

## ANZ-ROY MORGAN AUSTRALIAN CONSUMER CONFIDENCE MEDIA RELEASE

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### CONSUMER CONFIDENCE: MORE THAN AN EMPTY RESOLUTION

- ANZ-Roy Morgan Australian Consumer Confidence continues its uptrend with the headline index climbing 1.2% last week to the highest since October 2013. Details were mixed, however, with views around future financial and economic conditions providing a slight drag on the headline number.
- The current finances sub-index rose 2.0% last week following a solid 5.8% rise the week prior. Meanwhile views around future financial conditions eased a touch (-0.2%). Both sub-indices sit above their long term average.
- Sentiment around current economic conditions rose 1.4% last week, bringing the index to its highest value since March 2013. Views around future conditions dipped 0.5% last week following a 4.2% increase previously.
- Sentiment around the 'time to buy a household item' improved a solid 3.4% lifting the index well above its long term average. The weekly inflation expectations number bounced to 4.7% last week, though it remains unchanged at 4.5% in four week moving average terms.

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

"The rise in confidence is quite encouraging and is consistent with the positive data out on building approvals and retail sales. In particular, the improvement in overall economic conditions since September supports our view of solid economic activity in 2018.

Last week, we noted a positive seasonal bias to the first reading of the year. There is no clear seasonal bias in the second week, suggesting that the improvement in confidence this year may be more than just an empty resolution.

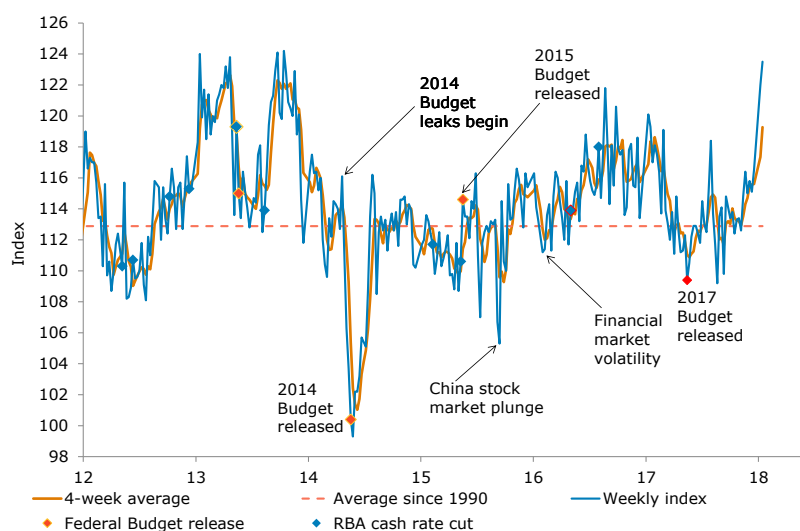
In our view, persistently low wage growth has acted to constrain rising confidence for some time. As such we see the February wage data as vital to how consumer confidence plays out over the coming months. In the near term, the employment numbers, out later this week, may also have an impact."

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

Last week (13-14 Jan)	Weekly change, %	Four-week average	Monthly average since 1990	Inflation expectations (four-week ma)
123.5	1.2%	119.3	112.9	4.5%

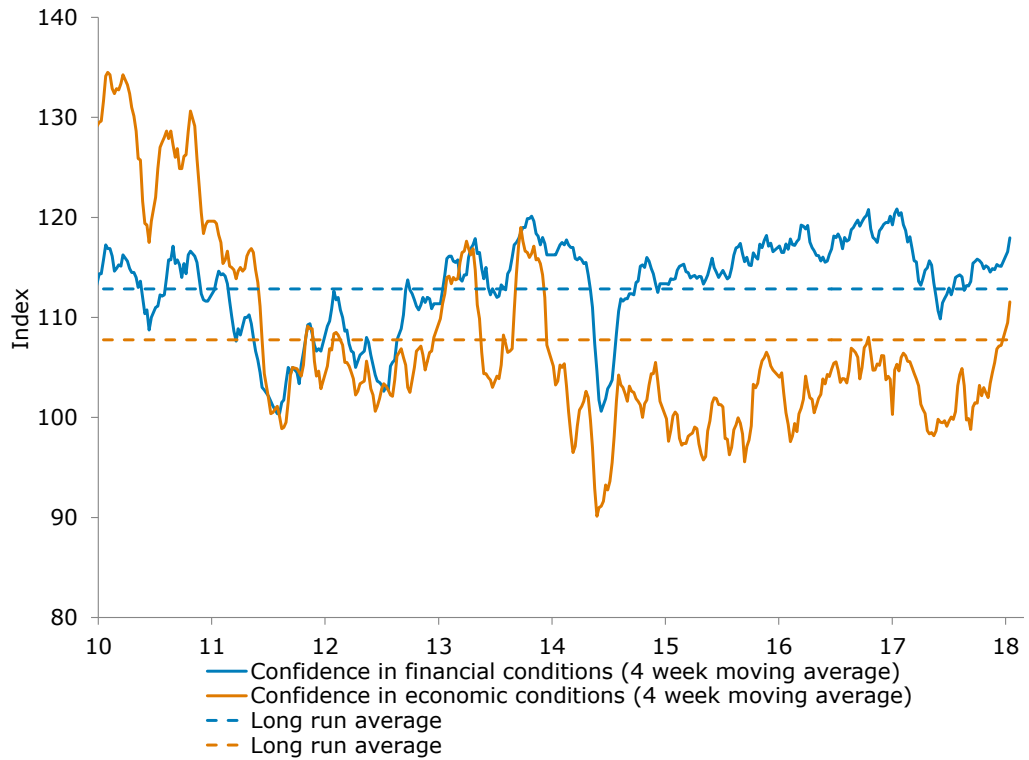
Data collected last weekend (Saturday and Sunday), based on around 1,000 face-to-face interviews. Not seasonally adjusted. Further data history on page 5.

**Figure 2. Confidence is off to a great start for 2018**



Source: ANZ-Roy Morgan

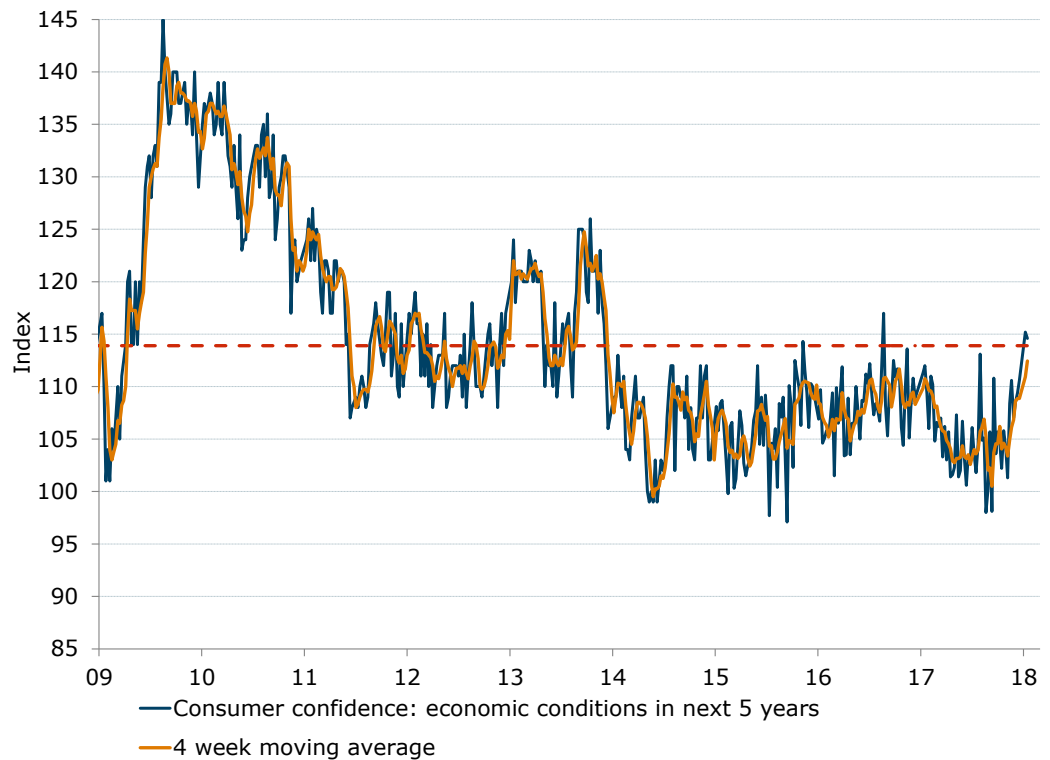
**Figure 3. Both financial and economic conditions have surged in the New Year**



Source: ANZ-Roy Morgan

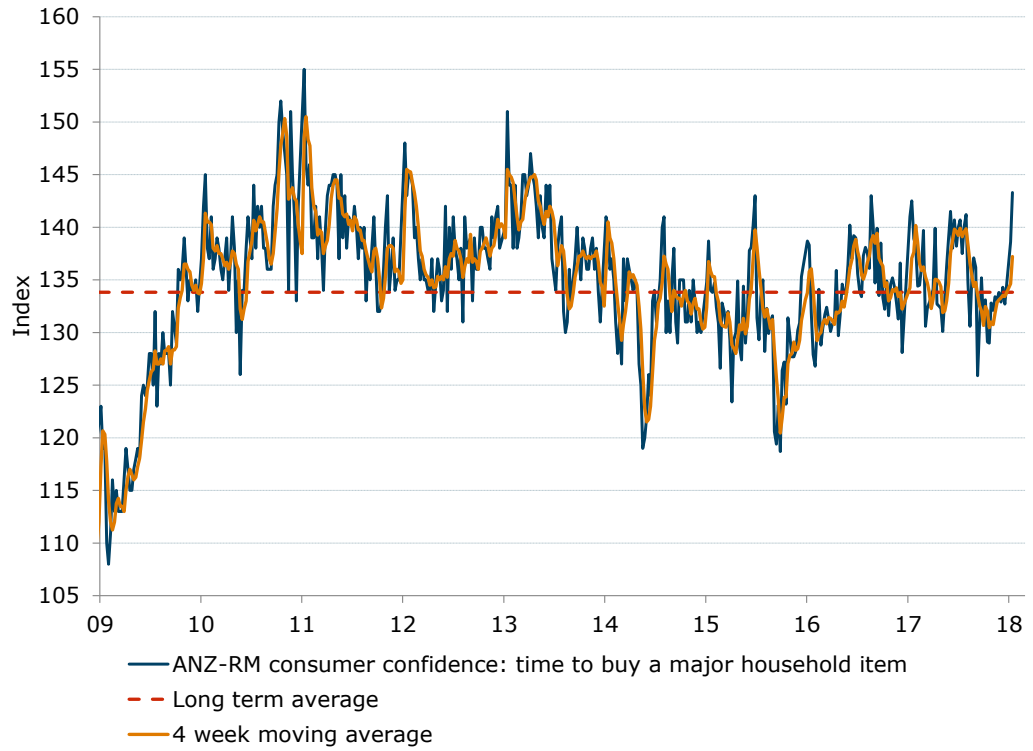
Note: Financial conditions index is an average of 'financial situation compared to a year ago' and 'financial situation next year' sub-indices. Economic conditions index is an average of 'economic conditions in 12 months' and 'economic conditions in five years' sub-indices.

**Figure 4. In particular, views towards future economic conditions have risen dramatically since mid-November**



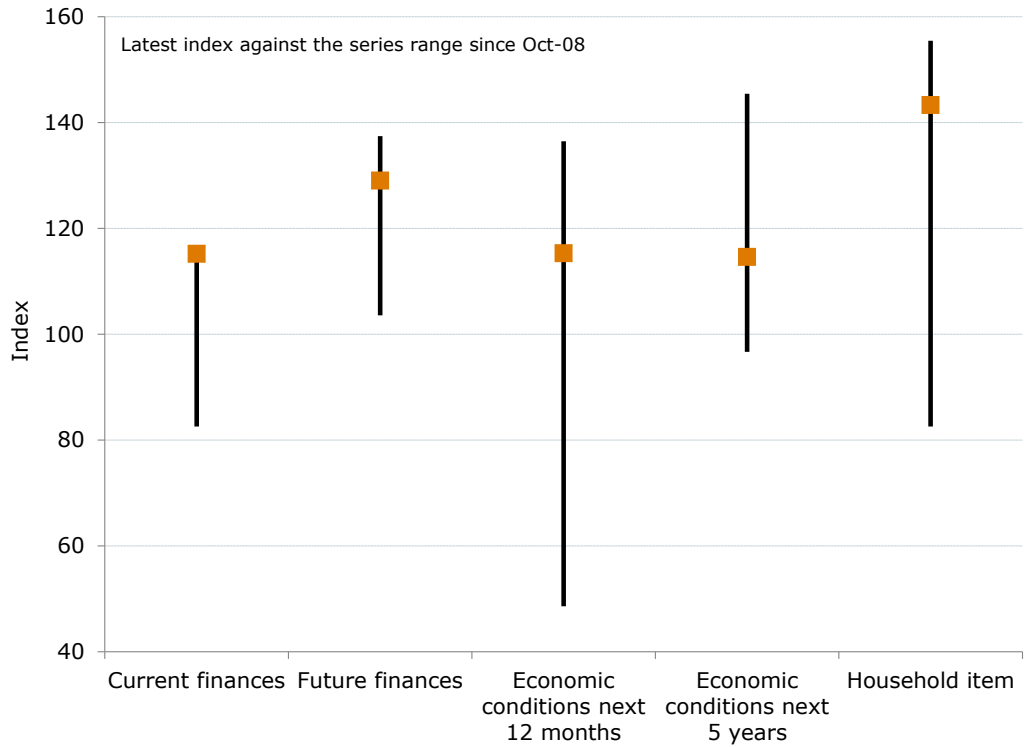
Source: ANZ-Roy Morgan

**Figure 5. The 'time to buy a household item' index has jumped well above its long term average**

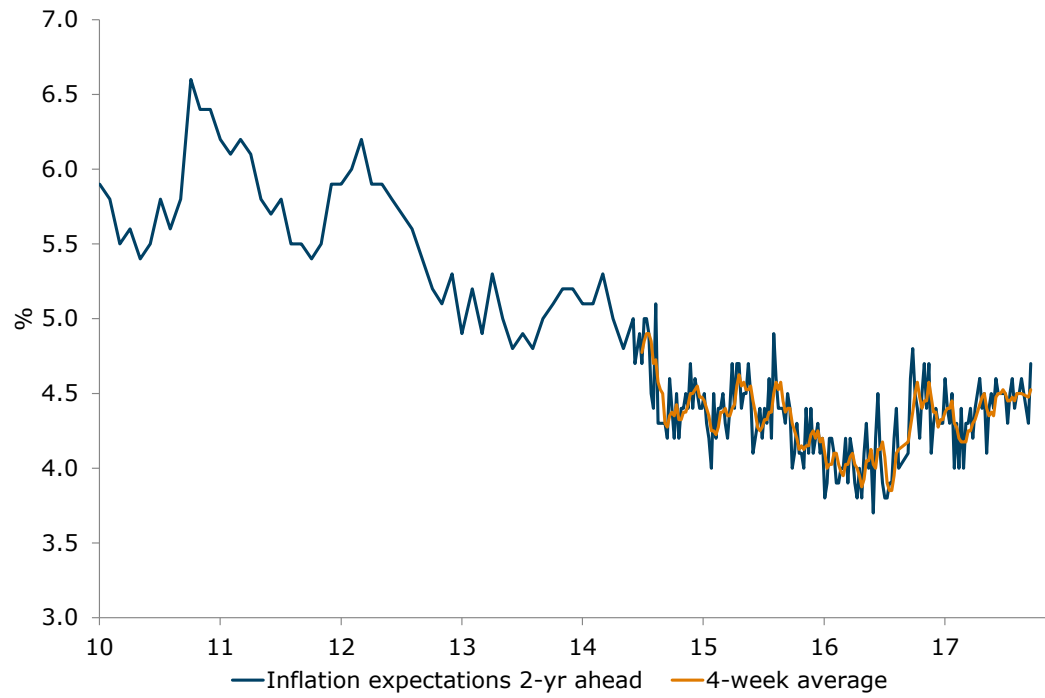


Source: ANZ-Roy Morgan

**Figure 6. Strength in confidence is quite broad based**



Source: ANZ-Roy Morgan

**Figure 7. Four week moving average inflation expectations are stable at 4.5%**

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

Source: ANZ-Roy Morgan



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