

ANZ-ROY MORGAN AUSTRALIAN CONSUMER CONFIDENCE MEDIA RELEASE

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CONSUMER CONFIDENCE: BACK ON TRACK

- ANZ-Roy Morgan Australian Consumer Confidence returned to an upward trend after a drop last week, rising 1.3% in the latest release. Results were mixed at a disaggregated level, with three out of five sub components showing an increase.
- Consumers grew more optimistic about both current and future economic conditions, with the indices rising by 4.0% and 4.2% respectively. Both series reversed losses from last week and are sitting comfortably above their long term averages. Indeed, sentiment toward future economic conditions is the highest since late 2013.
- Views towards financial conditions were mixed, with the current sub-index extending its losses from last week, falling a further 1.6% to 103, while future finances rose slightly by 0.5% to 126.8 after two consecutive weekly falls.
- Sentiment around the 'time to buy a household item' saw its second consecutive weekly fall, slipping 0.4% to 141.3. Four week moving average inflation expectations edged down to 4.4%.

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

"There was little domestic news of note last week – though the fact that Sydney's planned rail strike was averted by court action may have helped boost overall sentiment a little. A jump in petrol prices in Melbourne and Sydney may have played a part in dampening households' views towards current financial conditions.

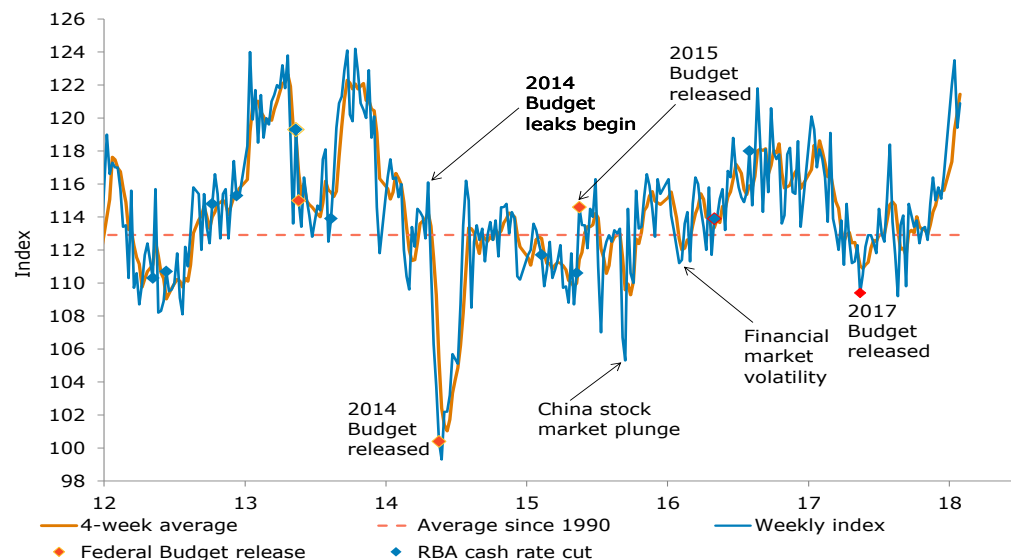
Encouragingly consumer confidence has sustained the bulk of its January gains, potentially setting up 2018 for a solid start in terms of consumer spending. Next week, we'll find out how December retail sales went, along with the fourth quarter as whole. The strength of retail sales in October and November, especially, means that the quarterly result will almost certainly be quite solid after the weak Q3 result. We would not be surprised to see December month retail sales post a small decline after the very strong result for November, however."

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

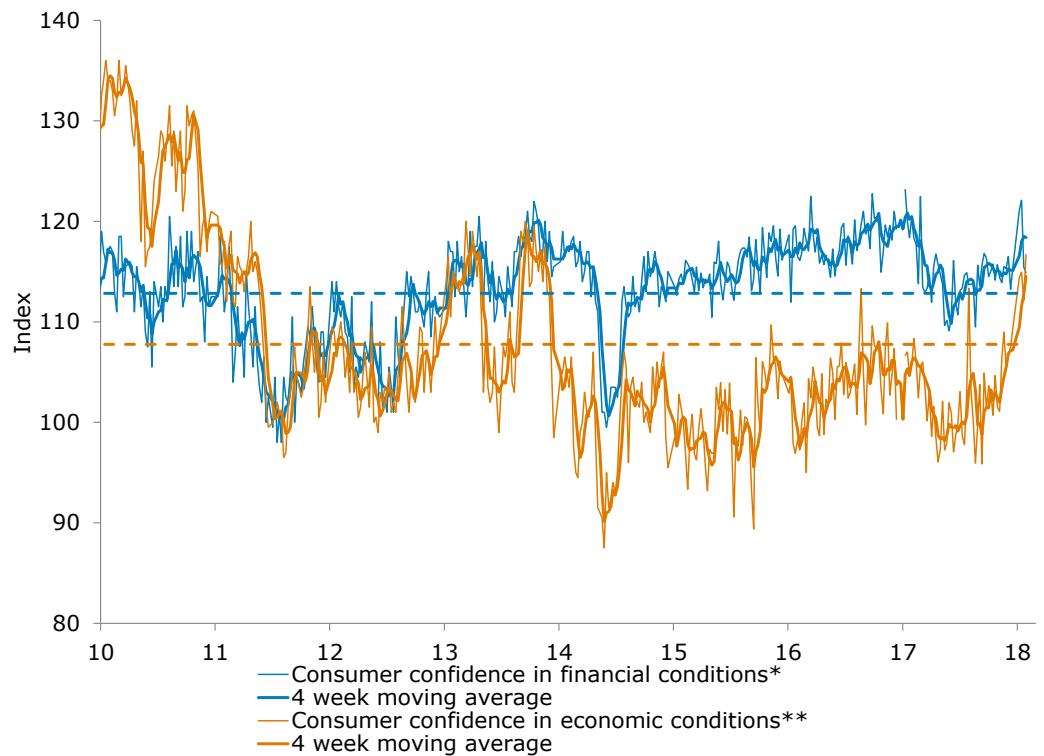
Last week (27–28 Jan)	Weekly change, %	Four-week average	Monthly average since 1990	Inflation expectations (four-week ma)
120.9	1.3%	103.0	112.9	4.5%

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 still on course for a new high

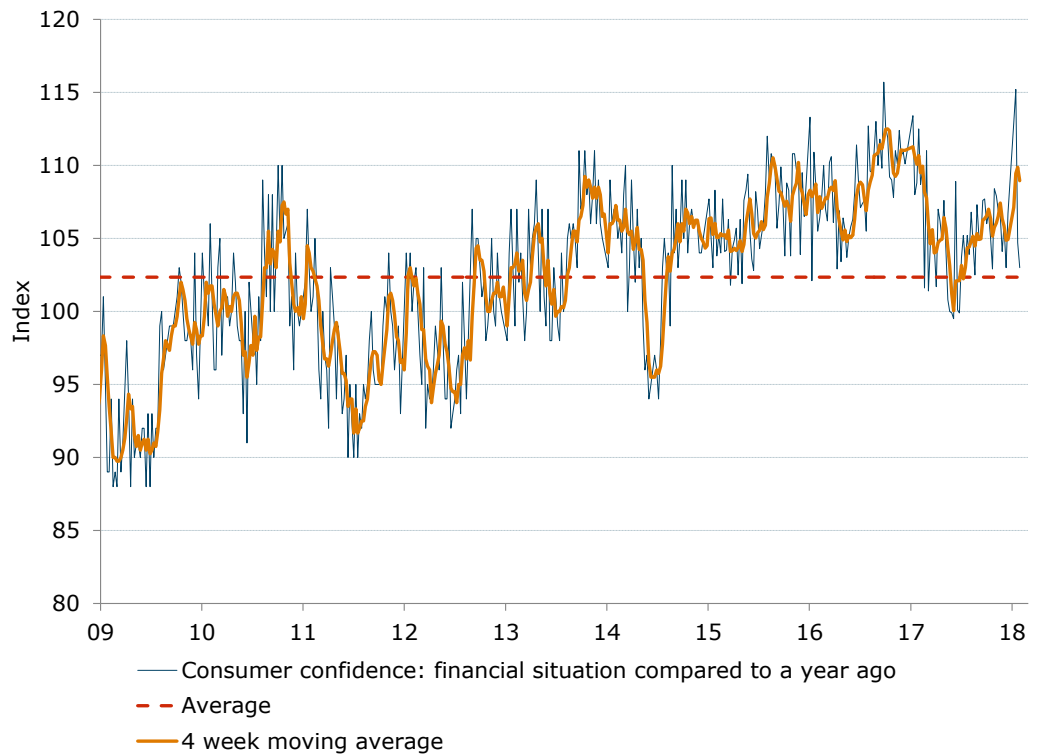


Source: ANZ-Roy Morgan

Figure 3. Both financial and economic conditions have surged in the New Year

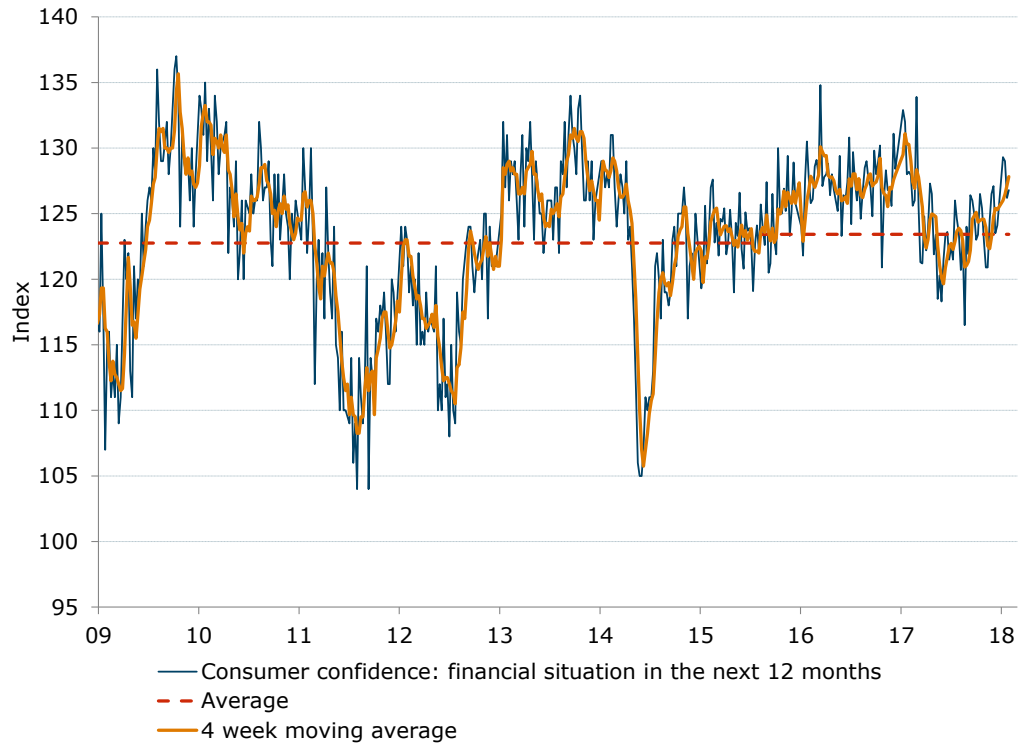
Source: ANZ-Roy Morgan

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 are above the long-run average

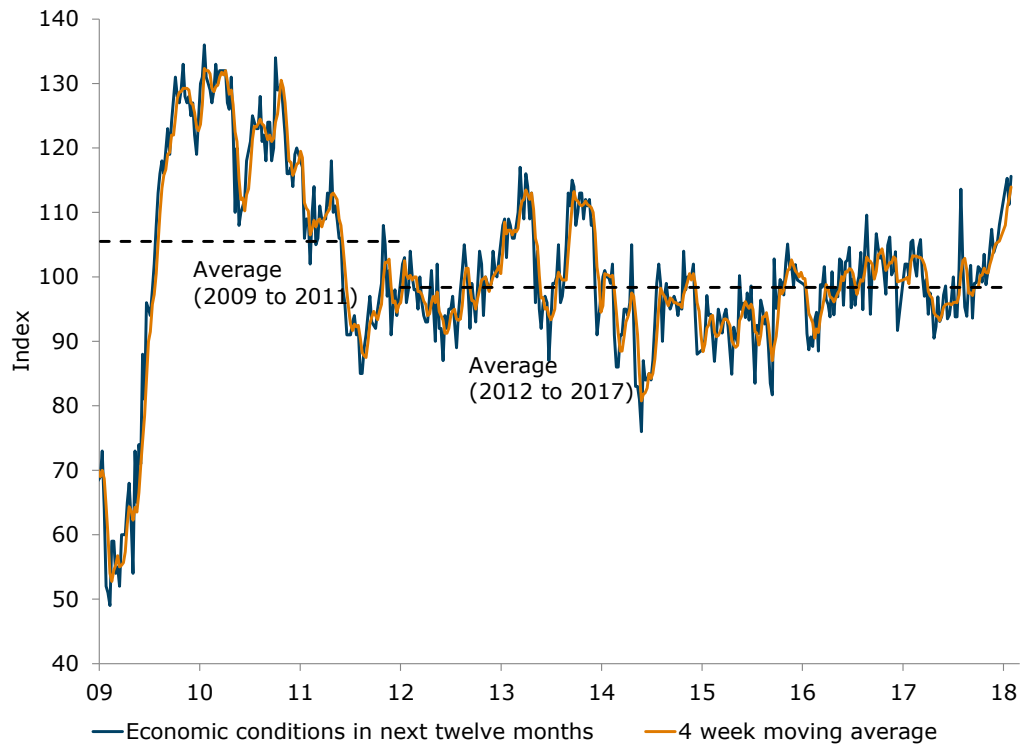
Source: ANZ-Roy Morgan

Figure 5. ...as are views toward future finances



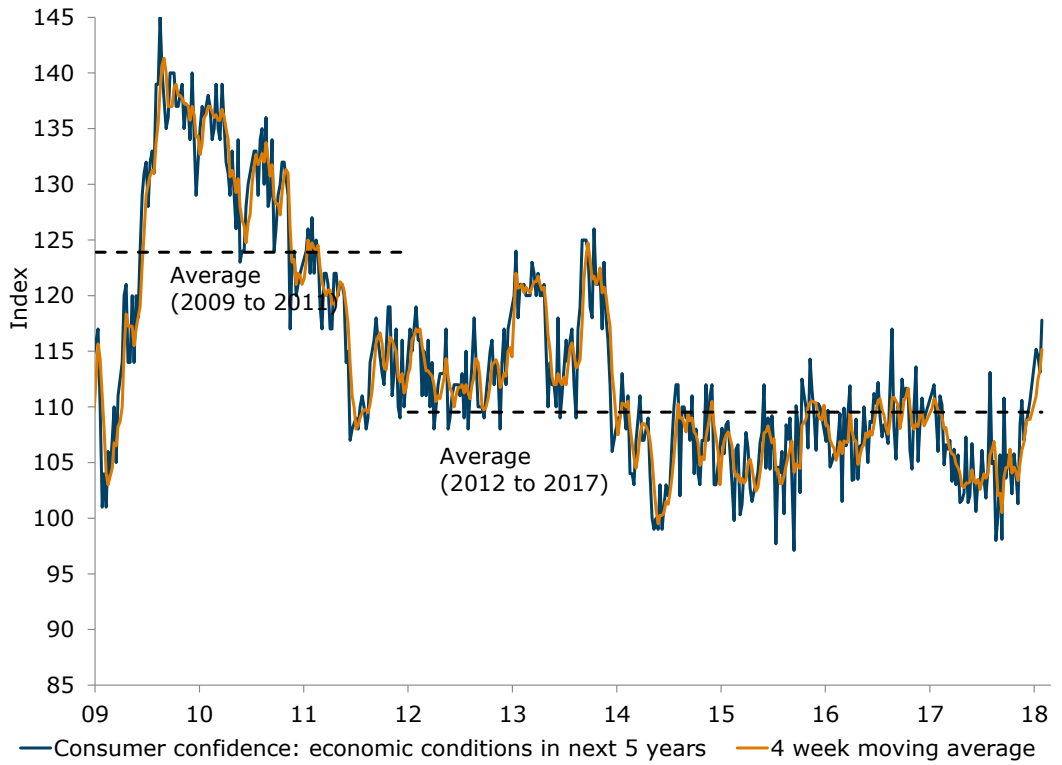
Source: ANZ-Roy Morgan

Figure 6. Sentiment around current economic conditions reversed last week's loss



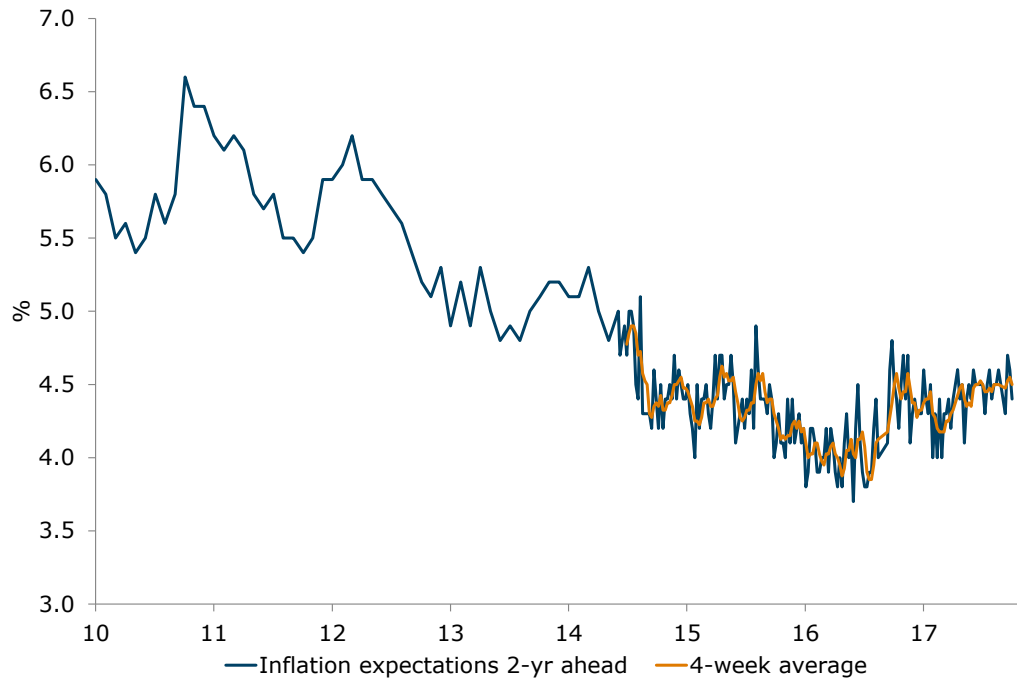
Source: ANZ-Roy Morgan

Figure 7. Sentiment toward future economic conditions reached a multi-year high



Source: ANZ-Roy Morgan

Figure 8. Four week moving average inflation expectations steady at 4.5%



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

Source: ANZ-Roy Morgan

[v.28.09.2017]

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