

ANZ-ROY MORGAN CONSUMER CONFIDENCE

MEDIA RELEASE

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CONFIDENCE WEAKENS FURTHER

- Consumer confidence fell a further 1.1% to 99.3 in the week ending 25 May. Confidence is now down 15% over the past five weeks when various Budget policies first made news headlines. While the decline was relatively more modest compared to previous weeks, confidence has now dipped below 100 - the 'neutral line' - for the first time since May 2009.
- Respondents' perceptions of 'economic conditions next year' fell a sharp 6.2%, while moves across all other subindices were relatively modest. For example, perceptions of 'financial situation compared to a year ago' which is most correlated with households' spending growth rose 1% last week. After having fallen relatively sharply over the past two months, however, this series continues to suggest consumer spending could soften in the near term.
- At this stage, ANZ's bottom line for the household consumption outlook remains that consumer spending will improve this year, although the confidence impacts from the Budget may weigh on the speed of that recovery.

Head of Australian Economics (Corporate & Commercial) Justin Fabo said:

"The ANZ-Roy Morgan weekly consumer confidence index declined further last week after falling sharply in response to news related to the Commonwealth Budget. Confidence is now down a sharp 15% from five weeks ago and at the lowest level since May 2009.

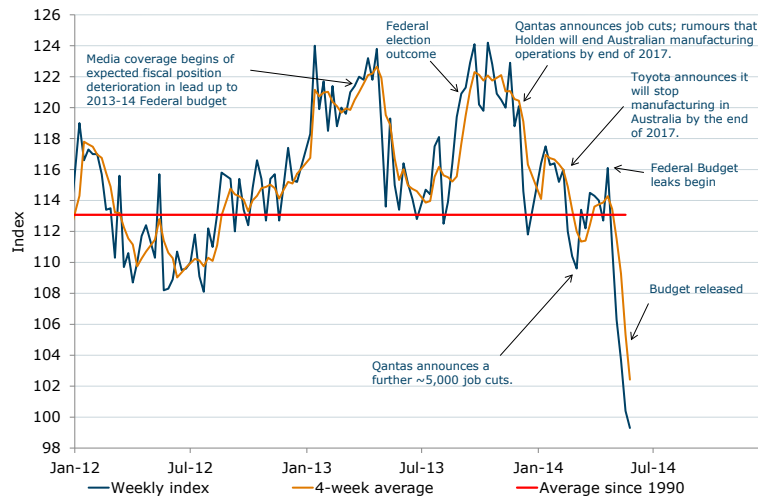
While the policies from the Budget are likely to be a modest drag on consumer spending over the next few years, the hit to confidence, if sustained, could prove to be more important. We will continue to watch consumer confidence closely in coming weeks."

FIGURE 1. WEEKLY ANZ-ROY MORGAN CONSUMER CONFIDENCE

Last week (24 th /25 th May)	Weekly change, %	4-week avg	Monthly avg since 1990
99.3	-1.1	102.4	113.1

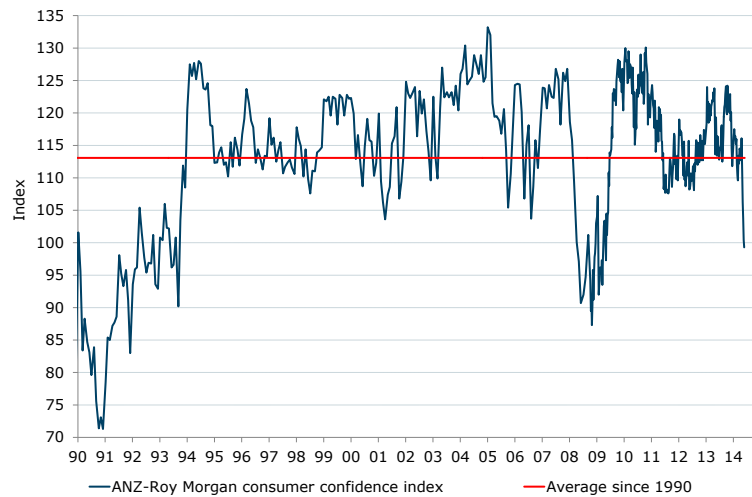
Data collected last weekend (Saturday and Sunday), based on around 1,000 face-to-face interviews. Not seasonally adjusted.

FIGURE 2. WEEKLY ANZ-ROY MORGAN CONSUMER CONFIDENCE



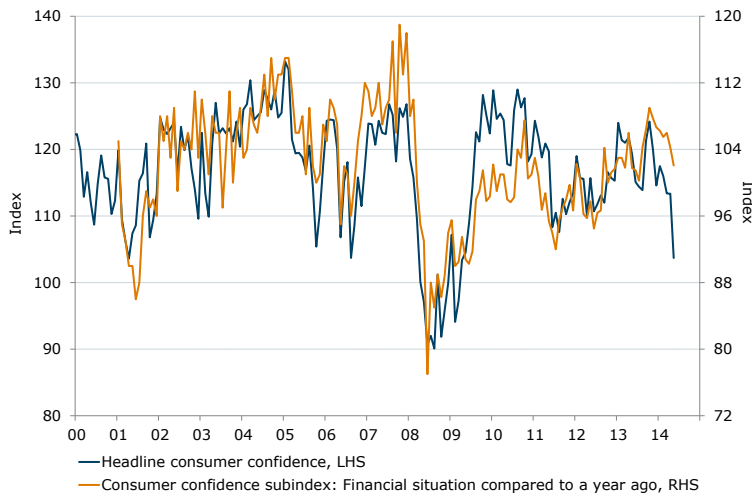
Source: ANZ-Roy Morgan

FIGURE 3. WEEKLY ANZ-ROY MORGAN CONSUMER CONFIDENCE



Source: ANZ-Roy Morgan

FIGURE 4. HEADLINE VS SUBINDEX 'FINANCIAL SITUATION COMPARED TO A YEAR AGO', MONTHLY



Source: ANZ-Roy Morgan

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