

ANZ-Roy Morgan Australian Consumer Confidence Media Release

19 February 2019



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Confidence inches higher; inflation expectations in focus

- ANZ-Roy Morgan Australian Consumer Confidence made a partial recovery last week, rising 1.0%. Worryingly, inflation expectations declined further.
- Current financial conditions rose 0.8%, while future financial conditions were more upbeat, rising 3.6%. The 'time to buy a household item' index rose by 1.1% after four consecutive weekly declines.
- Economic conditions acted as a drag on the index, with both the subindices declining. Views on current economic conditions fell by 0.2% and future economic conditions by 0.8%
- The four-week moving average of inflation expectations declined by 0.1ppt to 4.0%, the lowest since 2016 and close to the series' record low of 3.9%.

ANZ-Roy Morgan Consumer Confidence and inflation expectations

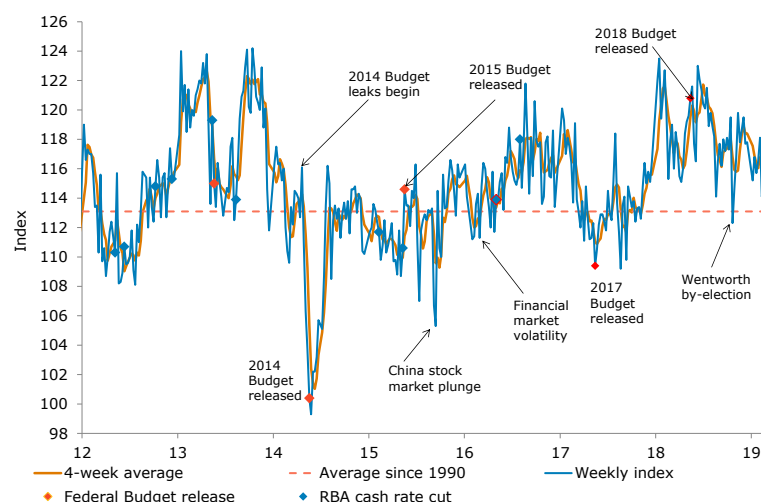
Last week (16-17 Feb)	Weekly change, %	Four-week average	Monthly average since 1990	Inflation expectations (four-week ma)
115.2	1.0%	116.0	113.1	4.0%

Data collected last weekend (Saturday and Sunday), based on around 1,000 face-to-face interviews. Not seasonally adjusted. Further data history on page 6.

ANZ's Chief Economist, Richard Yetsenga, commented:

"Consumer confidence improved last week, offsetting some of the prior decline, and remaining above the long term average. An important trend that has emerged is an entrenched decline in inflation expectations. The 15% fall in petrol prices over the past three months may be a short-term influence on inflation expectations. But the decline since 2017 is concerning given the improvements in the labour market. Inflation expectations are close to the record low of 3.9% recorded in 2016, not long after the RBA last cut interest rates. In the US also, consumers' inflation expectations haven't responded to the tightening labour market as might have been expected over the past year. Deflationary forces are proving to be stubborn and would be a surprise to central banks."

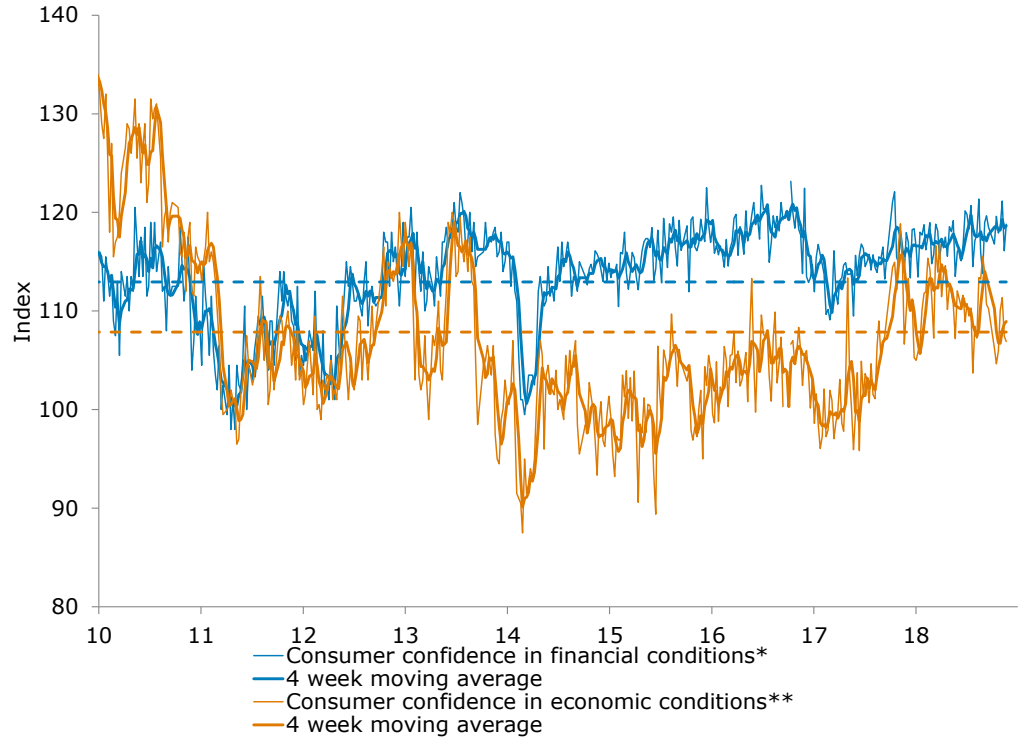
Confidence rises



Source: ANZ-Roy Morgan



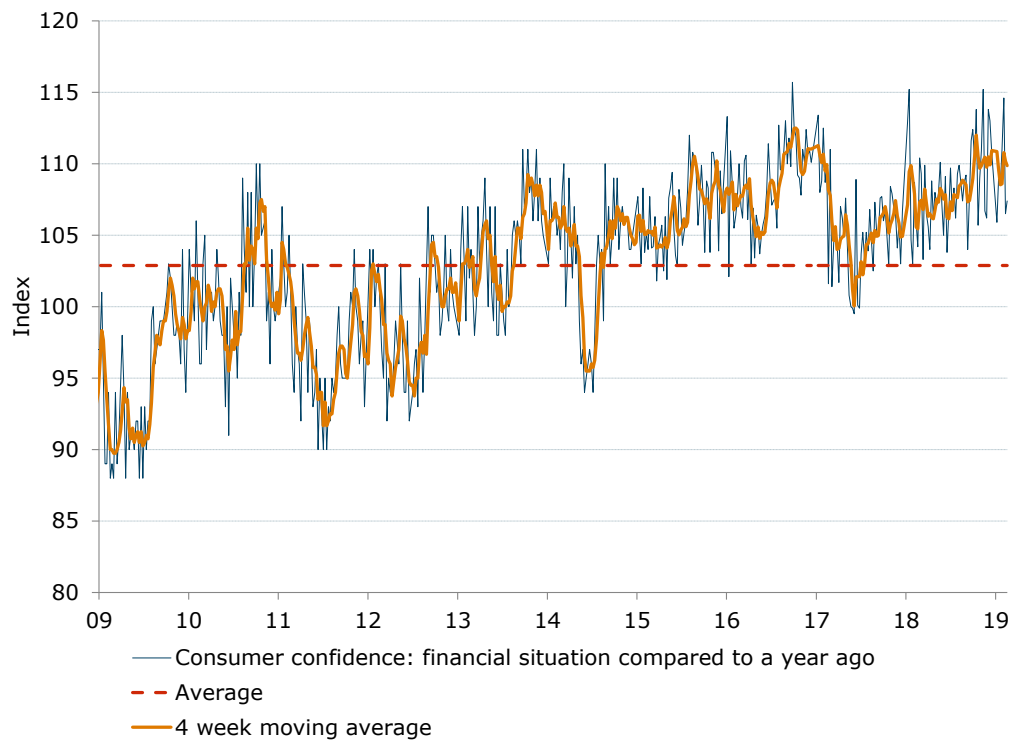
Figure 1. Financial and economic conditions diverge



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.

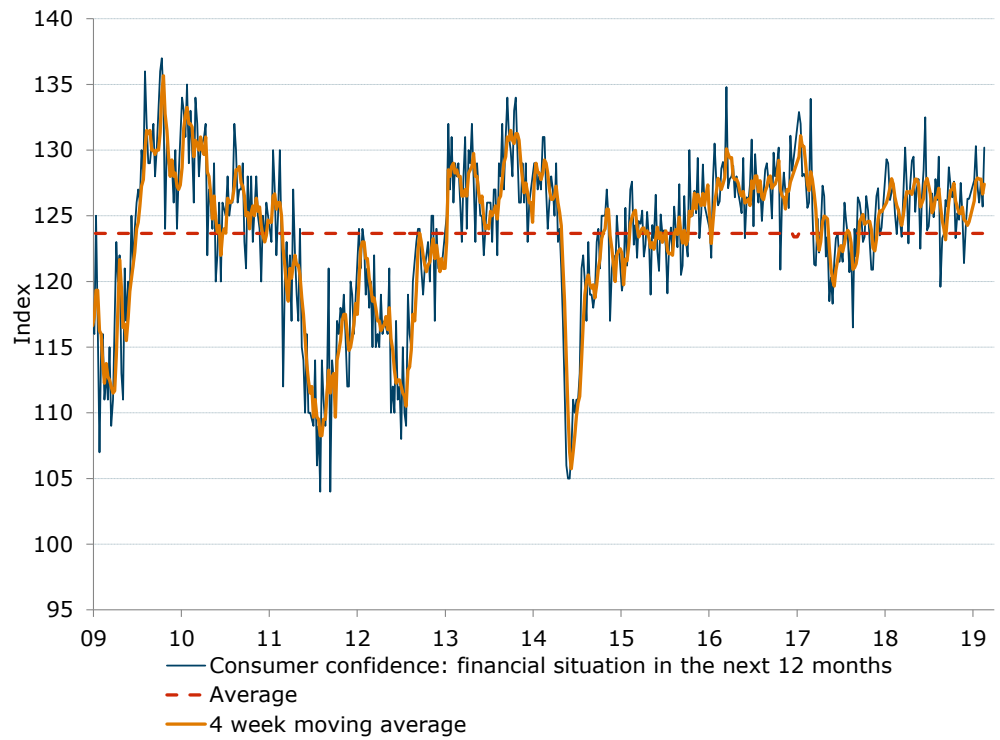
Figure 2. Sentiment towards current finances recovers slightly after a fall of 7.1% in the previous reading



Source: ANZ-Roy Morgan

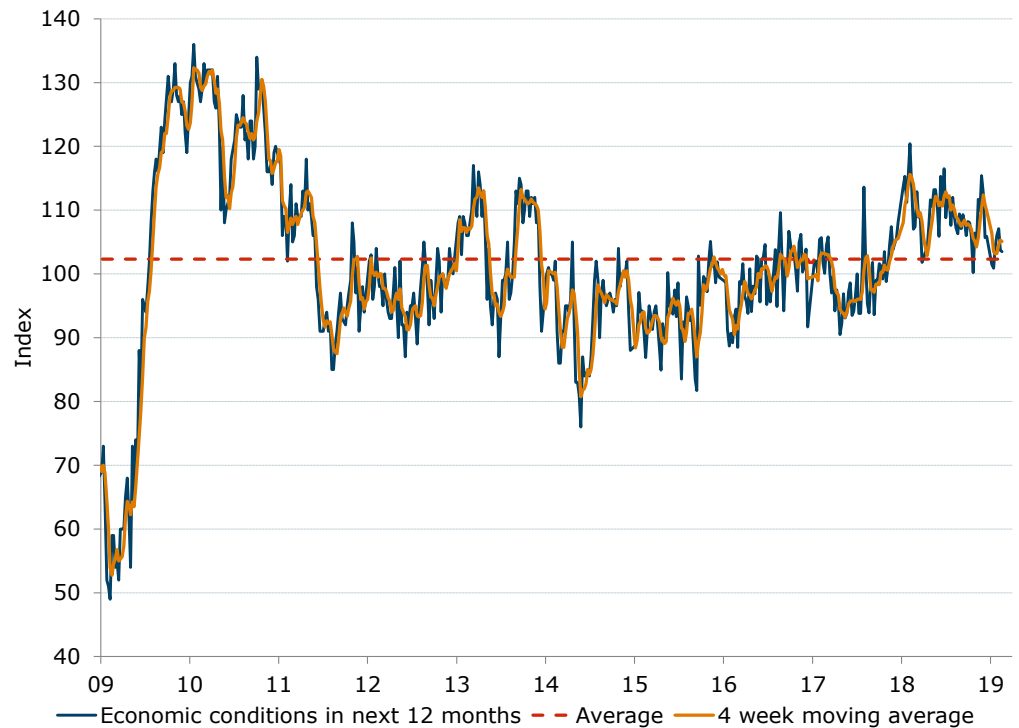


Figure 3. Future financial conditions up 3.6%



Source: ANZ-Roy Morgan

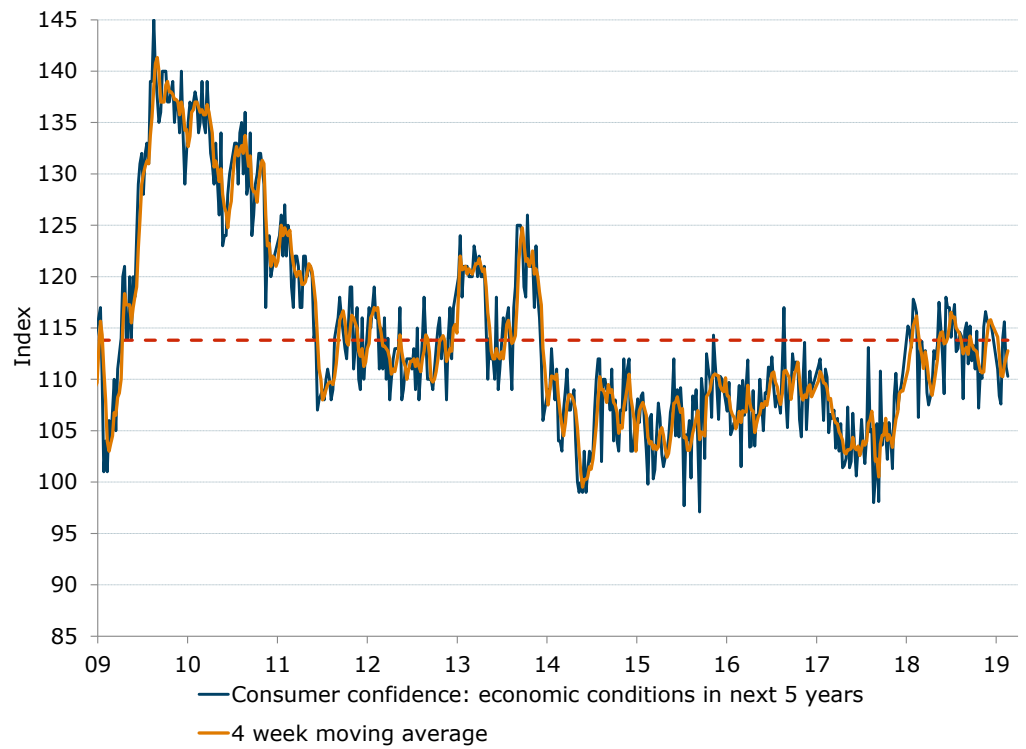
Figure 4. Sentiment towards current economic conditions is reverting to the mean



Source: ANZ-Roy Morgan

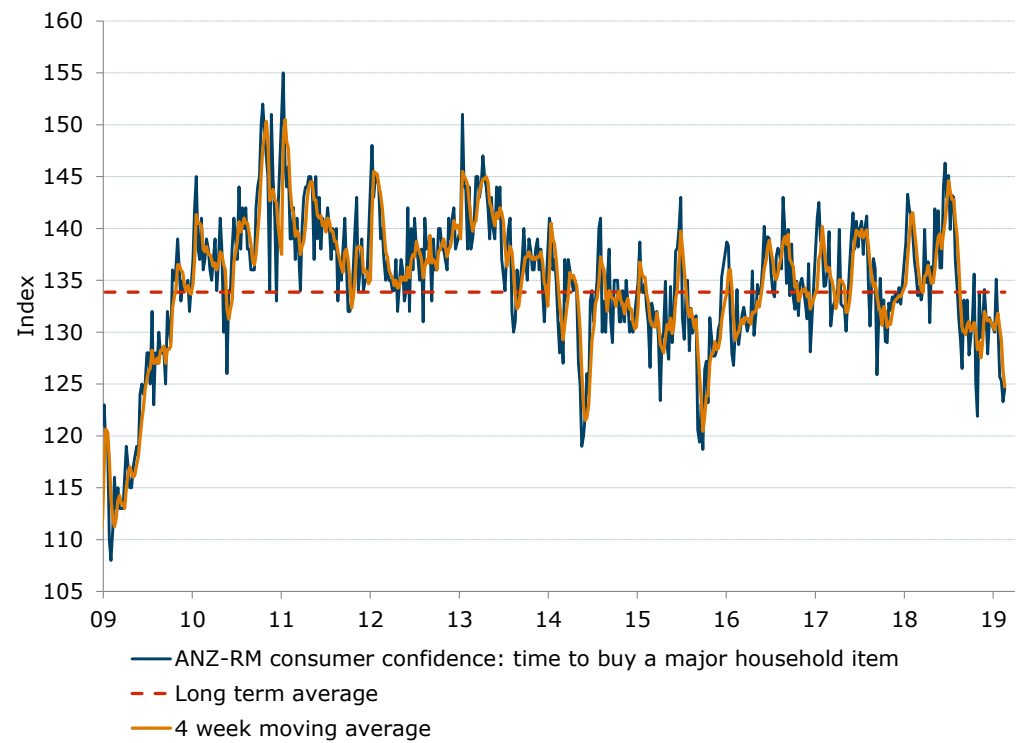


Figure 5. Future economic conditions closes below long-term average



Source: ANZ-Roy Morgan

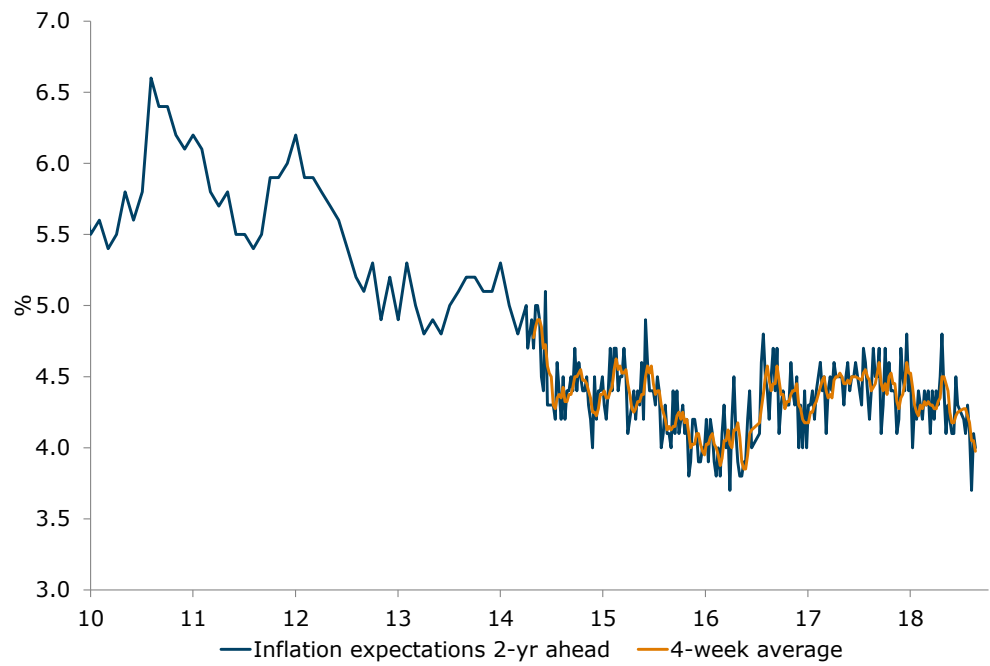
Figure 6. A modest rise in the 'time to buy a household item'



Source: ANZ-Roy Morgan



Figure 7. Four-week moving average inflation expectations at 4.0%



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

Source: ANZ-Roy Morgan



Data table

Table 1. ANZ-Roy Morgan Australian Consumer Confidence

	Headline index		Subindices					Inflation Expectations	
	Last week	4-week moving average	1. Financial situation compared to a year ago	2. Financial situation next year	3. Economic conditions next year	4. Economic conditions next 5 years	5. Time to buy a major household item	6. Inflation expectations 2-year ahead (%)	
Avg since 2001	116	-	103	124	105	114	134	-	
2011 avg	114	-	97	117	101	116	140	6.0	
2012 avg	113	-	99	118	97	113	138	5.8	
2013 avg	119	-	104	128	106	118	139	5.0	
2014 avg	111	-	104	121	94	106	132	4.9	
2015 avg	112	-	107	124	94	106	131	4.4	
2016 avg	115	-	109	127	99	108	134	4.1	
2017 avg	114	-	105	124	100	105	135	4.4	
19-Nov-17	116.4	114.3	106.5	124.5	107.4	110.6	133.1	4.6	
26-Nov-17	115.0	114.7	104.1	126.5	103.8	107.0	133.8	4.4	
3-Dec-17	115.8	115.5	105.9	127.1	104.7	108.5	132.9	4.5	
10-Dec-17	115.1	115.6	103.0	123.5	105.6	109.4	134.3	4.5	
17-Dec-17	116.5	115.6	106.7	124.1	108.1	110.6	132.7	4.6	
7-Jan-18	122.0	117.4	112.9	129.3	113.7	115.2	138.6	4.3	
14-Jan-18	123.5	119.3	115.2	129.0	115.3	114.6	143.3	4.7	
21-Jan-18	119.4	120.4	104.7	126.2	111.2	113.1	141.9	4.6	
28-Jan-18	120.9	121.5	103.0	126.8	115.6	117.8	141.3	4.4	
4-Feb-18	122.7	121.6	108.7	127.5	120.4	117.3	139.5	4.2	
11-Feb-18	119.5	120.6	105.9	125.2	113.2	116.5	136.9	4.4	
18-Feb-18	115.3	119.6	104.2	123.6	107.0	106.3	135.6	4.7	
25-Feb-18	117.9	118.9	110.4	125.5	107.4	112.7	133.5	4.5	
4-Mar-18	119.0	117.9	109.3	124.6	112.9	113.7	134.4	4.5	
11-Mar-18	116.0	117.1	103.3	123.4	108.9	111.5	133.1	4.7	
18-Mar-18	118.5	117.9	109.9	126.6	109.2	112.8	134.2	4.1	
25-Mar-18	117.4	117.7	106.5	130.2	101.8	108.7	139.9	4.3	
1-Apr-18	115.5	116.9	105.6	127.2	102.5	107.5	134.8	4.7	
8-Apr-18	115.1	116.6	104.0	122.9	103.4	108.3	136.8	4.4	
15-Apr-18	116.0	116.0	108.8	127.2	103.9	109.3	130.9	4.6	
22-Apr-18	118.4	116.3	106.2	129.2	107.4	112.8	136.3	4.4	
29-Apr-18	119.2	117.2	108.0	129.5	111.6	112.0	135.1	4.4	
6-May-18	119.6	118.3	107.1	125.3	110.6	113.3	141.9	4.4	
13-May-18	120.8	119.5	107.9	127.1	113.20	117.5	138.1	4.1	
20-May-18	121.6	120.3	110.1	127.8	113.20	115.3	141.7	4.2	
27-May-18	117.7	119.9	107.1	122.5	110.5	112.4	136.2	4.7	
3-Jun-18	116.5	119.2	105.0	126.5	105.9	108.6	136.2	4.5	
10-Jun-18	123.0	119.7	109.1	128.5	115.3	118.0	144.0	4.4	
17-Jun-18	122.1	119.8	103.8	132.5	110.9	117.0	146.3	4.8	
24-Jun-18	121.4	120.8	106.7	123.9	116.5	117.0	143.0	4.4	
1-Jul-18	120.4	121.7	109.7	124.2	108.8	114.1	145.1	4.5	
8-Jul-18	120.1	121.0	106.7	126.1	111.7	115.9	139.9	4.0	
15-Jul-18	121.5	120.9	108.3	126.7	111.9	117.3	143.2	4.3	
22-Jul-18	118.9	120.2	106.2	124.9	107.6	112.7	143.0	4.2	
29-Jul-18	119.8	120.1	109.3	127.8	112.0	113.0	136.9	4.4	
5-Aug-18	118.9	119.8	109.9	126.2	109.0	114.6	134.6	4.3	
12-Aug-18	118.2	119.0	108.8	129.5	107.2	114.2	131.3	4.2	
19-Aug-18	114.1	117.8	107.4	119.6	106.3	108.1	129.3	4.4	
26-Aug-18	116.5	116.9	108.7	123.3	109.4	114.7	126.5	4.3	
2-Sep-18	117.7	116.6	109.2	123.6	107.1	115.5	133.1	4.4	
9-Sep-18	116.2	116.1	104.0	126.2	109.3	111.5	130.1	4.1	
16-Sep-18	118.0	117.1	107.8	125.7	108.0	115.2	133.1	4.4	
23-Sep-18	117.2	117.3	111.6	128.7	106.0	111.8	127.8	4.2	
30-Sep-18	118.1	117.4	112.4	127.2	108.2	113.3	129.4	4.4	
7-Oct-18	117.3	117.7	110.2	126.4	108.0	111.0	130.9	4.3	
14-Oct-18	119.5	118.0	113.8	127.6	105.9	114.7	135.6	4.5	
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Source: ANZ-Roy Morgan



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[23 January 2019]

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