

ANZ-ROY MORGAN AUSTRALIAN CONSUMER CONFIDENCE MEDIA RELEASE

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CONSUMER CONFIDENCE: RECOVERS MORE THAN HALF LAST WEEK'S LOSS

- ANZ-Roy Morgan Australian Consumer Confidence bounced 2.1% last week, following a sharp 3.5% decline in the prior week. The details were positive, with all but one subindex posting gains.
- Households' perception of current financial conditions improved 1.2% last week, largely recovering from the 1.3% fall in the previous week. Sentiment towards future financial conditions bounced a solid 3.1%, partially reversing the 7.6% tumble in the week prior.
- Consumers' were also more optimistic about current economic conditions – their assessment improved 2.9% last week, ending its streak of weekly declines. Of particular note, views towards future economic conditions jumped 6.1% - more than reversing the previous week's 5.3% decline and bringing the subindex to its highest value in six weeks.
- Going against the tide, the 'time to buy a household item' subindex slipped 2.2% to 126.5 (vs 134.0 long term average). Four-week moving average inflation expectations were unchanged at 4.3%.

ANZ HEAD OF AUSTRALIAN ECONOMICS, DAVID PLANK, COMMENTED:

"It is very encouraging to see confidence recover quite strongly after a sharp slide in the previous week. We were concerned that the political turmoil in Canberra might deal another blow to consumer sentiment, but it appears the resolution of the leadership crisis has provided some relief – even if it hasn't provided the Coalition with a boost in the political polls.

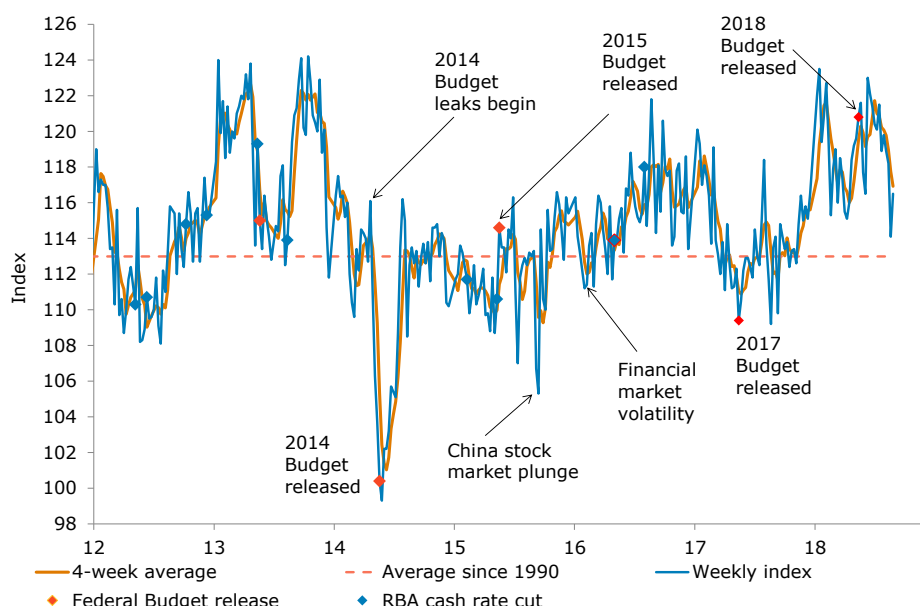
The strong recovery in future economic conditions suggests that households may view the result as providing policy continuity. It is not all good news, however. Despite the tick up in headline confidence, households remain pessimistic about purchasing large household items. This subindex has fallen sharply from its recent high in June, and now sits well below its long term average. Sluggish wage growth, high levels of debt and decreasing house prices are likely constraining sentiment in this regard."

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

Last week (24 –25 August)	Weekly change, %	Four-week average	Monthly average since 1990	Inflation expectations (four-week ma)
116.5	2.1%	116.9	113.0	4.3%

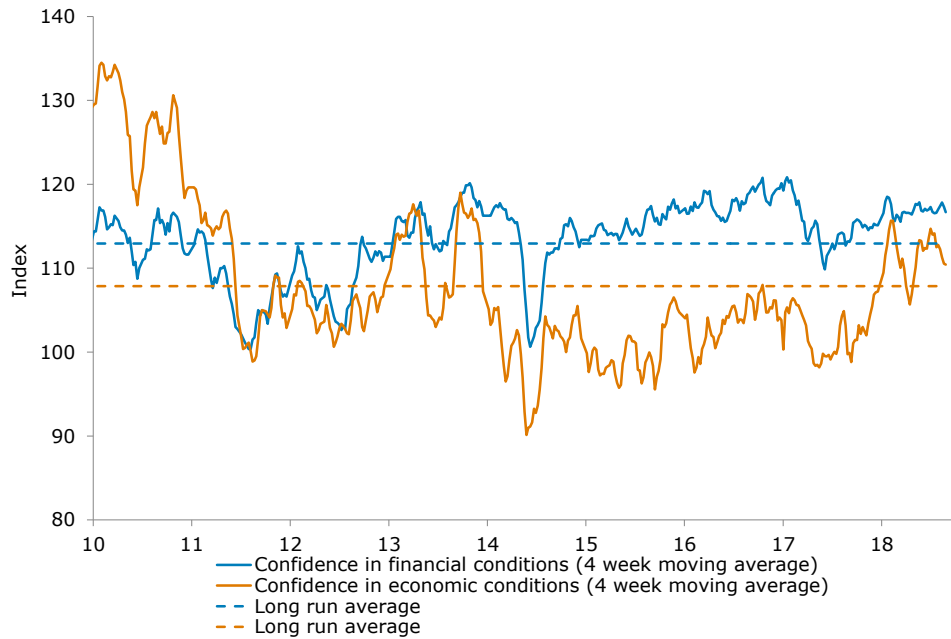
Data collected last weekend (Saturday and Sunday), based on around 1,000 face-to-face interviews. Not seasonally adjusted. Further data history on page 5.

Figure 2. Confidence bounced 2.1% last week



Source: ANZ-Roy Morgan

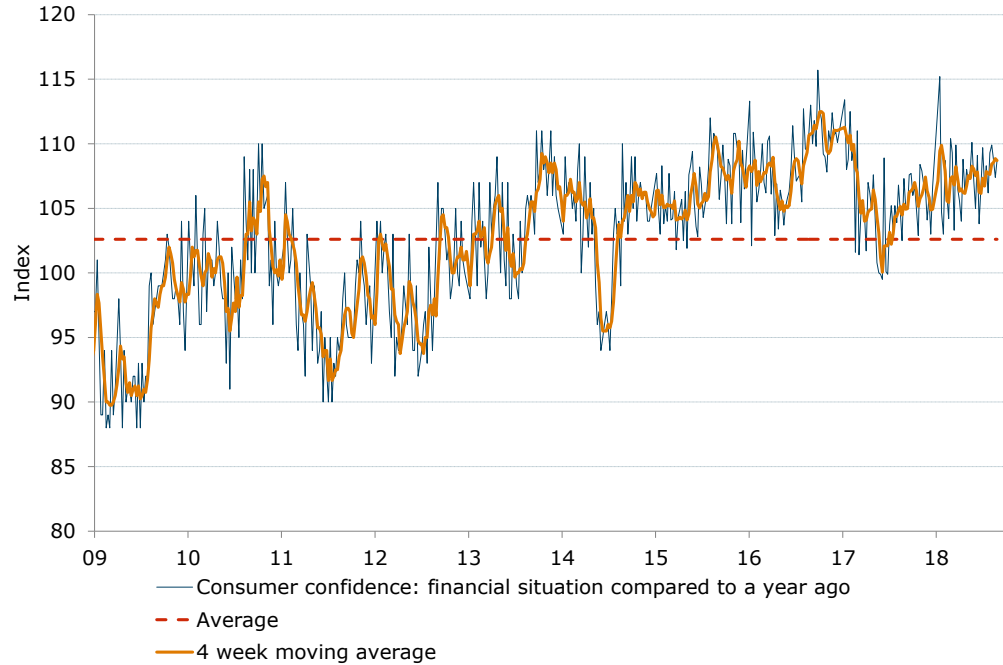
Figure 3. Aggregate economic conditions are trending lower



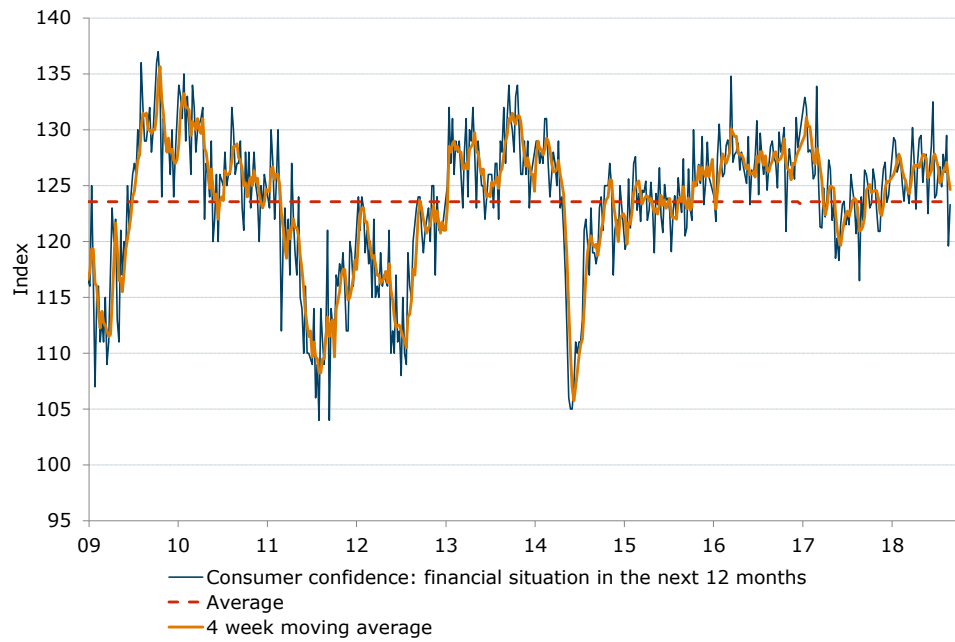
Source: ANZ-Roy Morgan

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.

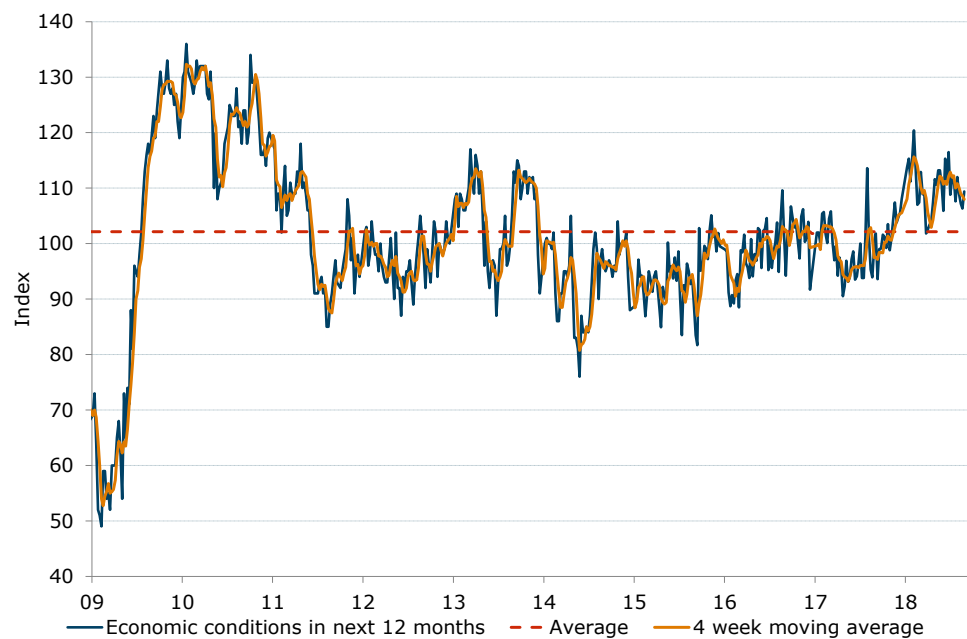
Figure 4. Views towards current finances rose 1.2%



Source: ANZ-Roy Morgan

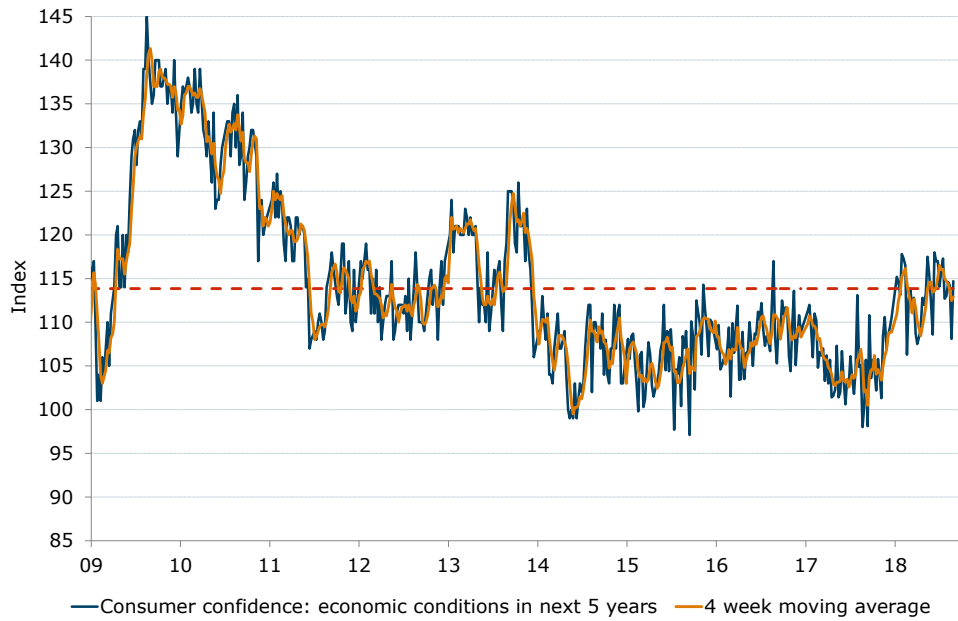
Figure 5. Sentiment around future financial conditions improved 3.1%

Source: ANZ-Roy Morgan

Figure 6. Sentiment towards current economic conditions remains above its long term average

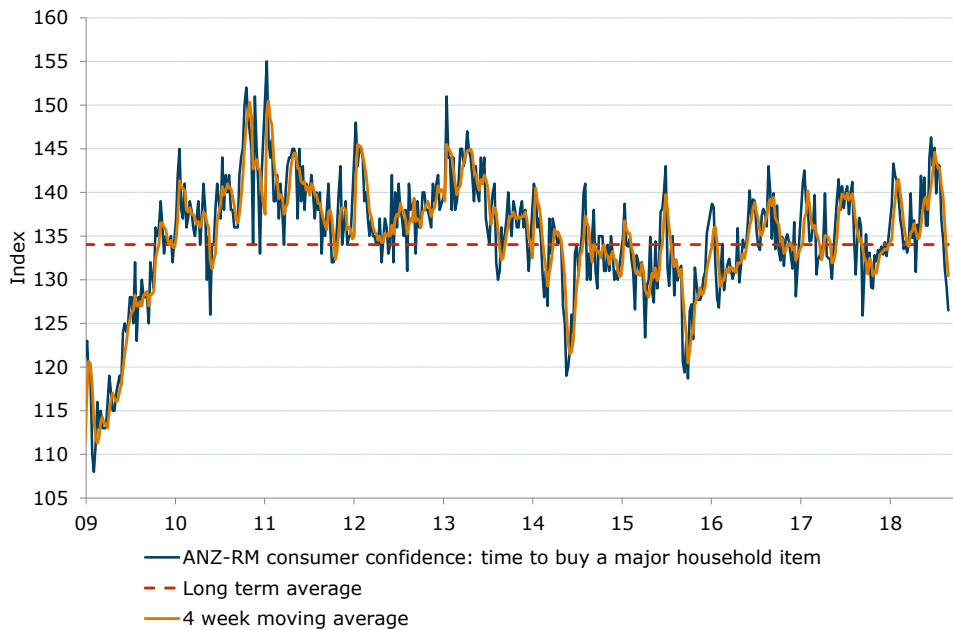
Source: ANZ-Roy Morgan

Figure 7. Views towards future economic conditions reversed last week's decline

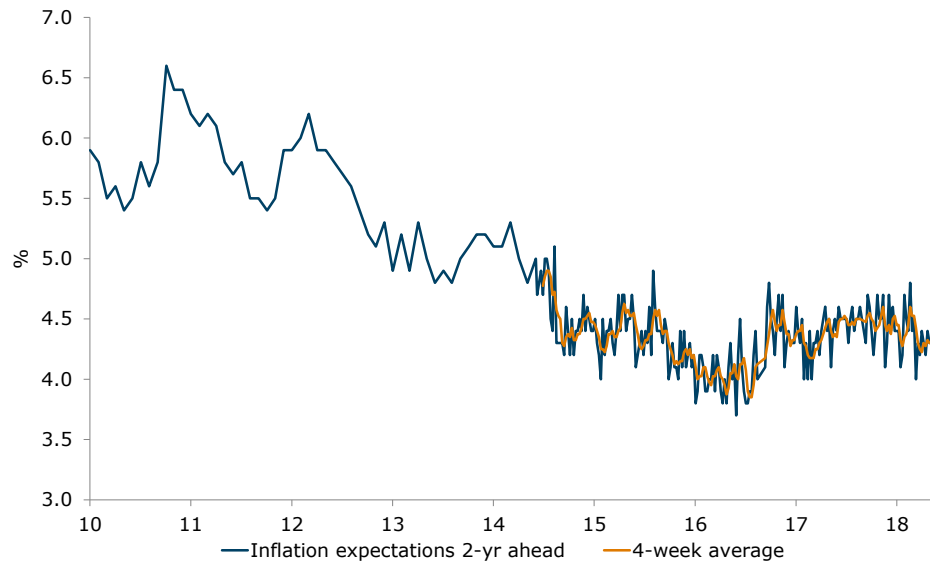


Source: ANZ-Roy Morgan

Figure 8. The 'time to buy a household item' subindex sits below its long term average



Source: ANZ-Roy Morgan

Figure 9. Four-week moving average inflation expectations are unchanged at 4.3%

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

Source: ANZ-Roy Morgan

[25.07.2018]

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