

ANZ-ROY MORGAN AUSTRALIAN CONSUMER CONFIDENCE MEDIA RELEASE

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CONFIDENCE: EDGING HIGHER

- ANZ-Roy Morgan Australian Consumer Confidence edged up 0.5% last week, following a 3.9% rise the previous week. The details were mixed: consumers seem less optimistic about their personal finances, though views towards economic conditions have improved.
- Households' views towards current financial conditions slipped 2.0% last week, partially unwinding the previous 4.7% rise. Similarly, sentiment around future financial conditions fell 1.7%, following a solid 6.4% increase earlier. Despite the fall last week, confidence in overall financial conditions remains close to its long term average.
- Meanwhile, consumers' views towards current and future economic conditions posted another solid rise (2.6% and 5.5% respectively). Even so, views towards both current and future economic conditions are running below long run averages.
- Though the weekly movement was relatively flat (-0.7%) the 'time to buy a major household item' index has clearly weakened after a period of strength in June and July.
- Inflation expectations eased to 4.4% (4.5% previously) on a four-week moving average basis.

ANZ'S SENIOR ECONOMIST, FELICITY EMMETT, COMMENTED

"Though the headline number showed little change this week, the improvement in sentiment around economic conditions in the last two weeks suggests that consumers are cautiously optimistic about the performance of the Australian economy. The Q2 GDP report later this week will provide some clarity, with the potential for the outcome to affect near-term confidence. A number of RBA speakers over the next week could also influence the debate around the outlook.

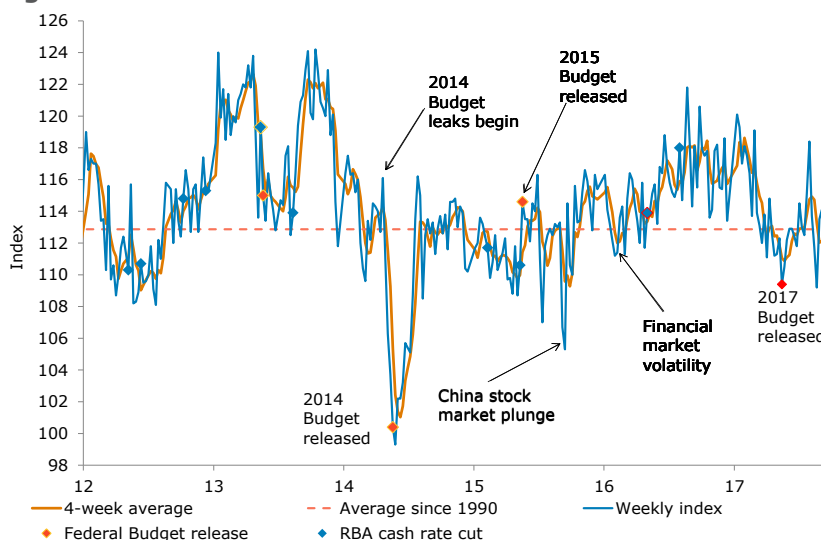
Broadly, we believe the economy has improved somewhat in Q2, though growth remains below trend. Business conditions and confidence remain elevated and appear to be translating into stronger business spending, but weak wage growth is dampening consumer sentiment. This, in turn, is likely to weigh on household spending over the medium term and act as a constraint on the acceleration in GDP growth."

Figure 1. Weekly ANZ-Roy Morgan Consumer Confidence and inflation expectations

Last week (2-3 September)	Weekly change, %	4-week average	Monthly average since 1990	Inflation expectations (4- week ma)
114.1	0.5%	112.1	112.9	4.4%

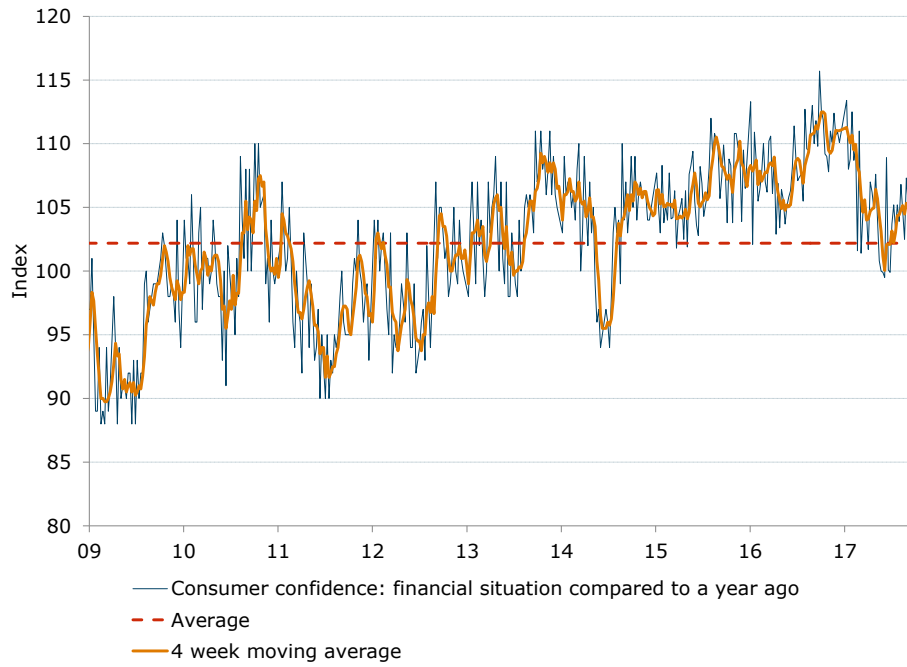
Data collected last weekend (Saturday and Sunday), based on around 1,000 face-to-face interviews. Not seasonally adjusted. Further data history on page 5.

Figure 2. Consumer confidence rose 0.7%



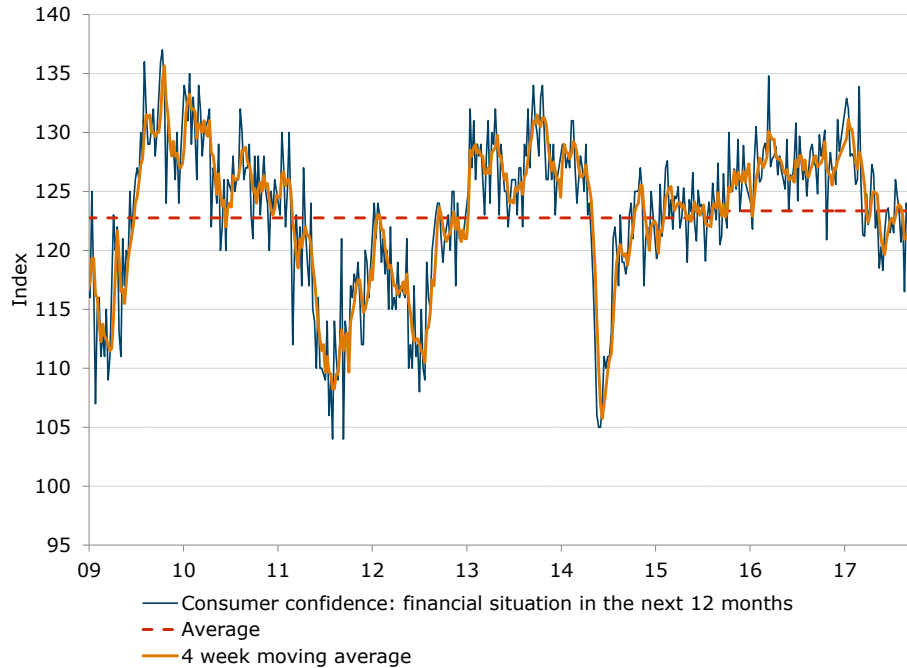
Source: ANZ-Roy Morgan

Figure 3. Confidence in current financial conditions remains above its long term average



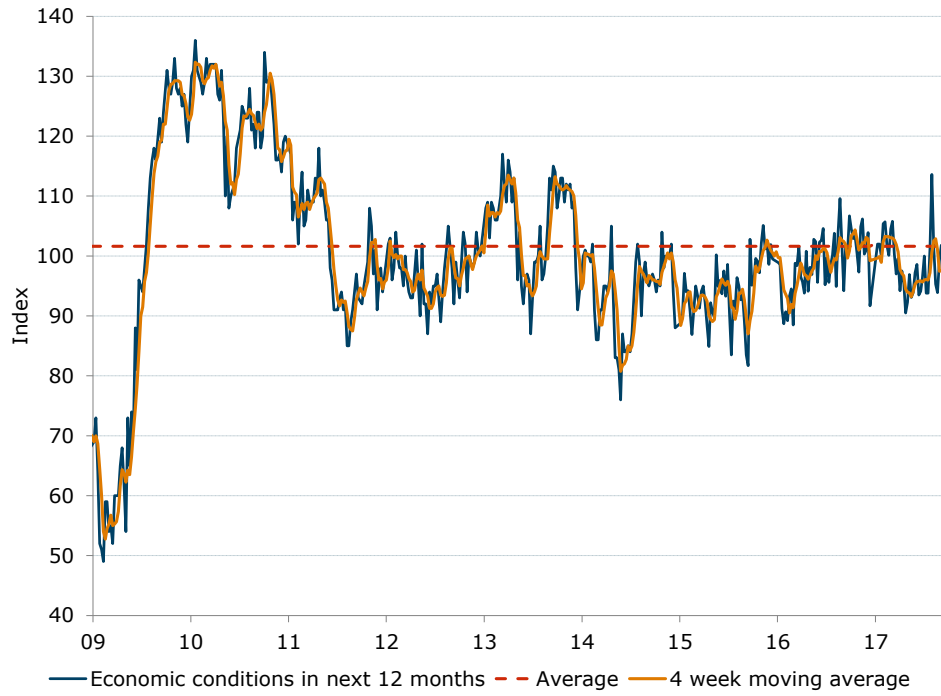
Source: ANZ-Roy Morgan

Figure 4. Confidence in future financial conditions is below its long term average



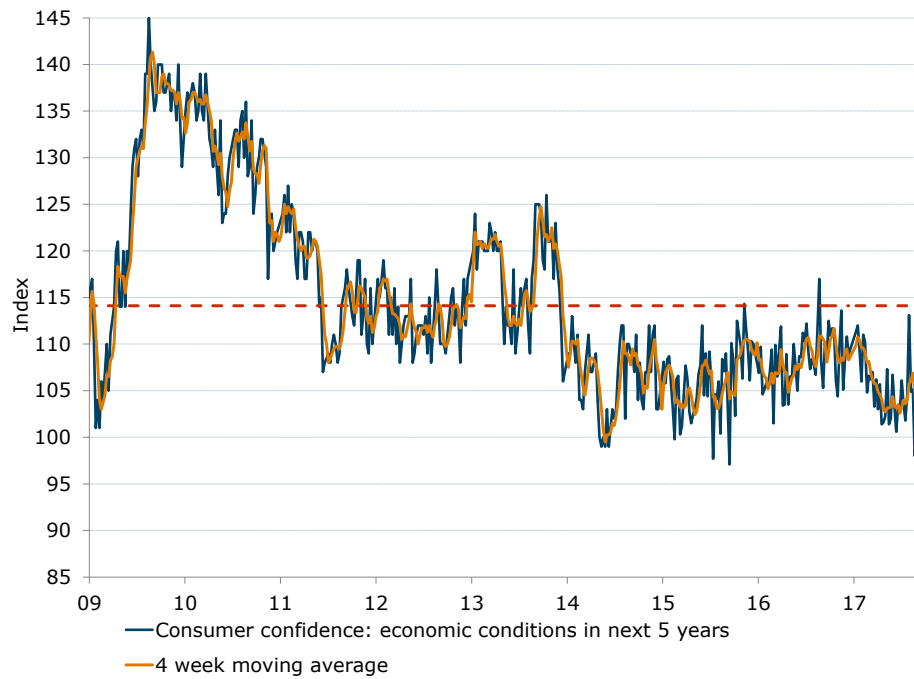
Source: ANZ-Roy Morgan

Figure 5. Sentiment around current economic conditions rose 2.6%



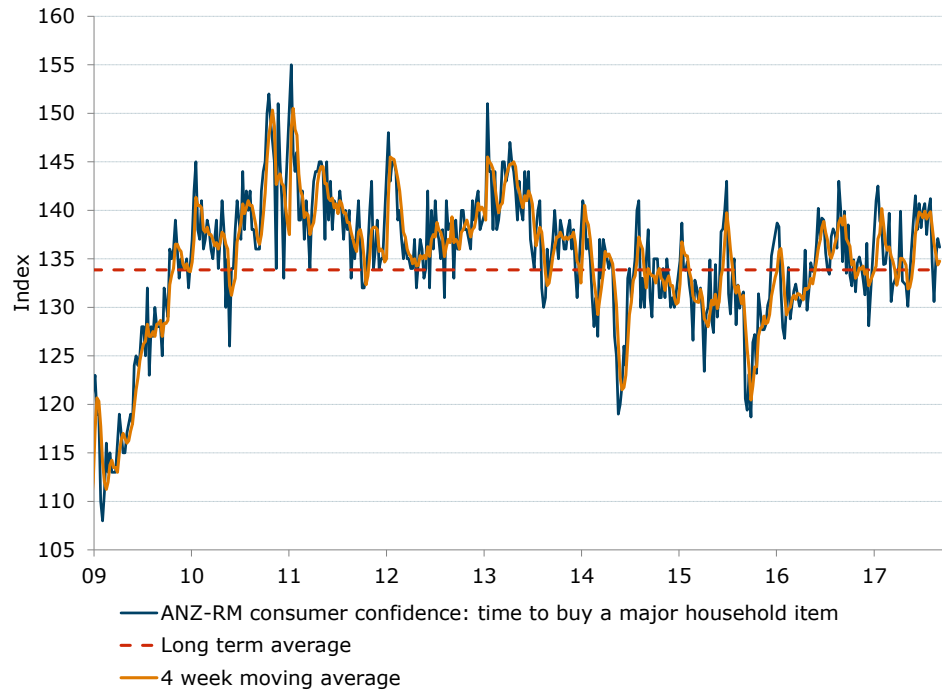
Source: ANZ-Roy Morgan

Figure 6. Confidence in the five-year economic outlook rose 5.5%, but remains well below its long run average



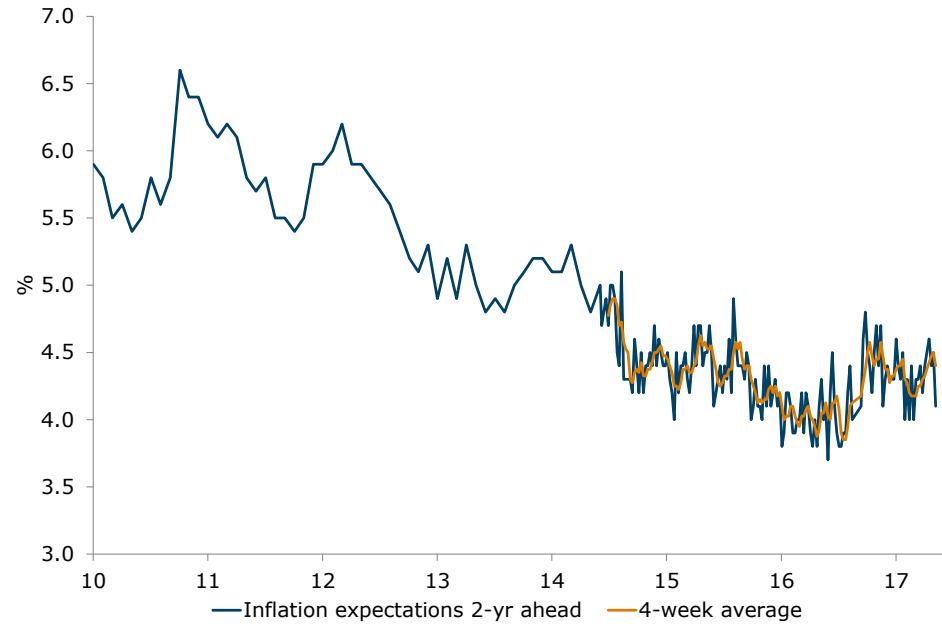
Source: ANZ-Roy Morgan

Figure 7. Consumers are less optimistic about large spends



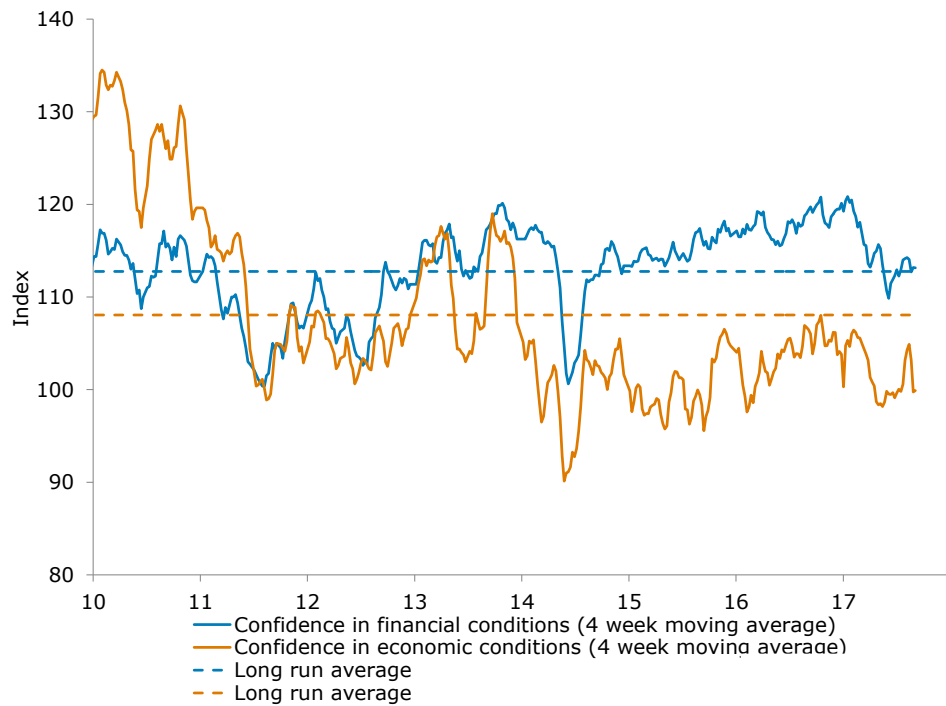
Source: ANZ-Roy Morgan

Figure 8. Four-week moving average inflation expectations eased to 4.4%



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

Source: ANZ-Roy Morgan

Figure 9. Sentiment towards overall financial conditions is near its long term average

Note: Financial conditions index is an average of 'financial situation compared to a year ago' and 'financial situation next year' sub-indices. Economic conditions index is an average of 'economic conditions in 12 months' and 'economic conditions in 5 years' sub-indices.

Source: ANZ-Roy Morgan

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