

ANZ-ROY MORGAN AUSTRALIAN CONSUMER CONFIDENCE MEDIA RELEASE

13 FEBRUARY 2018

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CONSUMER CONFIDENCE: WAVERS AMIDST MARKET TURBULENCE

- ANZ-Roy Morgan Australian Consumer Confidence fell 2.6% last week to 119.5, retracing gains over the previous two weeks. All subindices posted declines, though the 'current economic conditions' subindex was the main culprit.
- Households' sentiment towards current economic conditions dropped a sharp 6%, unwinding much of the 8.3% cumulative rise over the previous two weeks. Views towards future conditions slipped 0.7%, its second straight weekly fall.
- Consumers were also less optimistic about financial conditions this week. Views towards current and future conditions fell 2.6% and 1.8% respectively. In four week moving average terms, aggregate financial conditions sit at 116.0, down from their high of 118.5, two weeks ago.
- Sentiment around the 'time to buy a household item' fell for the fourth straight week, slipping 1.9% to 136.9. Inflation expectations edged down to 4.4% on a four week basis.

ANZ'S HEAD OF AUSTRALIAN ECONOMICS, DAVID PLANK, COMMENTED:

"Given the tumble that global and domestic equities took last week, it is unsurprising to see confidence falter. In particular, views around current economic conditions fell sharply last week, though they remain well above their long term average (113.2 vs 101.8).

While overall sentiment has risen considerably since Q3 2017, much of it has been driven by an improvement in views towards economic conditions. In contrast, views towards financial conditions rose less sharply over the same period and have recently begun deteriorating. This likely reflects the lack of pass through (yet) to wages, despite strong employment growth. Together with moderating house prices and high levels of debt, household finances remain under pressure. On this front, Governor Lowe's speech last week, which in our view effectively removed the prospect of a rate hike this year, should provide some comfort."

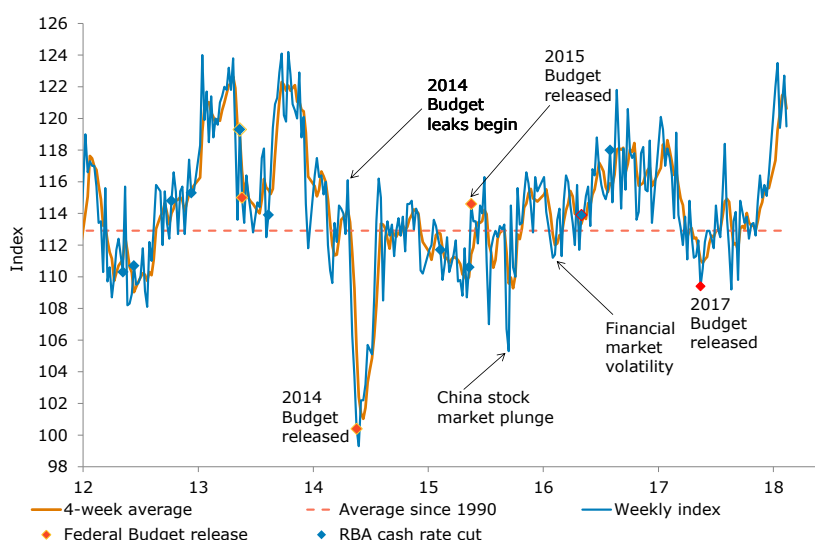
The upcoming employment and wage numbers will likely set the tone for confidence over the coming weeks. Further financial market volatility may also have an impact."

Figure 1. ANZ-Roy Morgan Australian Consumer Confidence & inflation expectations

| Last week (10-11 Feb) | Weekly change, % | Four-week average | Monthly average since 1990 | Inflation expectations (four-week ma) |
|-----------------------|------------------|-------------------|----------------------------|---------------------------------------|
| 119.5 | -2.6% | 120.6 | 112.9 | 4.4% |

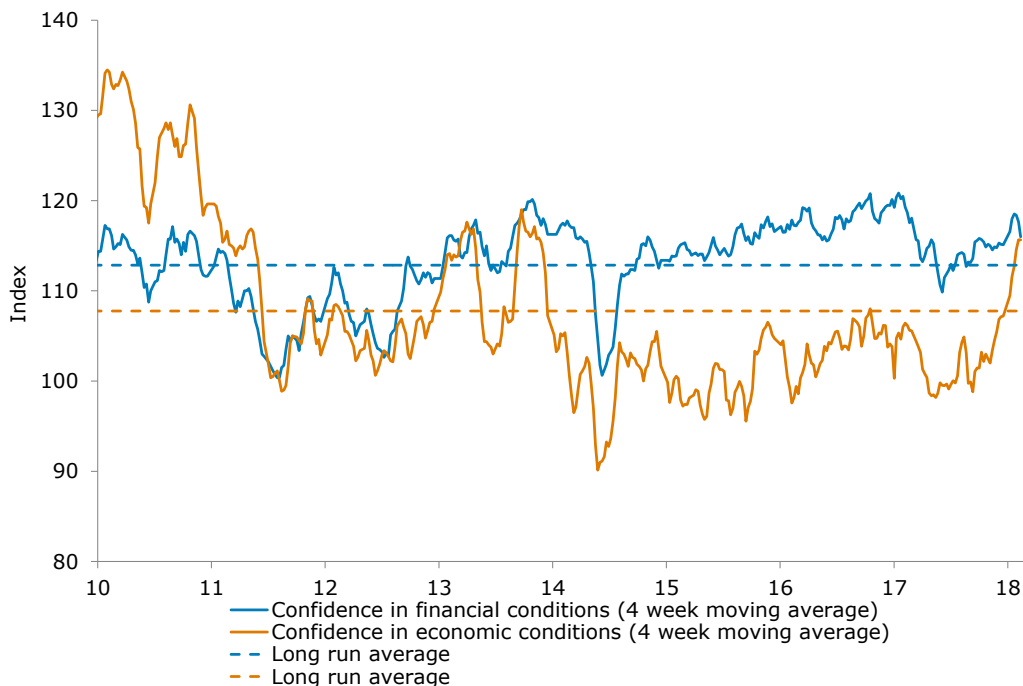
Data collected last weekend (Saturday and Sunday), based on around 1,000 face-to-face interviews. Not seasonally adjusted. Further data history on page 5.

Figure 2. Confidence fell 2.6% amidst market turbulence



Source: ANZ-Roy Morgan

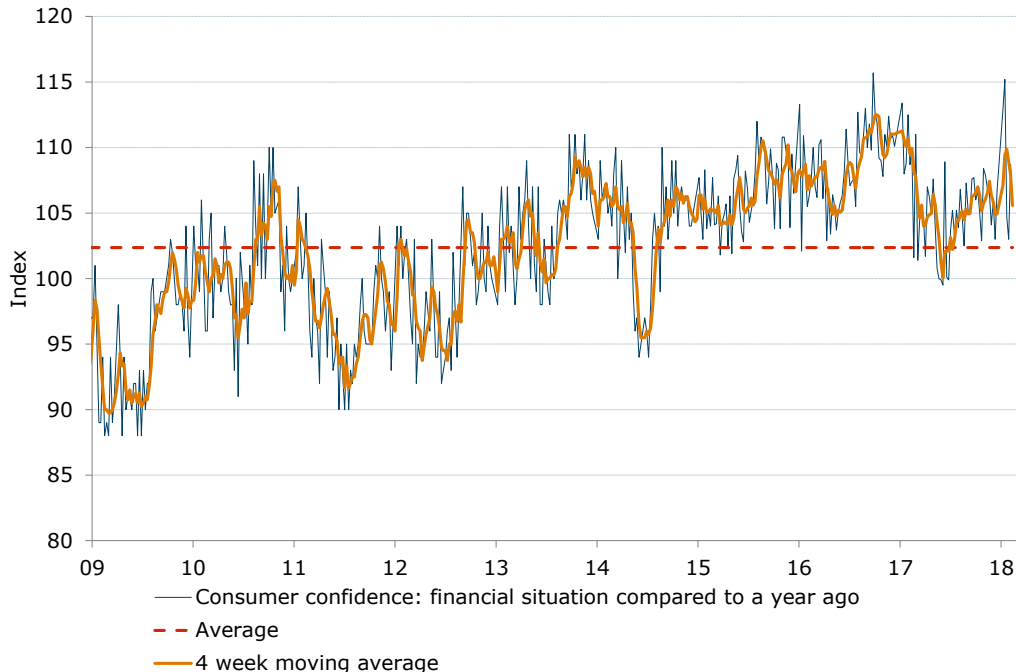
Figure 3. Overall financial conditions have fallen from their recent high



Source: ANZ-Roy Morgan

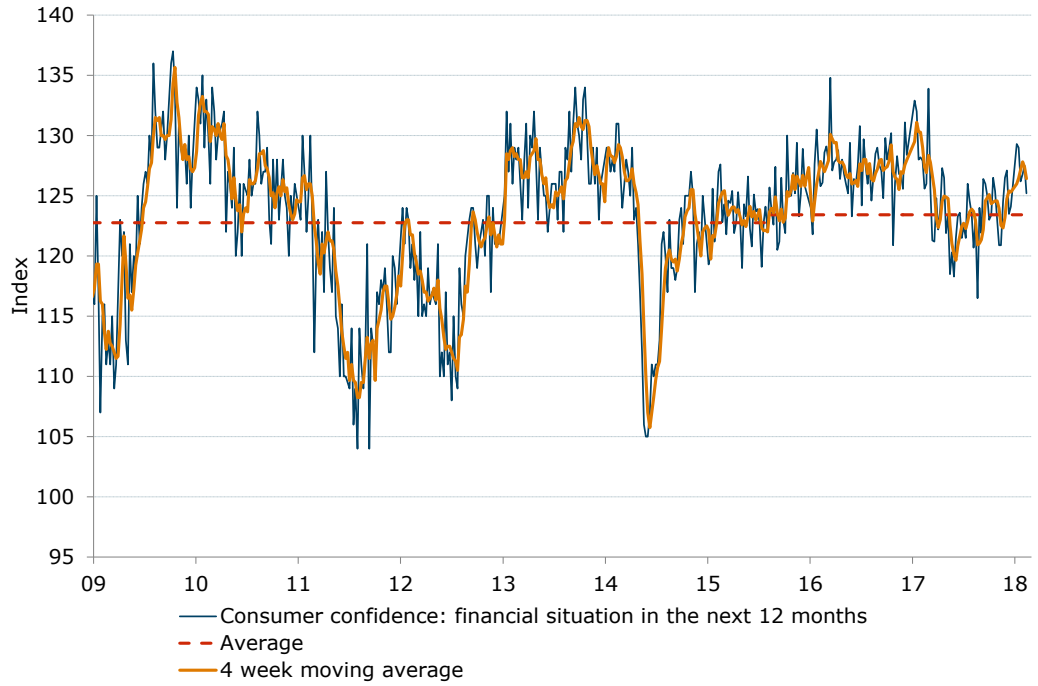
Note: Financial conditions index is an average of 'financial situation compared to a year ago' and 'financial situation next year' sub-indices. Economic conditions index is an average of 'economic conditions in 12 months' and 'economic conditions in five years' sub-indices.

Figure 4. Views towards current finances fell 2.6%...



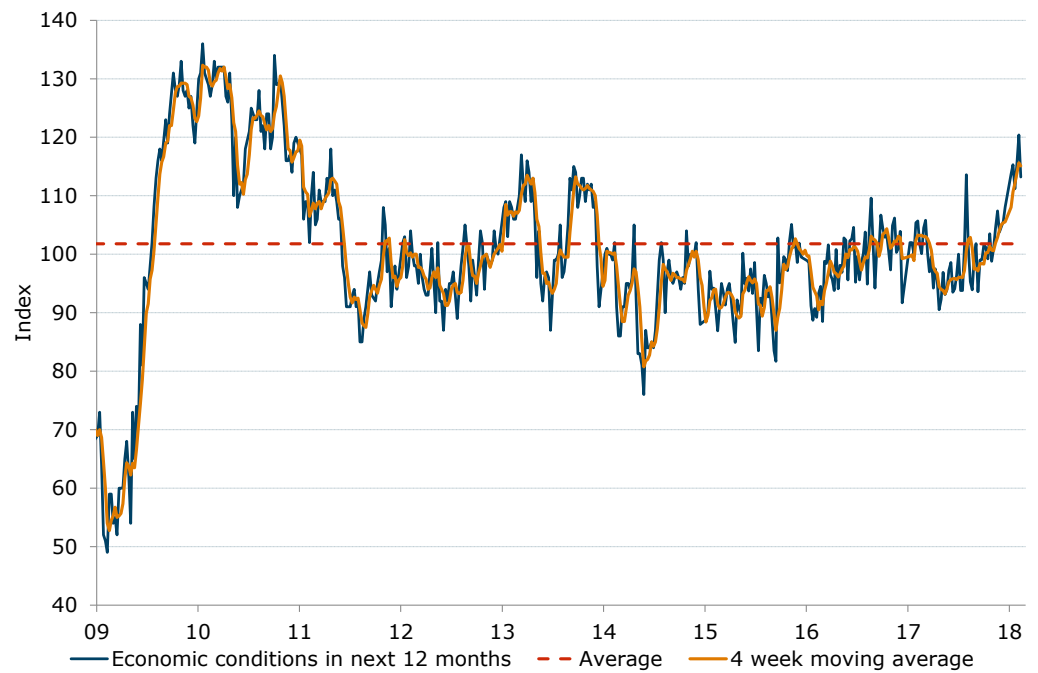
Source: ANZ-Roy Morgan

Figure 5. ...and views towards future finances slipped 1.8%.



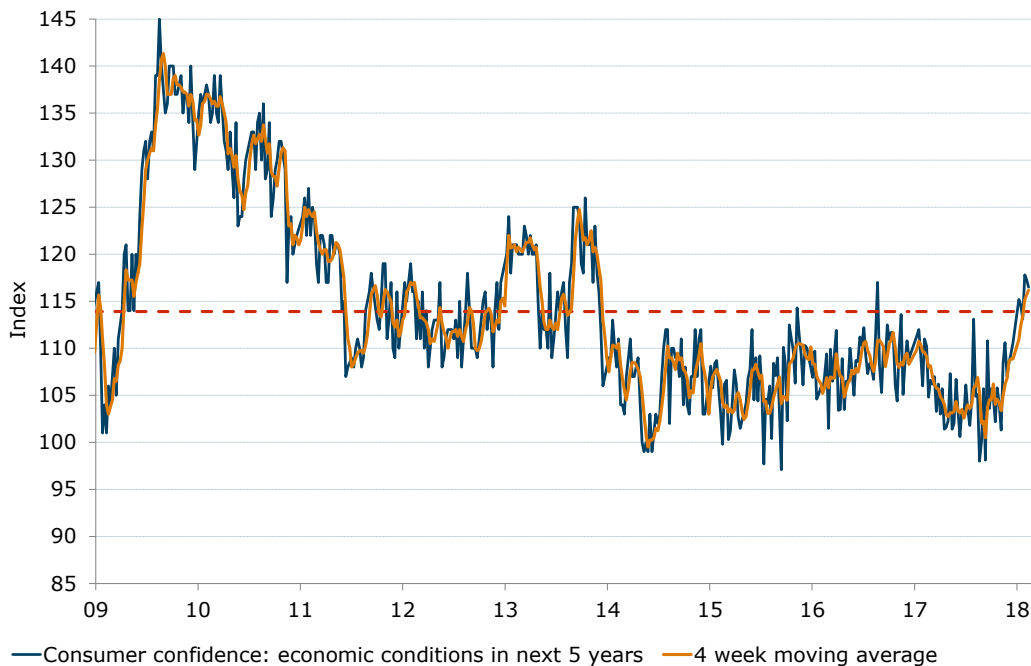
Source: ANZ-Roy Morgan

Figure 6. Sentiment around current economic conditions dropped sharply by 6.0%



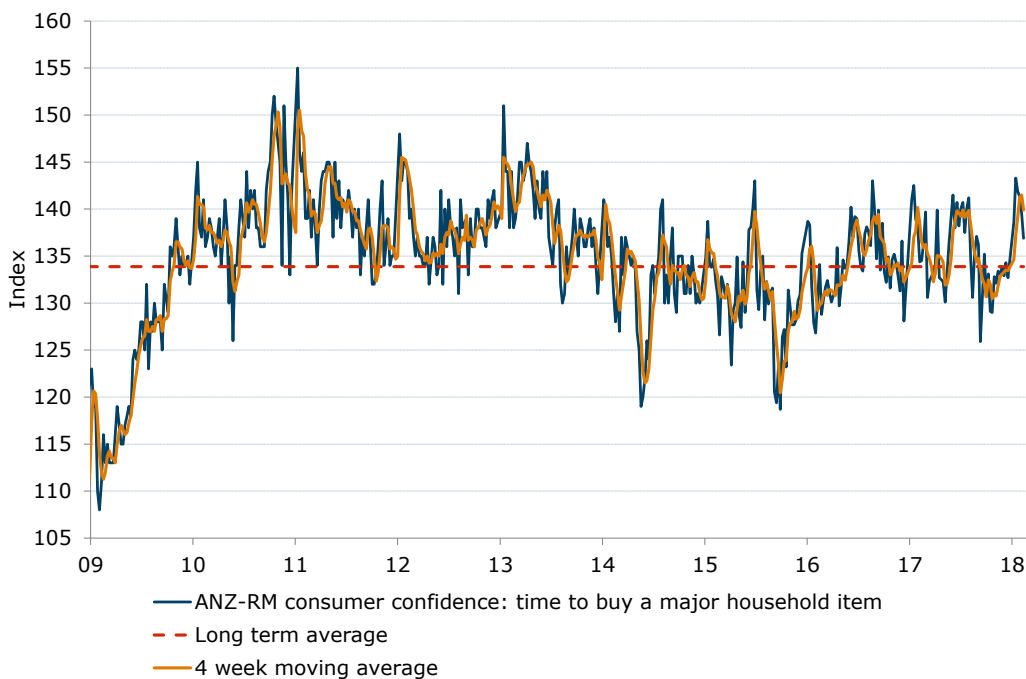
Source: ANZ-Roy Morgan

Figure 7. Sentiment toward future economic conditions has risen above its long term average



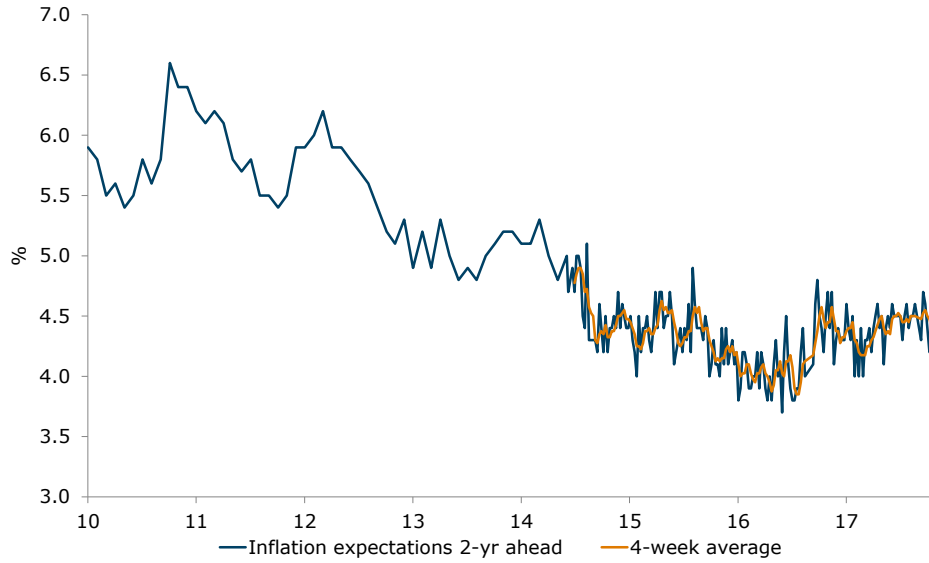
Source: ANZ-Roy Morgan

Figure 8. 'Time to buy a household item' fell for the fourth straight week



Source: ANZ-Roy Morgan

Figure 9. Four week moving average inflation expectations edged down by 0.1%



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

Source: ANZ-Roy Morgan

[v.28.09.2017]

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