PulseCheck

POWERED BY YORK PARK GROUP

Rising costs, falling confidence



Q3 confirms Australians are no longer treating economic uncertainty as a temporary disruption. The Pulse fell six points to -20 in Q3, as renewed conflict in Iran pushed fuel prices higher and business conditions turned negative for the first time in six years.

Higher fuel prices, persistent inflation and further interest rate rises are increasingly viewed as structural pressures, whilst expectations of relief are fading.

The pressures behind this result have only intensified since the quarter ended. The Reserve Bank has since raised the cash rate to a 15-year high, and the US Federal Reserve delivered its first rate rise in three years.

A brief improvement in June and July was reversed in August, which recorded the sharpest monthly decline in more than a year as renewed conflict in Iran drove another spike in global oil markets. The cost shock is now moving beyond households and into the wider economy, with businesses absorbing costs rather than passing them on to already stretched consumers.

The national mood fell to its lowest reading on record, and households are now bracing for a sharper rate cycle than seemed likely in Q2. Expectations of eventual relief had helped sustain confidence, but that buffer is now disappearing.

The political mood also continues to shift. A record share of Australians say the country is heading in the wrong direction, and that shift is showing up in polling as Newspoll recorded One Nation ahead of both major parties for the first time in June. Economic dissatisfaction is increasingly reshaping political allegiances.

Together, these shifts point to a further decline in Q4.

Outlook for Q4 2026 – Elections and Interest Rates

The Victorian State Election in November will be the first major test of whether deteriorating sentiment translates directly into voter choices at the polling booth. The result will be measured not only by seats won, but by whether economic frustration continues to pull voters away from the major parties.

Australian households are entering Q4 with little capacity to absorb another shock. Further rate rises will coincide with the holiday spending period, whilst instability in the Middle East threatens further fuel increases. This cumulative effect is likely to keep confidence low.

Treasurer Jim Chalmers' seventh Intergenerational Report reinforced the scale of Australia's long-term fiscal challenge. Its warning of decades of structural budget pressure will make it harder for governments to offer relief without raising questions about debt and spending. December's Mid-Year Economic and Fiscal Outlook will test whether the Federal Government can balance growing demands for relief with a constrained budget.

AI will continue to dominate the political agenda, but the debate is shifting from opportunity to control. Security breaches, employment concerns and environmental costs are challenging the earlier efficiency narrative, whilst

international efforts to establish guardrails continue. Organisations will increasingly be judged not simply on whether they use AI, but whether they can demonstrate control over its risks.

Q4 2026 Considerations

- **Reputation**: AI has gone from an efficiency story to one of increased scrutiny with the government and public. Have we tested whether our use of AI would survive that scrutiny?
- **Positioning**: Victoria's polling numbers both show One Nation contesting government – whether that translates into a significant number of seats is yet to be seen. Is our public affairs strategy keeping pace?
- **Messaging**: The pressures driving public concern increasingly sit beyond the control of our domestic leaders. How do we communicate credibly within those limits?

PulseCheck Methodology

York Park Group wanted PulseCheck to be an objective and subjective measurement. In developing the methodology, we considered:

- How do voters the community feel generally against their actions?
- What are business perceptions against the decisions they make?
- How to answer these questions with data that already exists?

Indicator	Q3 2026 Change
ABS Household Spending Indicator	↘
Westpac and Melbourne Institute Consumer Sentiment Index	↗
NAB Business Survey – Confidence	↗
NAB Business Survey – Conditions	↘
Essential Media – National Mood	↘

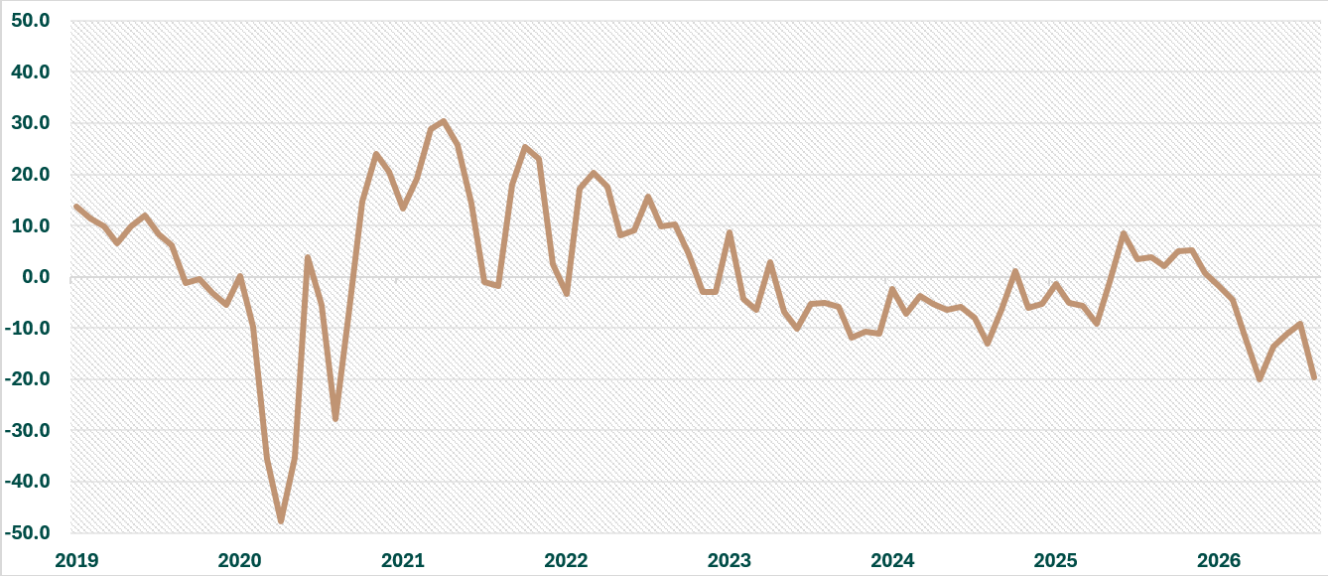
We determined six national measurements released monthly were the best indicators of the national pulse (from September 2026, the Resolve Political Monitor Outlook Index has been discontinued as a Pulse input following a reformatting of reported measures, it's weighting has been redistributed across the remaining five sources per the existing methodology). PulseCheck is then calculated by setting each indicator onto an equal and unified scale. This 'normalises' the data onto a scale of -50 and 50, with 0 set as a neutral score, indicating that, socially, economically and politically, Australia is neither positive nor negative.

History: 2019 to 2026

PulseCheck draws on data and research from around Australia, bringing together economic indicators from the ABS, public polling, and other insights, to determine Australia's 'pulse' and help organisations understand the environment in which they seek to build trust and change minds.

There is a never-ending stream of publicly available economic, social and political insights. The York Park Group PulseCheck brings together high quality, national data to provide a single reference point of the broader environment in which our clients seek to build and manage their reputation, and advocate for policy outcomes.

Viewing the Pulse within the context of the pandemic highlights the scale of the economic shock currently hitting Australia.



For more information about the York Park Group PulseCheck, and how organisations can use it, please contact Sean Sammon – sean.sammon@yorkparkgroup.com.au or 0417 137 419