

ANZ-ROY MORGAN AUSTRALIAN CONSUMER CONFIDENCE MEDIA RELEASE

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STABLE HEADLINE CONFIDENCE MASKS VOLATILITY IN THE SUB INDICES

- ANZ-Roy Morgan Australian Consumer Confidence eased slightly (-0.4%) to 112.4 last week. Broadly, though, confidence has recovered from the mid-May low. That said, there continues to be significant volatility between sub-indices.
- Households' expectations of current economic conditions edged up 0.6% last week, after a sharp 5.2% decline the previous week. Households' confidence in future economic conditions rose 2.8%, however, more than offsetting the 2.6% fall in the previous week.
- Households' views around current financial conditions dropped a sharp 8.1%, unwinding most of the 9.4% jump in the previous week. Meanwhile, views towards future conditions edged up another 0.2% following a 1.5% rise in the week before last. This sub-index is at its highest point in seven weeks.
- The 'time to buy a major household item' sub-index rose 2.0% last week. This sub-index has risen quite sharply since early May and is close to its peak at the start of the year.
- Inflation expectations remain unchanged, at 4.2% on a four-week moving average basis.

ANZ'S SENIOR ECONOMIST, JO MASTERS, COMMENTED:

"Despite last week's fall, confidence has been trending up in recent weeks. The 4-week average is at its highest point in nine weeks and is within striking distance of the long term average.

Consumers seemingly agree with the RBA's assessment that the weakness in GDP is temporary and have chosen to focus on the recent string of solid employment reports, including last week's data, which showed a sharp drop in the unemployment rate to 5.5% in May, the lowest since March 2013.

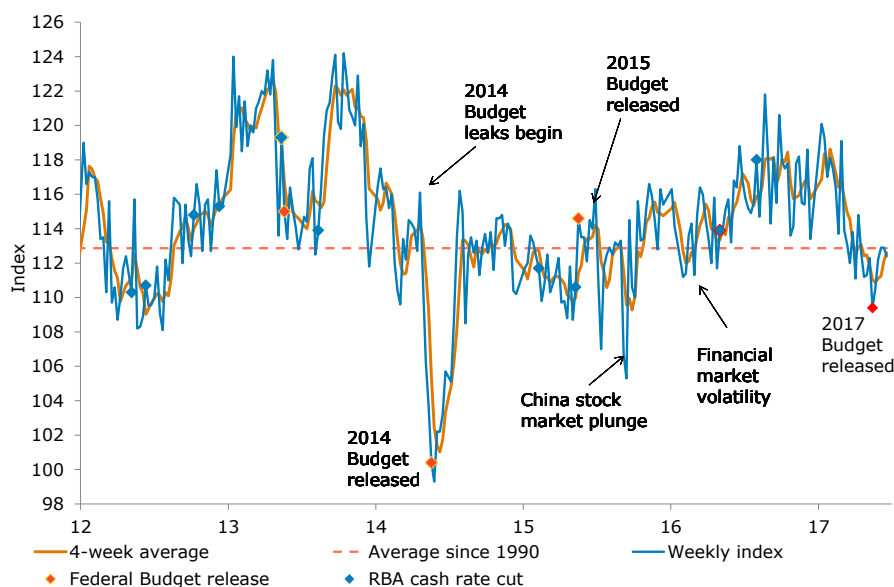
We believe that there is still some scope for further employment gains (as official data catch up to forward indicators), and this will likely support confidence in the near term. That being said, once this catch up is complete job growth is likely to slow to a much more moderate pace. Meanwhile, the volatility in the sub-indices is a timely reminder of the headwinds facing households, with the sharp fall in current finances last week likely reflecting news of large energy price rises from 1 July."

FIGURE 1. WEEKLY ANZ-ROY MORGAN CONSUMER CONFIDENCE AND INFLATION EXPECTATIONS

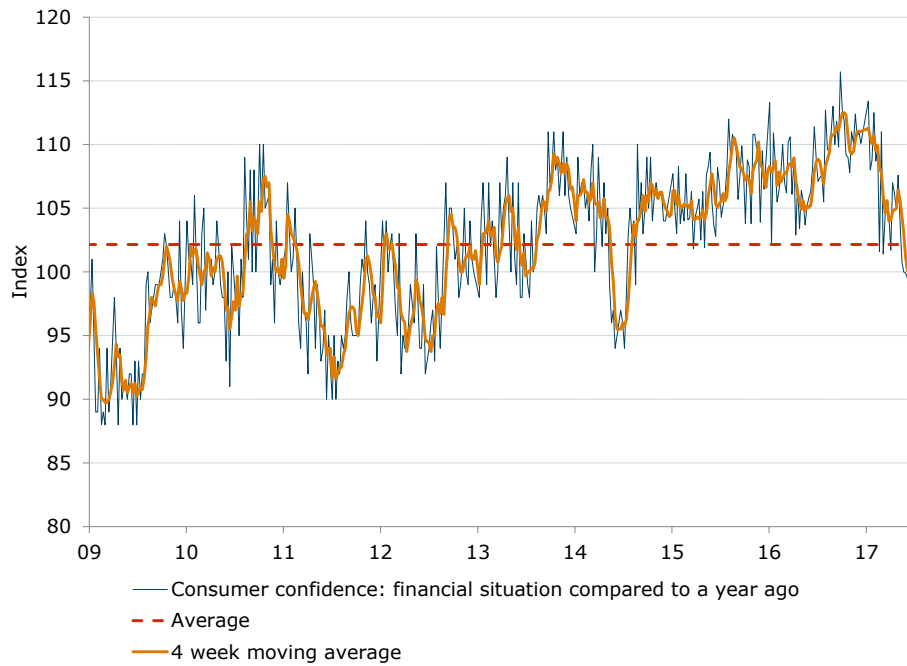
| Last week (17-18 June) | Weekly change, % | 4-week average | Monthly average since 1990 | Inflation expectations (4-week ma) |
|------------------------|------------------|----------------|----------------------------|------------------------------------|
| 112.4 | -0.4% | 112.6 | 112.9 | 4.2% |

Data collected last weekend (Saturday and Sunday), based on around 1,000 face-to-face interviews. Not seasonally adjusted. Further data history on page 5.

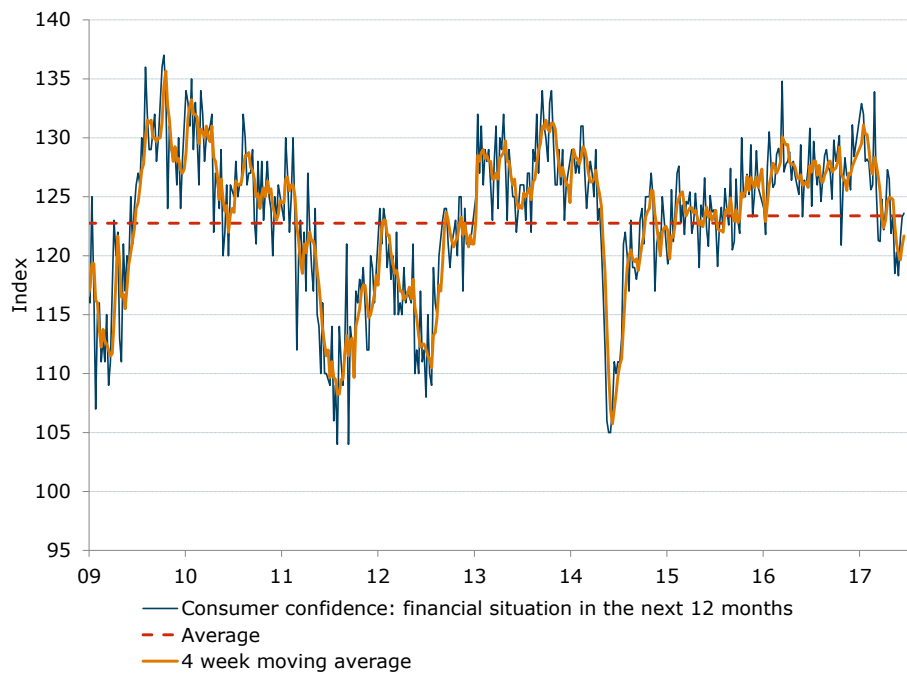
FIGURE 2. CONFIDENCE EASES A TOUCH



Source: ANZ-Roy Morgan

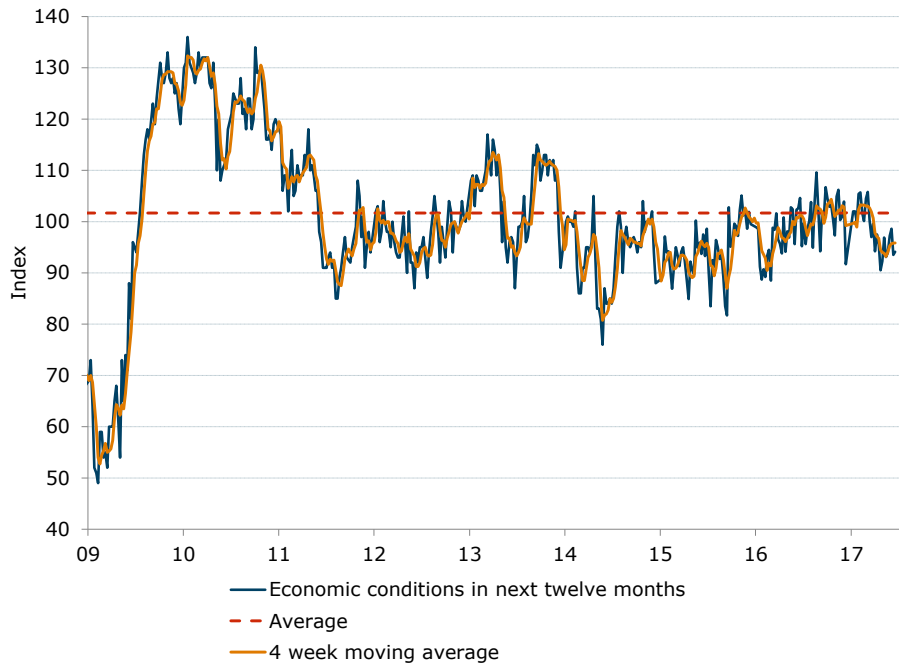
FIGURE 3. CONFIDENCE IN CURRENT FINANCIAL UNWINDED MUCH OF LAST WEEK'S GAIN

Source: ANZ-Roy Morgan

FIGURE 4. CONFIDENCE IN FUTURE FINANCIAL CONDITIONS CONTINUES TO RISE

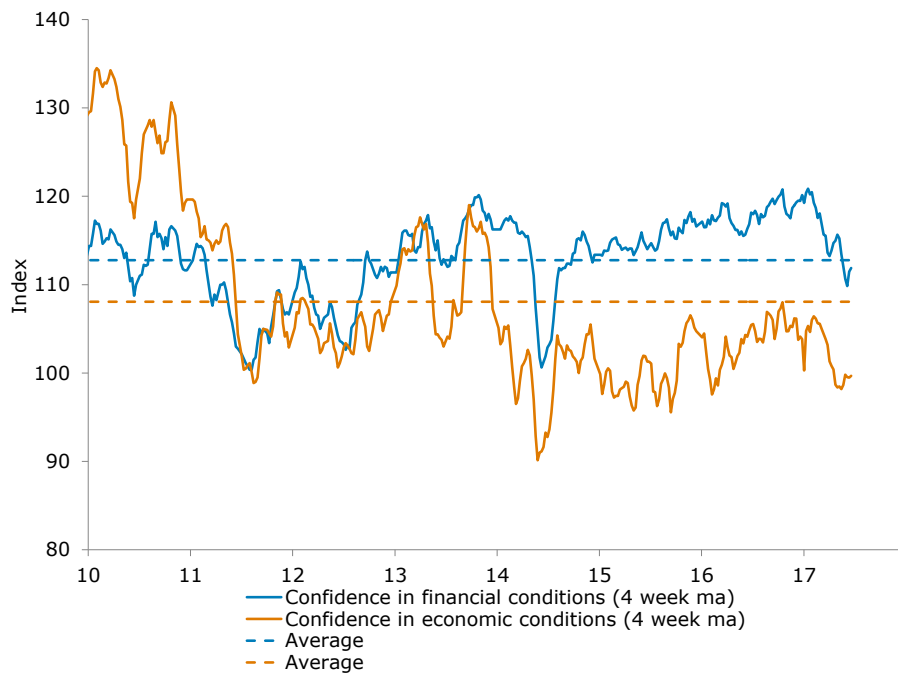
Source: ANZ-Roy Morgan

FIGURE 5. CONFIDENCE IN CURRENT ECONOMIC CONDITIONS ROSE 0.6%



Source: ANZ-Roy Morgan

FIGURE 6. CONFIDENCE IN FINANCIAL CONDITIONS HAS IMPROVED, WHILE CONFIDENCE IN ECONOMIC CONDITIONS HAS STABILIZED

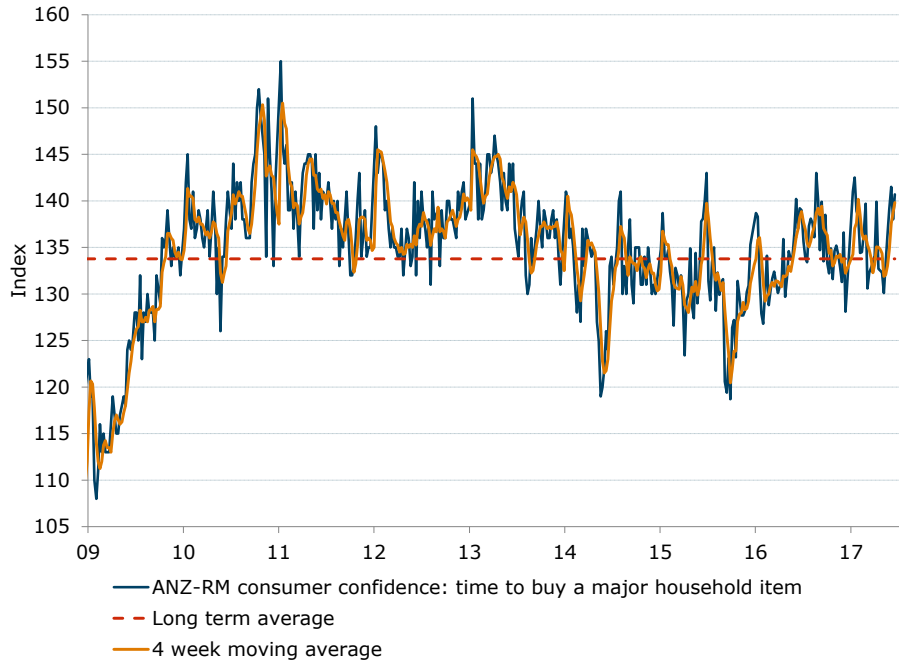


*Average of 'financial situation compared to a year ago' and 'financial situation next year'.

**Average of 'economic conditions next year' and 'economic conditions next five years'.

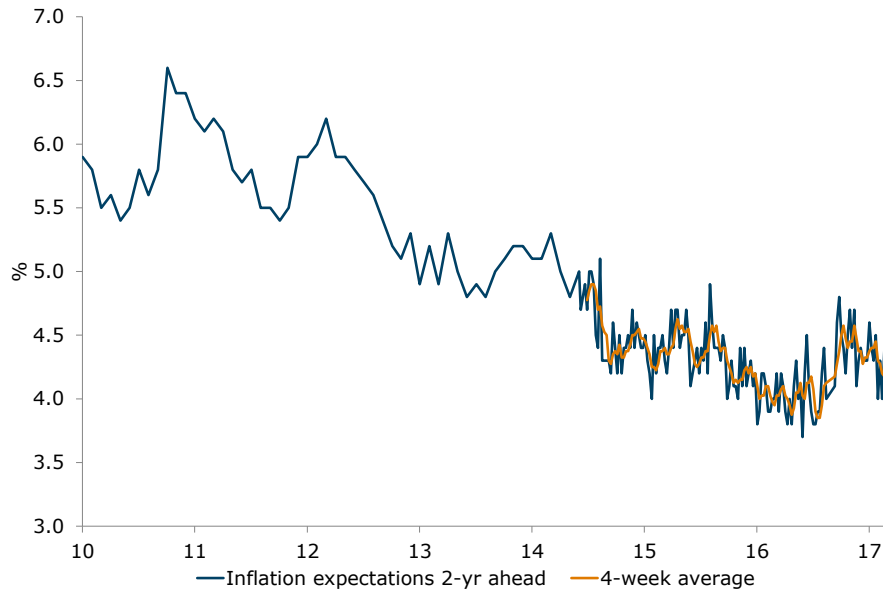
Source: ANZ-Roy Morgan

FIGURE 7. 'TIME TO A BUY A HOUSEHOLD ITEM' SUB INDEX IS CLOSE TO ITS PEAK



Source: ANZ-Roy Morgan

FIGURE 8. INFLATION EXPECTATIONS HAVE TRENDED LOWER IN Q2 2017



* Data from Oct-2014 is weekly.
Data prior to that is monthly.

Source: ANZ-Roy Morgan

TABLE 1. CONSUMER CONFIDENCE

| | Headline index | | | Subindices | | | Inflation Expectations | |
|----------------|----------------|-----------------------|---|----------------------------------|----------------------------------|-------------------------------------|---------------------------------------|--|
| | Last week | 4-week moving average | 1. Financial situation compared to a year ago | 2. Financial situation next year | 3. Economic conditions next year | 4. Economic conditions next 5 years | 5. Time to buy a major household item | 6. Inflation expectations 2-year ahead (%) |
| Avg since 2001 | 116 | - | 102 | 124 | 105 | 114 | 135 | - |
| 2010 avg | 124 | - | 101 | 127 | 124 | 130 | 139 | 5.7 |
| 2011 avg | 114 | - | 97 | 117 | 101 | 116 | 140 | 6.0 |
| 2012 avg | 113 | - | 99 | 118 | 97 | 113 | 138 | 5.8 |
| 2013 avg | 119 | - | 104 | 128 | 106 | 118 | 139 | 5.0 |
| 2014 avg | 111 | - | 104 | 121 | 94 | 106 | 132 | 4.9 |
| 2015 avg | 112 | - | 107 | 124 | 94 | 106 | 131 | 4.4 |
| 13-Sep-15 | 105.3 | 109.6 | 107.4 | 121.2 | 81.7 | 97.1 | 119.4 | 4.7 |
| 20-Sep-15 | 114.5 | 110.0 | 109.9 | 126.5 | 102.8 | 110.1 | 123.1 | 4.5 |
| 27-Sep-15 | 110.6 | 109.3 | 107.7 | 123.0 | 95.1 | 108.4 | 118.7 | 4.1 |
| 4-Oct-15 | 110.0 | 110.1 | 103.8 | 121.9 | 95.7 | 102.3 | 126.4 | 4.2 |
| 11-Oct-15 | 115.6 | 112.7 | 108.8 | 130.0 | 99.6 | 112.5 | 127.2 | 4.3 |
| 18-Oct-15 | 113.3 | 112.4 | 108.3 | 125.0 | 99.1 | 111.1 | 123.2 | 4.4 |
| 25-Oct-15 | 113.4 | 113.1 | 103.8 | 125.0 | 97.2 | 109.9 | 131.4 | 4.2 |
| 1-Nov-15 | 115.2 | 114.4 | 110.8 | 126.9 | 102.2 | 106.3 | 129.6 | 4.4 |
| 8-Nov-15 | 116.6 | 114.6 | 110.8 | 125.2 | 105.1 | 114.3 | 127.7 | 4.3 |
| 15-Nov-15 | 115.9 | 115.3 | 109.7 | 129.4 | 101.2 | 111.6 | 127.7 | 4.6 |
| 22-Nov-15 | 114.5 | 115.6 | 109.5 | 123.3 | 102.1 | 109.4 | 128.2 | 4.2 |
| 29-Nov-15 | 112.8 | 115.0 | 103.9 | 125.2 | 98.6 | 106.1 | 130.2 | 4.9 |
| 6-Dec-15 | 116.3 | 114.9 | 109.5 | 128.9 | 101.9 | 110.3 | 130.9 | 4.6 |
| 13-Dec-15 | 115.4 | 114.8 | 106.5 | 125.8 | 99.5 | 110.0 | 135.3 | 4.4 |
| 3-Jan-16 | 116.3 | 115.2 | 113.3 | 124.0 | 98.9 | 106.9 | 138.7 | 4.3 |
| 10-Jan-16 | 114.1 | 115.5 | 102.1 | 121.8 | 98.6 | 109.7 | 138.3 | 4.5 |
| 17-Jan-16 | 113.2 | 114.8 | 110.9 | 127.6 | 91.2 | 104.6 | 131.9 | 4.4 |
| 24-Jan-16 | 112.2 | 114.0 | 108.6 | 130.5 | 88.7 | 105.1 | 127.9 | 4.0 |
| 31-Jan-16 | 111.2 | 112.7 | 105.5 | 127.5 | 90.7 | 105.8 | 126.8 | 4.1 |
| 7-Feb-16 | 111.4 | 112.0 | 106.4 | 125.8 | 89.2 | 105.3 | 130.3 | 4.3 |
| 14-Feb-16 | 113.6 | 112.1 | 107.7 | 126.1 | 93.3 | 107.0 | 134.1 | 4.1 |
| 21-Feb-16 | 114.3 | 112.6 | 110.0 | 128.6 | 94.5 | 109.4 | 128.8 | 4.1 |
| 28-Feb-16 | 111.3 | 112.7 | 107.0 | 129.1 | 88.5 | 101.5 | 130.4 | 4.0 |
| 6-Mar-16 | 114.8 | 113.5 | 106.2 | 127.9 | 98.8 | 109.9 | 131.7 | 4.4 |
| 13-Mar-16 | 116.4 | 114.2 | 110.2 | 134.8 | 98.4 | 106.5 | 132.4 | 4.1 |
| 20-Mar-16 | 116.0 | 114.6 | 110.6 | 127.1 | 101.6 | 109.4 | 131.2 | 4.4 |
| 27-Mar-16 | 114.5 | 115.4 | 106.1 | 127.8 | 96.5 | 111.9 | 130.1 | 4.1 |
| 3-Apr-16 | 113.4 | 115.1 | 108.9 | 128.0 | 95.7 | 103.4 | 130.8 | 4.2 |
| 10-Apr-16 | 112.0 | 114.0 | 102.9 | 128.8 | 93.8 | 103.5 | 131.0 | 4.3 |
| 17-Apr-16 | 115.8 | 113.9 | 106.9 | 126.4 | 100.8 | 108.9 | 135.9 | 4.1 |
| 24-Apr-16 | 111.7 | 113.2 | 103.4 | 128.0 | 94.1 | 103.5 | 129.7 | 4.2 |
| 1-May-16 | 113.9 | 113.4 | 106.4 | 126.8 | 98.1 | 106.5 | 131.7 | 3.8 |
| 8-May-16 | 113.9 | 113.8 | 105.6 | 126.0 | 96.9 | 106.5 | 134.6 | 3.9 |
| 15-May-16 | 115.1 | 113.7 | 103.7 | 125.2 | 102.8 | 110.0 | 133.7 | 4.2 |
| 22-May-16 | 115.7 | 114.7 | 105.1 | 129.4 | 102.4 | 107.6 | 134.0 | 4.2 |
| 29-May-16 | 113.2 | 114.5 | 105.8 | 123.3 | 95.6 | 105.0 | 136.5 | 4.1 |
| 5-Jun-16 | 116.8 | 115.2 | 106.3 | 126.4 | 102.3 | 108.7 | 140.2 | 3.9 |
| 12-Jun-16 | 116.4 | 115.5 | 108.1 | 126.0 | 102.6 | 108.6 | 137.0 | 3.9 |
| 19-Jun-16 | 118.8 | 116.3 | 111.4 | 127.4 | 104.6 | 111.2 | 139.2 | 4.0 |
| 26-Jun-16 | 116.8 | 117.2 | 108.8 | 130.8 | 95.2 | 110.3 | 139.0 | 4.0 |
| 3-Jul-16 | 115.8 | 117.0 | 107.1 | 124.2 | 99.7 | 112.2 | 135.6 | 4.2 |
| 10-Jul-16 | 115.2 | 116.7 | 107.4 | 129.7 | 95.6 | 109.2 | 133.9 | 3.9 |
| 17-Jul-16 | 114.9 | 115.7 | 107.6 | 127.4 | 98.6 | 107.3 | 133.4 | 4.2 |
| 24-Jul-16 | 115.5 | 115.4 | 105.5 | 126.0 | 100.1 | 108.4 | 137.3 | 4.1 |
| 31-Jul-16 | 118.0 | 115.9 | 112.7 | 127.6 | 103.8 | 107.8 | 138.1 | 3.9 |
| 7-Aug-16 | 114.7 | 115.8 | 109.6 | 124.6 | 94.9 | 106.7 | 137.6 | 3.8 |
| 14-Aug-16 | 117.6 | 116.5 | 109.5 | 126.7 | 104.0 | 111.6 | 136.1 | 4.0 |
| 21-Aug-16 | 121.8 | 118.0 | 110.9 | 128.5 | 109.6 | 117.0 | 143.0 | 3.8 |
| 28-Aug-16 | 118.4 | 118.1 | 113.0 | 129.0 | 101.9 | 108.2 | 140.1 | 4.1 |
| 4-Sep-16 | 114.3 | 118.0 | 110.0 | 127.5 | 94.2 | 105.3 | 134.7 | 4.3 |
| 11-Sep-16 | 118.1 | 118.2 | 111.8 | 127.1 | 101.8 | 110.1 | 139.9 | 4.0 |
| 18-Sep-16 | 115.5 | 116.6 | 109.8 | 124.8 | 100.7 | 108.6 | 133.5 | 4.1 |
| 25-Sep-16 | 120.6 | 117.1 | 115.7 | 129.8 | 106.7 | 112.5 | 138.5 | 3.7 |
| 2-Oct-16 | 117.9 | 118.0 | 112.6 | 128.0 | 104.5 | 110.9 | 133.3 | 4.2 |
| 9-Oct-16 | 117.5 | 117.9 | 111.9 | 128.9 | 102.9 | 111.7 | 132.2 | 4.5 |
| 16-Oct-16 | 117.8 | 118.5 | 109.2 | 130.2 | 103.3 | 111.6 | 134.9 | 4.1 |
| 23-Oct-16 | 113.6 | 116.7 | 109.0 | 120.9 | 100.5 | 106.1 | 131.6 | 3.9 |
| 30-Oct-16 | 114.1 | 115.8 | 107.8 | 126.1 | 97.3 | 104.4 | 134.6 | 3.8 |
| 6-Nov-16 | 117.8 | 115.8 | 111.0 | 128.3 | 104.9 | 109.8 | 135.2 | 3.8 |
| 13-Nov-16 | 118.2 | 115.9 | 110.1 | 126.8 | 106.2 | 113.6 | 134.3 | 3.9 |
| 20-Nov-16 | 115.5 | 116.4 | 112.4 | 126.8 | 100.3 | 105.1 | 132.9 | 3.9 |
| 27-Nov-16 | 115.4 | 116.7 | 110.7 | 125.6 | 101.0 | 108.4 | 131.3 | 4.2 |
| 4-Dec-16 | 118.6 | 116.9 | 110.9 | 131.1 | 103.9 | 110.8 | 136.6 | 4.4 |
| 11-Dec-16 | 113.4 | 115.7 | 110.1 | 128.4 | 91.7 | 108.9 | 128.1 | 4.0 |
| 8-Jan-17 | 120.1 | 116.9 | 113.4 | 132.9 | 102.0 | 111.3 | 141.0 | 4.1 |
| 15-Jan-17 | 119.3 | 117.9 | 108.0 | 132.0 | 102.0 | 112.0 | 142.5 | 4.6 |
| 22-Jan-17 | 117.0 | 117.5 | 108.8 | 128.0 | 100.0 | 109.3 | 138.9 | 4.8 |
| 29-Jan-17 | 118.1 | 118.6 | 112.5 | 128.2 | 105.4 | 106.0 | 138.3 | 4.5 |
| 5-Feb-17 | 117.5 | 118.0 | 108.7 | 127.9 | 105.7 | 111.0 | 134.4 | 4.4 |
| 12-Feb-17 | 116.4 | 117.3 | 109.8 | 125.6 | 101.7 | 110.2 | 134.5 | 4.2 |
| 19-Feb-17 | 113.7 | 116.4 | 101.6 | 126.0 | 100.1 | 104.8 | 136.3 | 4.5 |
| 26-Feb-17 | 119.1 | 116.7 | 111.0 | 133.9 | 104.5 | 106.6 | 139.7 | 4.7 |
| 5-Mar-17 | 113.9 | 115.8 | 101.4 | 125.6 | 105.8 | 106.2 | 130.6 | 4.4 |
| 12-Mar-17 | 113.1 | 115.0 | 104.5 | 121.3 | 100.3 | 107.0 | 132.3 | 4.7 |
| 19-Mar-17 | 112.0 | 114.5 | 105.5 | 121.2 | 97.0 | 103.3 | 132.8 | 4.1 |
| 26-Mar-17 | 113.8 | 113.2 | 104.6 | 124.8 | 99.6 | 106.2 | 133.4 | 4.3 |
| 2-Apr-17 | 111.1 | 112.5 | 101.7 | 122.2 | 94.2 | 103.0 | 134.1 | 4.4 |
| 9-Apr-17 | 114.8 | 112.9 | 107.0 | 123.9 | 97.5 | 105.7 | 139.9 | 4.3 |
| 16-Apr-17 | 112.6 | 113.1 | 106.2 | 127.3 | 95.6 | 101.4 | 132.7 | 4.3 |
| 23-Apr-17 | 111.2 | 112.4 | 104.9 | 126.5 | 90.5 | 101.6 | 132.5 | 4.3 |
| 30-Apr-17 | 111.3 | 112.5 | 107.6 | 121.9 | 92.3 | 102.3 | 132.3 | 4.6 |
| 7-May-17 | 112.3 | 111.9 | 104.1 | 123.4 | 96.9 | 107.3 | 130.1 | 4.4 |
| 14-May-17 | 109.4 | 111.1 | 100.8 | 118.5 | 93.1 | 101.4 | 133.3 | 4.3 |
| 21-May-17 | 110.5 | 110.9 | 100.0 | 120.3 | 93.9 | 102.0 | 136.3 | 4.5 |
| 28-May-17 | 112.2 | 111.1 | 99.9 | 118.3 | 97.2 | 106.7 | 139.1 | 4.0 |
| 4-Jun-17 | 112.9 | 111.3 | 99.5 | 121.5 | 98.6 | 103.3 | 141.5 | 4.3 |
| 11-Jun-17 | 112.9 | 112.1 | 108.9 | 123.3 | 93.5 | 100.6 | 138.0 | 4.0 |
| 18-Jun-17 | 112.4 | 112.6 | 100.1 | 123.6 | 94.1 | 103.4 | 140.7 | 4.4 |

Source: ANZ-Roy Morgan

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