (51%), opportunities for career advancement (46%) and a change in career path (30%).

For the older cohort, the main factor incentivising change remains flexible working arrangements (40%), with opportunities for career advancement (39%) and better remuneration packages (37%) closely following.



FACTORS INCENTIVISING JOB MOBILITY



CONSUMER CONFIDENCE DECEMBER 2024



Consumer confidence has strengthened in both the short and longer-term.



Only 17 per cent of Western Australians **plan to spend more over the Christmas and holiday period** compared to last year.



The leading priority for WA households when considering their **energy supply is cost**, with one half (51%) reporting this.



Three in 10 (31%) Western Australians said their **household income is reliant on the mining industry**.

CONSUMER CONFIDENCE

	Current Quarter (December 2024)	Previous Quarter (September 2024)	Highest Since
Short-Term	99.1	96.1	June 2023
Longer-Term	95.0	90.9	September 2023
Personal Finances	100.5	99.6	September 2022
Job Prospects	105.4	103.7	March 2024

Note: Index figures may have changed from previous editions of Consumer Confidence due to changes in index calculation methodology. Percentage figures may not always add to 100% due to rounding.

The index is rebased to the average score of respondents to the 2018 calendar year. The value of the index can be interpreted as the percentage change in average consumer confidence in a period compared with the average consumer confidence in 2018. For instance, the Consumer Confidence Index in December 2024 is 99.1, which suggests that the average score of survey respondents for consumer confidence in December 2024 is 0.9 per cent lower than the average rating in 2018.



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