

ANZ-ROY MORGAN CHINA CONSUMER CONFIDENCE

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CHINA CONSUMER CONFIDENCE HOLDS UP IN JUNE

HIGHLIGHTS

- ANZ-Roy Morgan China Consumer Confidence Index edged down to 143.7 in June, from 144.0 in the previous month.
- In terms of personal finances, 47.7% (last 49.5%) of respondents said that their families are 'better off' financially. Meanwhile, 13.1% (last 18.4%) said that they are 'worse off'. On the outlook for personal financial situation, 64.8% (last 66.4%) expected their families to be 'better off' next year, compared with 3.7% (last 6.4%) who expected conditions to be 'worse off'.
- On economic conditions, respondents who expect China to have 'good times' over the next year declined to 54.5% (last 55.8%), while respondents who expect economic 'bad times' fell to 13.6% (last 17.2%). On longer-term economic performance, 62.8% (last 63.5%) expect China to have 'good times' and 14.0% (last 14.7%) said that there will be 'bad times'.
- Respondents who said that it is a 'good time' to buy major items declined to 41.2% (last 47.1%), while respondents who said that it is a 'bad time' to do so rose to 8.3% (last 5.7%).
- Inflation expectations rose to 4.51% (last 3.67%) in June.

ANZ ECONOMIST LOUIS LAM SAID:

"Today's figures suggest that Chinese consumer sentiment basically holds up as domestic financial markets have stabilised. The slight decline in June does not change our impression that the economy continues to transform itself into a consumption-led economy.

Real estate policy holds the key. To some extent, the recovery of the real estate sector in the past twelve months has offered firm support to China's consumption level due to a positive wealth effect. However, as property prices skyrocket, the rising cost of living will also start to bite and put pressure on spending on other items. Chinese policymakers will need to strive for balance in order to sustain the consumption growth in the future."

This is the last edition of the ANZ-Roy Morgan China Consumer Confidence report. You can access our current research at [ANZ Live](#).

FIGURE 1. ANZ-ROY MORGAN CHINA CONSUMER CONFIDENCE INDEX

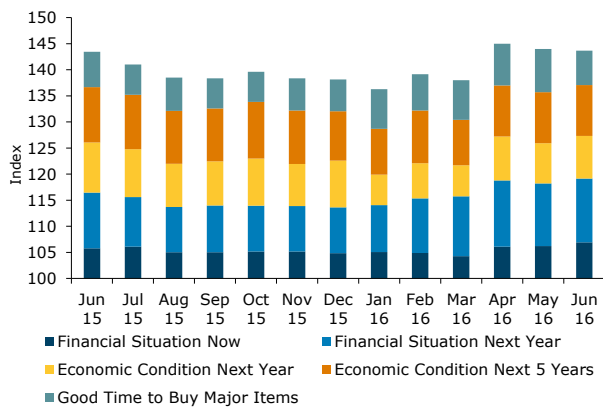
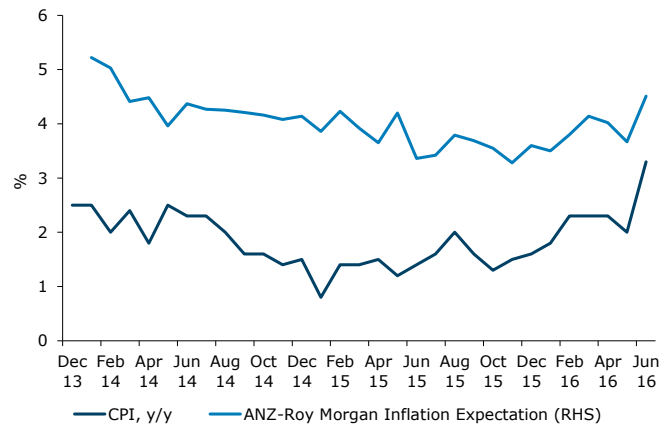


FIGURE 2. ANZ-ROY MORGAN CHINA INFLATION EXPECTATION



Source: Roy Morgan, ANZ Research

FIGURE 3. ANZ-ROY MORGAN CHINA CONSUMER CONFIDENCE

		Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16
ANZ-Roy Morgan Consumer Confidence Index		136.3	139.2	138.0	145.0	144.0	143.7
Sub-Index							
1. Financial situation compared with a year ago	Balance	25.3	24.4	21.4	30.6	31.1	34.6
	Better off, %	43.1	42.8	41.7	46.9	49.5	47.7
	Worse off, %	17.8	18.4	20.3	16.3	18.4	13.1
2. Financial situation next year	Balance	45.1	52.4	57.4	63.3	60.0	61.1
	Better off, %	53.8	58.0	65.6	68.7	66.4	64.8
	Worse off, %	8.7	5.6	8.2	5.4	6.4	3.7
3. Economic conditions next year	Balance	29.1	33.7	29.7	42.1	38.6	40.9
	Good, %	51.4	53.2	49.7	56.1	55.8	54.5
	Bad, %	22.3	19.5	20.0	14.0	17.2	13.6
4. Economic conditions next 5 years	Balance	43.9	50.5	43.6	49.0	48.8	48.8
	Good, %	62.5	67.4	62.1	63.9	63.5	62.8
	Bad, %	18.6	16.9	18.5	14.9	14.7	14.0
5. Now a good time/bad time to buy major items	Balance	38.1	34.8	37.9	39.9	41.4	32.9
	Good, %	45.9	44.8	47.6	46.3	47.1	41.2
	Bad, %	7.8	10.0	9.7	6.4	5.7	8.3
Inflation expectation	%	3.50	3.80	4.14	4.02	3.67	4.51

Source: Roy Morgan, ANZ Research

SURVEY METHODOLOGY

OBJECTIVE

ANZ-Roy Morgan Consumer Confidence Survey is a survey of China's consumer sentiment and expectations. The results are presented in the form of a headline Consumer Confidence Index and China's Inflation Expectation.

As China is moving from an investment-led to a consumer-led economy, consumer confidence becomes increasingly important to the Chinese economy. Conventionally, economists rely on "hard" economic data, such as retail sales, in assessing the sentiment of households. However, there are often time lags between the collection and release of data by the national statistical authorities. Therefore, ANZ and Roy Morgan develop this consumer confidence index and aim to release the results in the same month the survey is conducted.

DATA COLLECTION

The survey elicits respondents' expectation of inflation and prices. Through collecting data from samples of at least 1,000 people per month (12,000 per annum) by telephone, the survey is conducted in metropolitan and outer urban areas - not only are 1st, 2nd and 3rd Tier cities included, but Tier 4 cities are also surveyed every month. The robust, representative sample is stratified geographically, with quotas controlled by gender and age. Disaggregation is available by age, gender, household income, occupation, education, employment status and area. Data is projected to the Chinese population aged 14 or above.

SURVEY QUESTIONS

As opposed to other consumer sentiment surveys, one distinctive feature of the ANZ-Roy Morgan survey is its elicitation technique. More importantly, the questions ask about confidence in economic and financial situations – not about feelings. In the core consumer confidence survey, five categories of core questions such as economic wellbeing, financial conditions, price level, and inflation expectation are being asked.

CONSUMER CONFIDENCE INDEX

ANZ-Roy Morgan Consumer Confidence Index is a diffusion index. The index indicates the relative strength of "good" versus "bad" or "better off" versus "worse off". The index is computed through taking the arithmetic mean of the net balances (% saying good minus % saying bad) of the five core questions and adding 100. It is a very transparent methodology. As the study is conducted consistently in every data collection, the change of the index can provide a good gauge of consumer confidence over time.

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