

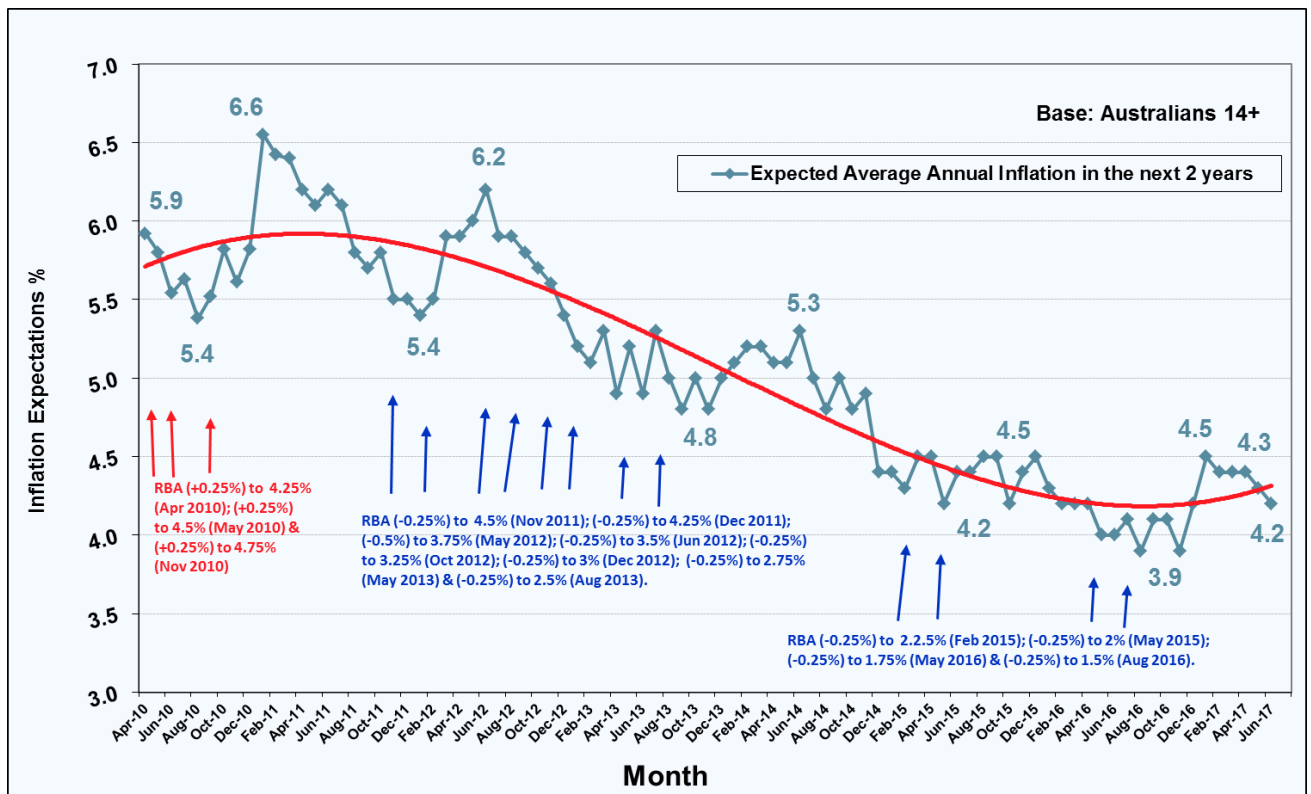
Friday, 30 June 2017

Australian Inflation Expectations at 4.2% in June

In June Australians' expect inflation of 4.2% per year over the next two years. This is down 0.1% in a month, but inflation expectations are up 0.2% from a year ago in June 2016.

Australian inflation expectations remain well below average inflation expectations over the last seven years of 5.1% according to the latest Roy Morgan research with 4,118 Australians aged 14 interviewed in June.

Roy Morgan Inflation Expectations Index – Expected Annual Inflation in next 2 years



Source: Roy Morgan Single Source: Interviews with an average of 4,000 Australians aged 14+ (April 2010 – June 2017).

Inflation Expectations in South Australia, NSW and Victoria driving national figure

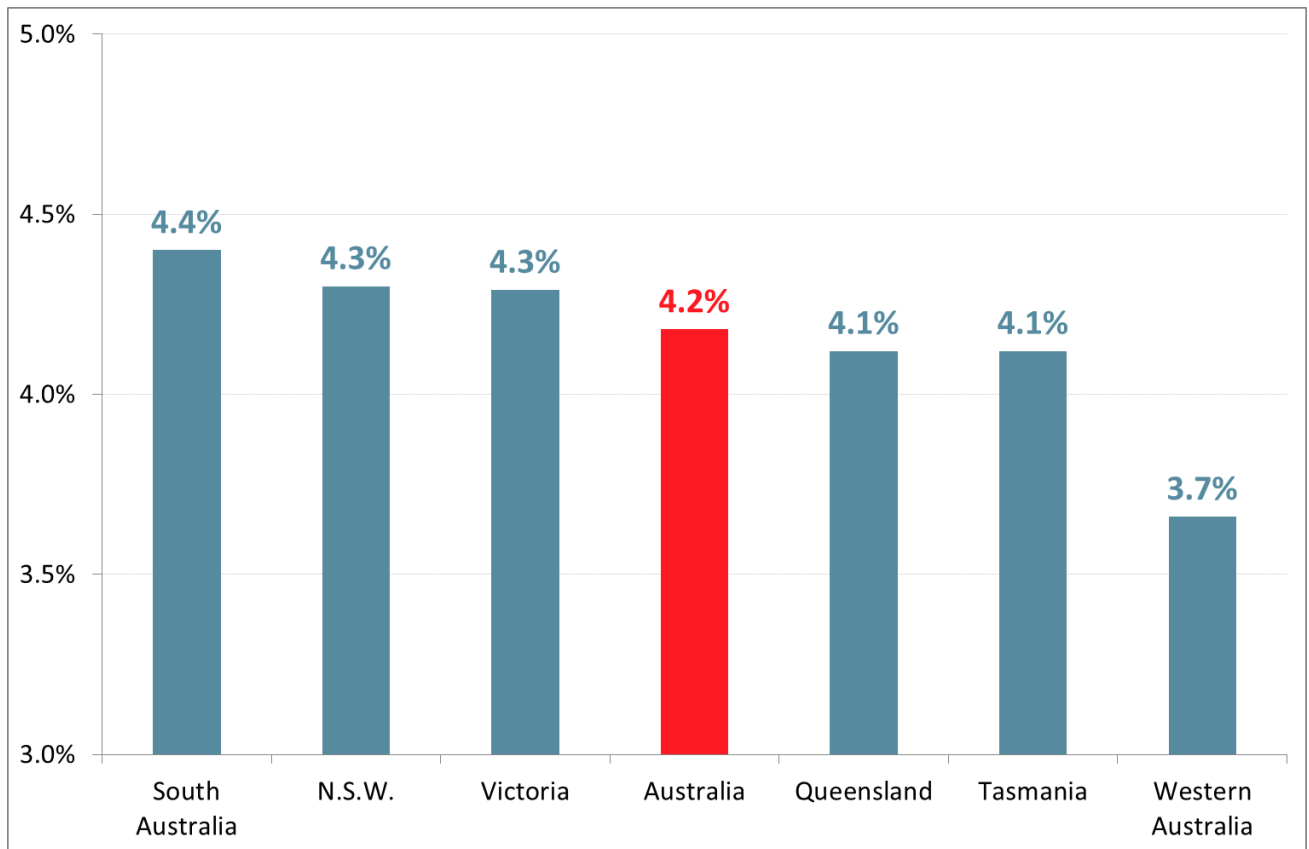
Analysis by State shows inflation expectations are highest in South Australia at 4.4% closely followed by Australia's two largest States of New South Wales and Victoria – both above the national average with inflation expectations of 4.3%.

Inflation expectations in Australia's other States were below the national average: Queensland (4.1%), Tasmania (4.1%) and lowest of all in post mining-boom Western Australia (3.7%).

Analysing inflation expectations in the different regions of Australia shows inflation expectations are slightly higher in Capital cities at 4.2% than Country areas at 4.1%. Inflation expectations in Adelaide of 4.6% and Sydney of 4.4% are higher than other Capital cities and substantially higher than in their respective areas of SA Country at 4.1% and NSW Country at 4.1%.

FOR IMMEDIATE RELEASE

Inflation Expectations by State – June 2017



Source: Roy Morgan Single Source: Interviews with 4,118 Australians aged 14+ in June 2017.

Analysing inflation expectations by Federal voting intention shows L-NP supporters (3.8%) once again have the lowest inflation expectations slightly below those for Greens supporters (4.0%). Inflation expectations are closer to the national average for ALP supporters (4.2%) and substantially higher for supporters of Independent/ Other Parties (4.7%).

Michele Levine, CEO, Roy Morgan says:

“Roy Morgan Inflation Expectations Index fell to 4.2% (down 0.1%) in June, however inflation expectations have continued the trend of 2017 with inflation expectations clearly higher than a year ago; in June 2016 inflation expectations were 4.0%.”

“Inflation expectations have now been higher in every month during 2017 than a year ago indicating the long down-trend in inflation expectations appears to have finished. Inflation expectations had trended down since peaking at 6.6% in January 2011 at the height of the mining boom until reaching a low of 3.9% in August and November 2016.”

“Inflation expectations are higher in South Australia, New South Wales and Victoria – all above the national average with the cities of Adelaide (4.6%) and Sydney (4.4%) leading the way. However the end of the mining boom is still providing a clear negative impact on Western Australia which has the lowest inflation expectations in Australia of only 3.7%.”

This face-to-face Morgan Poll on Australian inflation expectations was conducted during the month of June 2017 with an Australia-wide cross-section of 4,118 Australians aged 14+.

Monthly Roy Morgan Inflation Expectations Index (2010 – 2017)

| <u>Year</u> | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>Jun</u> | <u>Jul</u> | <u>Aug</u> | <u>Sep</u> | <u>Oct</u> | <u>Nov</u> | <u>Dec</u> | <u>Yearly Average</u> |
|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------------|
| 2010 | <i>n/a</i> | <i>n/a</i> | <i>n/a</i> | 5.9 | 5.8 | 5.5 | 5.6 | 5.4 | 5.5 | 5.8 | 5.6 | 5.8 | 5.7 |
| 2011 | 6.6 | 6.4 | 6.4 | 6.2 | 6.1 | 6.2 | 6.1 | 5.8 | 5.7 | 5.8 | 5.5 | 5.5 | 6.0 |
| 2012 | 5.4 | 5.5 | 5.9 | 5.9 | 6.0 | 6.2 | 5.9 | 5.9 | 5.8 | 5.7 | 5.6 | 5.4 | 5.8 |
| 2013 | 5.2 | 5.1 | 5.3 | 4.9 | 5.2 | 4.9 | 5.3 | 5.0 | 4.8 | 4.9 | 4.8 | 5.0 | 5.0 |
| 2014 | 5.1 | 5.2 | 5.2 | 5.1 | 5.1 | 5.3 | 5.0 | 4.8 | 5.0 | 4.8 | 4.9 | 4.4 | 5.0 |
| 2015 | 4.4 | 4.3 | 4.5 | 4.5 | 4.2 | 4.4 | 4.4 | 4.5 | 4.6 | 4.2 | 4.4 | 4.5 | 4.5 |
| 2016 | 4.3 | 4.2 | 4.2 | 4.2 | 4.0 | 4.0 | 4.1 | 3.9 | 4.1 | 4.1 | 3.9 | 4.2 | 4.1 |
| 2017 | 4.5 | 4.4 | 4.4 | 4.4 | 4.3 | 4.2 | | | | | | | 4.4 |
| Monthly Average | 5.1 | 5.0 | 5.1 | 5.1 | 5.1 | 5.1 | 5.2 | 5.0 | 5.1 | 5.0 | 5.0 | 5.0 | 5.1 |

Overall Roy Morgan Inflation Expectations Average: 5.1

The questions that are used to calculate the Monthly Roy Morgan Inflation Expectations Index.

1) Prices.

“During the next 2 years, do you think that prices in general will go up, or go down, or stay where they are now?”

2a) If stay where they are now.

“Do you mean that prices will go up at the same rate as now or that prices in general will not go up during the next 2 years?”

2b) If go up or go down.

“By about what per cent per year do you expect prices to (go up/ go down) on average during the next 2 years?”

3) If respondent says more than 5%.

“Would that be (x%) per year, or is that the total for prices over the next 2 years?”

The Roy Morgan Inflation Expectations Index is a forward looking indicator unlike the Consumer Price Index (CPI) and is based on continuous (weekly) measurement, and monthly reporting. The Roy Morgan Inflation Expectations Index is current and relevant.

For further information:

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