

# ANZ-ROY MORGAN INDIA CONSUMER CONFIDENCE MEDIA RELEASE

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## CONSUMER CONFIDENCE JUMPS IN NOVEMBER

### HIGHLIGHTS

**The ANZ-Roy Morgan India Consumer Confidence jumped to 118.3 (up 8.2pts m/m) in November – reversing four consecutive months of decline. With this move, consumer confidence has moved back towards the post-election peak and year-to high struck in June. All five sub-indices improved over October.**

- In terms of their current financial situation, 18.9% (up from 13% in October) of respondents said their family is 'better off' now than a year ago compared to 25.6% (down from 36.2%) who said they are 'worse off' financially.
- Looking ahead, 42.7% (up from 40.2%) of respondents said they expect their families to be 'better off' financially in a year's time compared to 11% (down from 13.1%) who felt their families would be 'worse off'.
- Thinking of economic conditions in India going forward, now 47.5% (up from 42%) expect India will have 'good times' economically over the next twelve months compared to 13.5% (down from 17.1%) who expect 'bad times'.
- Over a longer, five-year horizon, 46.1% (up notably from 40.6% in October) expect India will have 'good times' financially during the next five years compared to only 9.2% (down from 12%) who expect 'bad times'.
- On whether now is a 'good (or bad) time to buy' major household items, the proportion of respondents saying now is a 'bad time' fell from 25.7% to 22.7% but they continue to dominate those who feel now is a 'good time' to buy. The latter remained broadly unchanged at 18.2%.

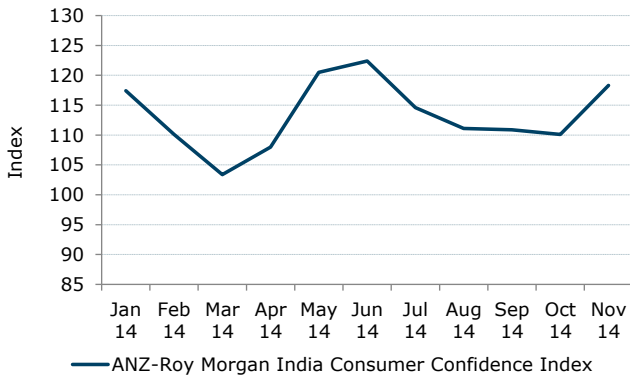
### ANZ Chief Economist South Asia, ASEAN & Pacific, Glenn Maguire said:

"The broad-based jump in consumer confidence is perhaps a nascent sign that a durable increase in optimism may now be falling into place in India – a recovery in optimism that is certainly justified by improving growth and inflation fundamentals. To be sure, the stars appear to be aligning in this direction with the equity market hitting a record high over the month, inflation continuing to fall and evidence that the economic recovery remains on track to continue strengthening. The forward looking questions of the survey reflect growing optimism whilst the backward looking question of the survey reflects the low base from which consumer confidence has been strengthening given the difficult economic situation India faced through 2013. The five-year forward looking question clearly highlights that a Modi "feel good" factor continues to support confidence.

However, sensitivities are apparent on multiple fronts.

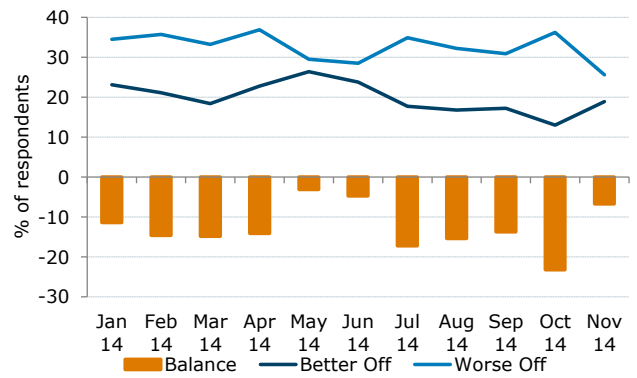
In addition to standard macroeconomic developments, the currency, gold price, equity markets and political developments have all revealed themselves as likely determining confidence so far this year. Capital flows and restrictions on gold imports all have the potential to impact asset prices in India and potentially could see confidence turn more variable in the near term if restrictions on gold imports are lifted and in the medium term if the commencement of the Fed rate hike cycles pulls capital out of India."

**FIGURE 1. ANZ-ROY MORGAN INDIA CONSUMER CONFIDENCE INDEX**



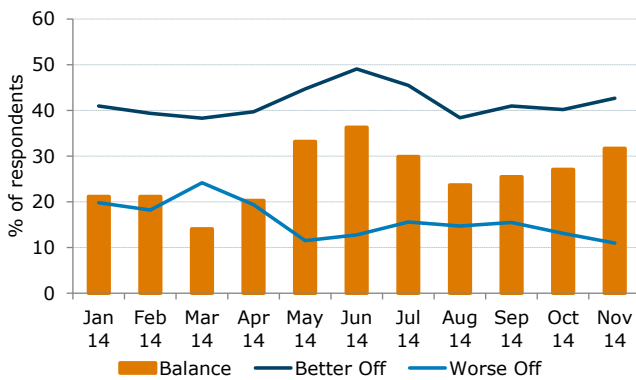
Source: ANZ-Roy Morgan

**FIGURE 2. Q1: ARE YOU AND YOUR FAMILY BETTER OFF/WORSE OFF FINANCIALLY THIS YEAR COMPARED TO LAST?**



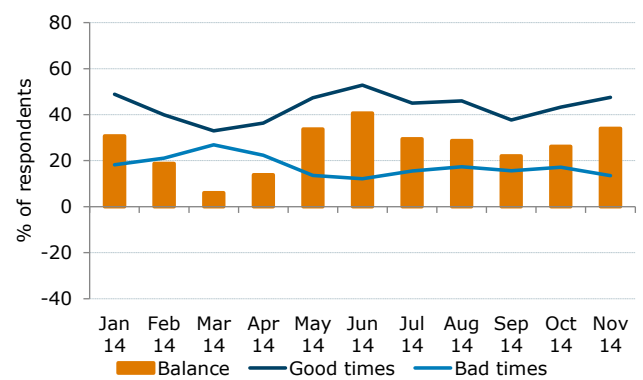
Source: ANZ-Roy Morgan

**FIGURE 3. Q2: DO YOU THINK YOU AND YOUR FAMILY WILL BE BETTER-OFF OR WORSE OFF FINANCIALLY NEXT YEAR COMPARED TO NOW?**



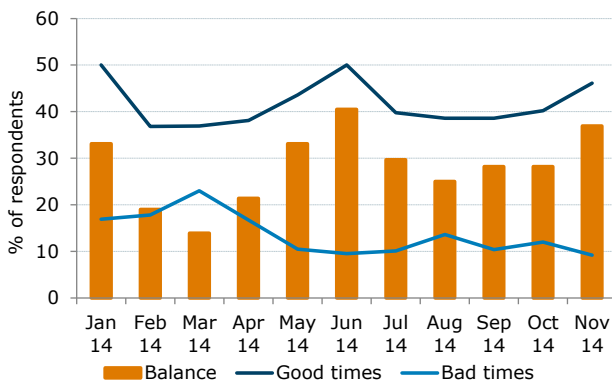
Source: ANZ-Roy Morgan

**FIGURE 4. Q3: THINKING OF ECONOMIC CONDITIONS IN INDIA AS A WHOLE, IN THE NEXT 12 MONTHS DO YOU EXPECT WE'LL HAVE GOOD TIMES/BAD TIMES FINANCIALLY?**



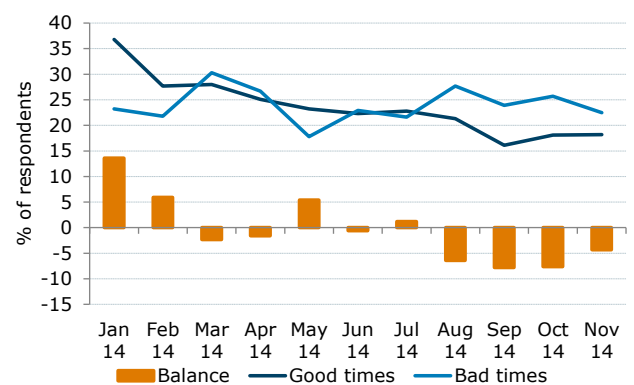
Source: ANZ-Roy Morgan

**FIGURE 5. Q4: LOOKING AHEAD, WHAT WOULD YOU SAY IS MORE LIKELY, THAT INDIA AS A WHOLE WILL HAVE CONTINUOUS GOOD TIMES DURING THE NEXT FIVE YEARS OR SO - OR WE'LL HAVE BAD TIMES**



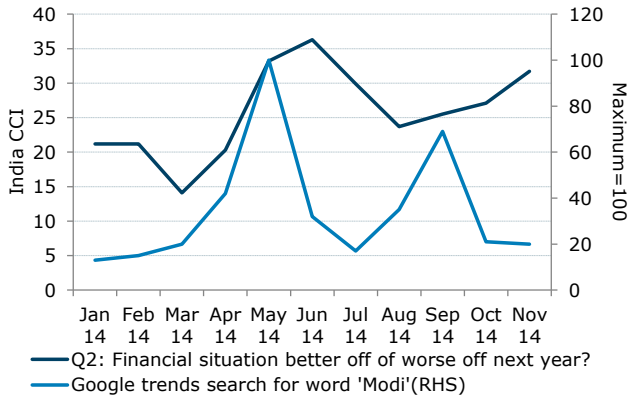
Source: ANZ-Roy Morgan

**FIGURE 6. Q5: DO YOU THINK NOW IS A GOOD TIME - OR A BAD TIME - FOR PEOPLE TO BUY MAJOR HOUSEHOLD ITEMS?**



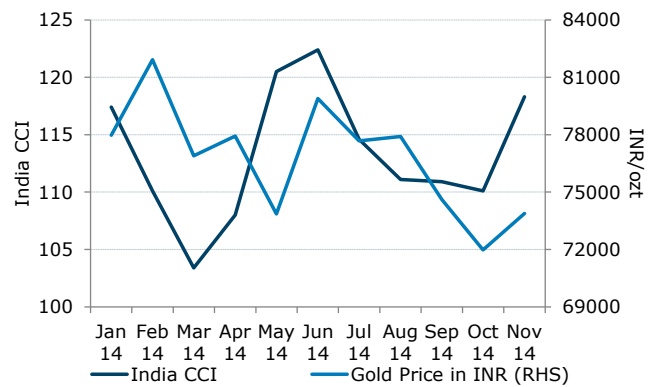
Source: ANZ-Roy Morgan

**FIGURE 7. MODI WIN SPURS OPTIMISM FOR NEXT YEAR**



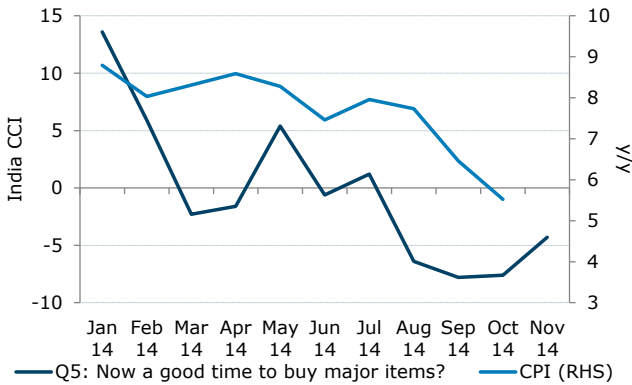
Source: Bloomberg, ANZ-Roy Morgan

**FIGURE 8. INDIA CCI AND GOLD PRICES**



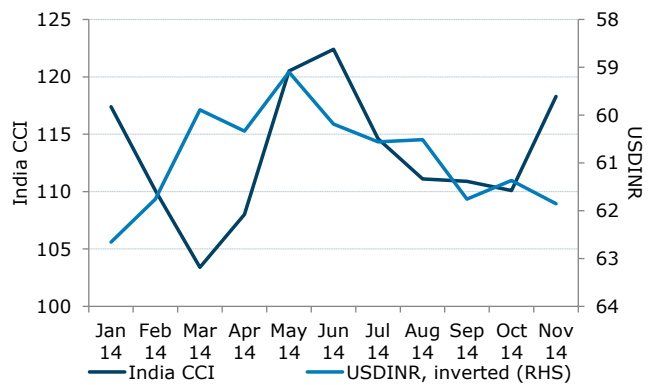
Source: ANZ-Roy Morgan

**FIGURE 9. CONSUMERS DELAYING BIG TICKET PURCHASE ON FALLING INFLATION?**



Source: ANZ-Roy Morgan

**FIGURE 10. INDIA CCI AND USDINR**



Source: ANZ-Roy Morgan

**FIGURE 11. ANZ-ROY MORGAN INDIA CONSUMER CONFIDENCE TABLE**

		Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
<b>Headline consumer confidence index:</b>		<b>114.6</b>	<b>111.1</b>	<b>110.9</b>	<b>110.1</b>	<b>118.3</b>
<b>Subindices:</b>						
<b>1. Financial situation compared to a year ago</b>	<b>Balance, index</b>	<b>-17.2</b>	<b>-15.4</b>	<b>-13.7</b>	<b>-23.2</b>	<b>-6.7</b>
	Better off, %	17.7	16.8	17.2	13.0	18.9
	Worse off, %	34.9	32.2	30.9	36.2	25.6
<b>2. Financial situation next year</b>	<b>Balance, index</b>	<b>29.9</b>	<b>23.7</b>	<b>25.5</b>	<b>27.1</b>	<b>31.7</b>
	Better off, %	45.5	38.4	41.0	40.2	42.7
	Worse off, %	15.6	14.7	15.5	13.1	11.0
<b>3. Economic conditions next year</b>	<b>Balance, index</b>	<b>29.5</b>	<b>28.7</b>	<b>22.1</b>	<b>26.2</b>	<b>34.0</b>
	Better off, %	45.0	46.0	37.7	43.3	47.5
	Worse off, %	15.5	17.3	15.6	17.1	13.5
<b>4. Economic conditions next 5 years</b>	<b>Balance, index</b>	<b>29.7</b>	<b>25.0</b>	<b>28.2</b>	<b>28.2</b>	<b>36.9</b>
	Better off, %	39.8	38.6	38.6	40.2	46.1
	Worse off, %	10.1	13.6	10.4	12.0	9.2
<b>5. Best time to buy a major household item</b>	<b>Balance, index</b>	<b>1.2</b>	<b>-6.4</b>	<b>-7.8</b>	<b>-7.6</b>	<b>-4.3</b>
	Better off, %	22.8	21.3	16.1	18.1	18.2
	Worse off, %	21.6	27.7	23.9	25.7	22.5

1. Would you say you and your family are better off financially or worse off than you were at this time last year?
2. This time next year, do you and your family expect to be better-off financially or worse off than you are now?
3. Thinking of economic conditions in India as a whole. In the next 12 months do you expect we'll have good times financially, bad times, or some good and some bad?
4. Looking ahead, what would you say is more likely, that in India as a whole, we'll have continuous good times during the next five years or so - or we'll have bad times - or some good and some bad?
5. Generally, do you think now is a good time - or a bad time - for people to buy major household items?

Source: ANZ-Roy Morgan

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