

Discover your edge

Thursday, 19 October 2017

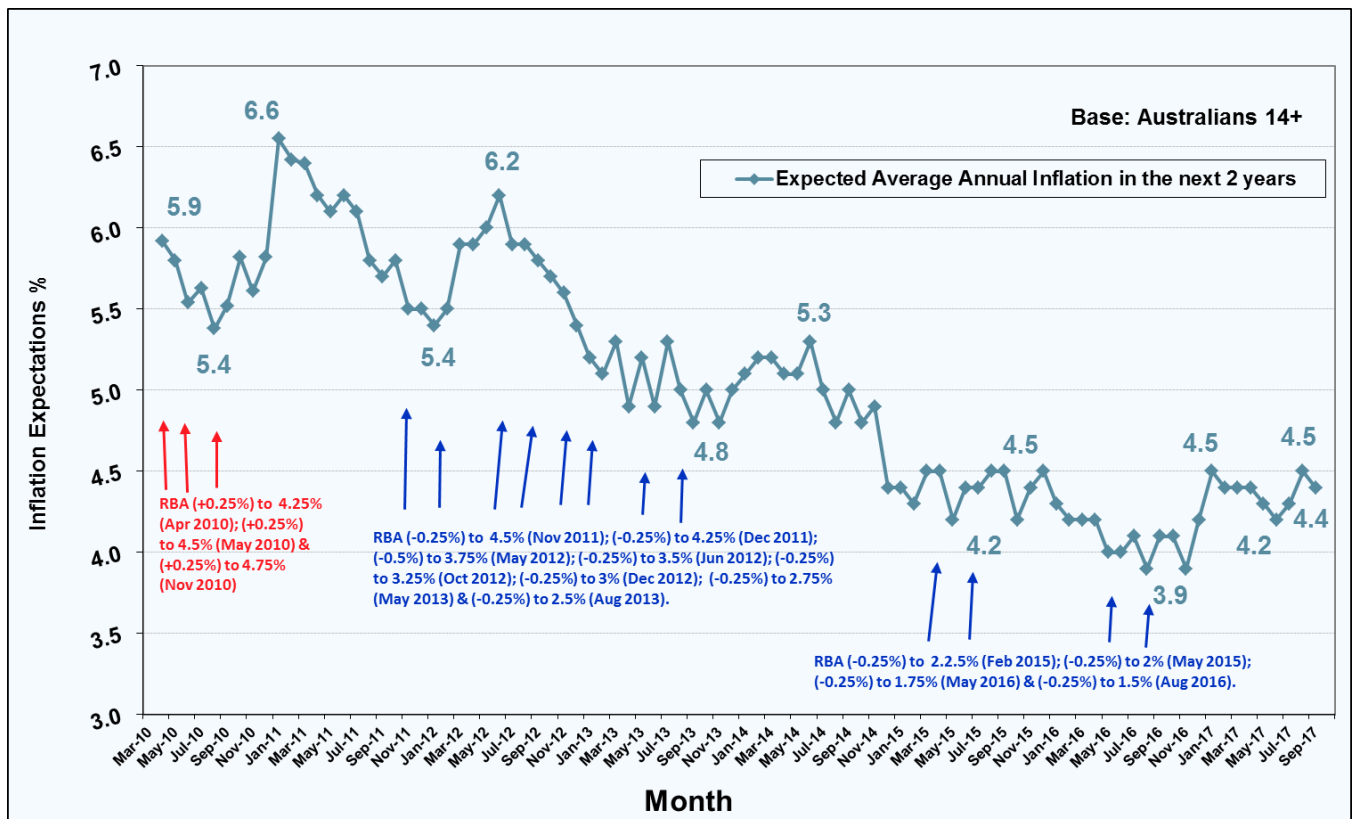
Australian Inflation Expectations fall to 4.4% in September

Young Women have Australia's highest Inflation Expectations

It's Official: In September Australians expect inflation of 4.4% per year over the next two years. This is down 0.1% in a month although up 0.3% from a year ago in September 2016.

Inflation Expectations remain well below the seven year average of 5.0% and are based on a nationwide face-to-face survey of 4,325 Australians aged 14+ interviewed in September.

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 – September 2017).

Inflation Expectations softening in NSW and Queensland drive national figure lower

Analysis by State shows Inflation Expectations are highest in Tasmania at 5.4%, far higher than the mainland States led by Victoria (4.7%). Inflation Expectations are close to the national average in New South Wales and Queensland (both at 4.3%), and Western Australia (4.2%) and significantly lower in South Australia (3.8%).

Inflation Expectations of L-NP & ALP supporters both down in September

Analysing Inflation Expectations by Federal voting intention shows L-NP supporters (3.9%) and Greens supporters (4.1%) have the lowest Inflation Expectations while ALP supporters (4.4%) are in line with the national average. As is consistently the case it is supporters of Independents/ Others that have the highest Inflation Expectations in September of 4.7%.

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Younger Women have the highest Inflation Expectations of any Gender & Age group

Analysing Inflation Expectations by Gender & Age shows a consistent theme – Australian women have higher Inflation Expectations than men in each age group measured.

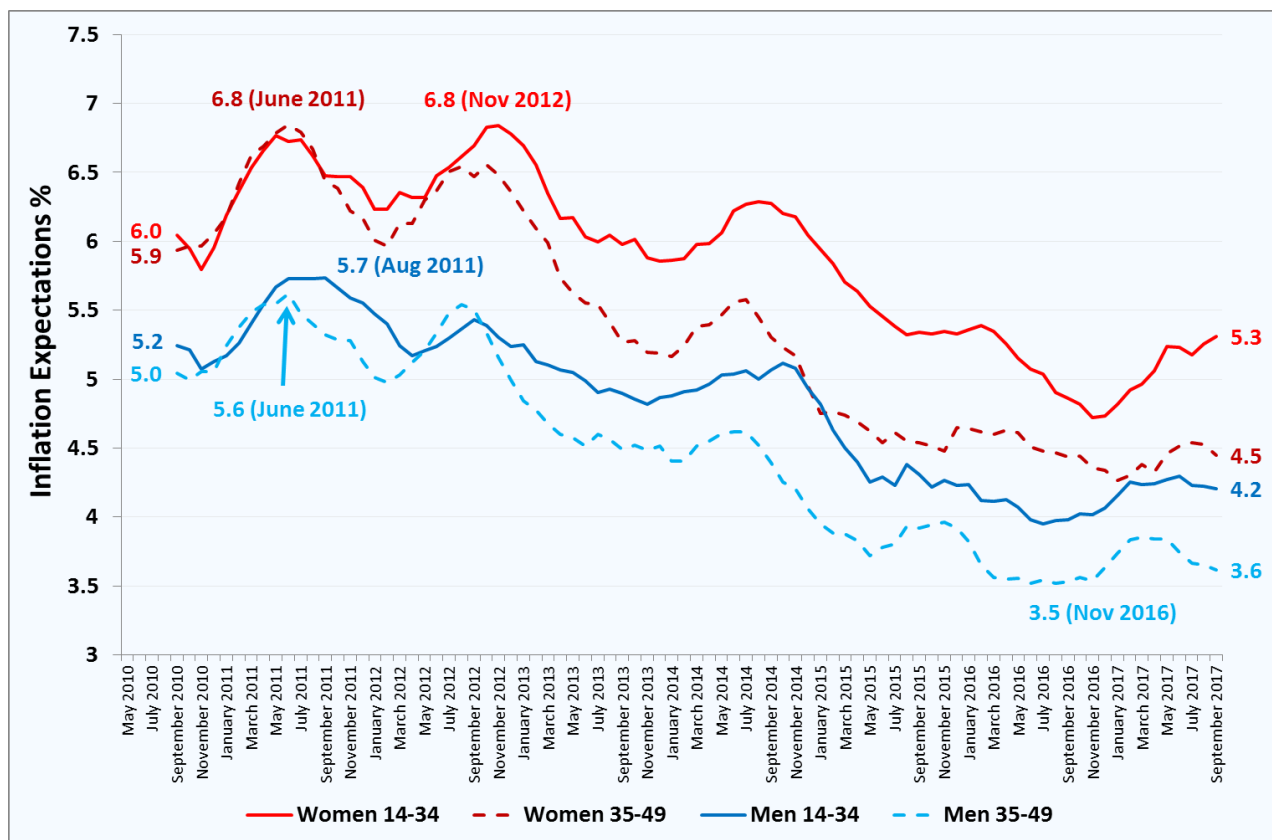
Young Women aged 14-34 have consistently had the highest Inflation Expectations of all Gender & Age groups over the last five years and are now at an average of 5.3% for the past six months. Inflation Expectations for all age groups have fallen since the peak of the ‘Mining Boom’ around 2010-12, although for this group Inflation Expectations have fallen the least, down 1.5% since peaking at 6.8% in November 2012.

Young Men aged 14-34 also have the highest Inflation Expectations for their gender, however this is significantly lower than their female counterparts at an average of 4.2% for the past six months. Inflation Expectations for this group have also fallen 1.5% since peaking at 5.7% in August 2011.

Women aged 35-49 have lower Inflation Expectations than their younger ‘sisters’ at an average of 4.5% for the past six months, however this is clearly higher than for any male age group measured. Inflation Expectations for this group have fallen a significant 2.3% since peaking at 6.8% in June 2011.

Men aged 35-49 are now the equal lowest of any group measured at an average of only 3.6% for the past six months, down 2.0% since peaking at 5.6% in June 2011. At the time of the ‘Mining Boom’ during 2010-12 Inflation Expectations for the two younger male age groups were very similar although they have diverged by a consistent margin of 0.5-0.6% since 2013.

Inflation Expectations by Gender & Age (14-34 & 35-49)



Source: Roy Morgan Single Source: Interviews with an average of 4,000 Australians aged 14+ (April 2010 – September 2017). Graph is based on a 6 month moving average for each Gender & Age group measured comprising an average of about 3,000 respondents for each Gender & Age group.

Women aged 50+ have consistently higher Inflation Expectations than similarly aged men

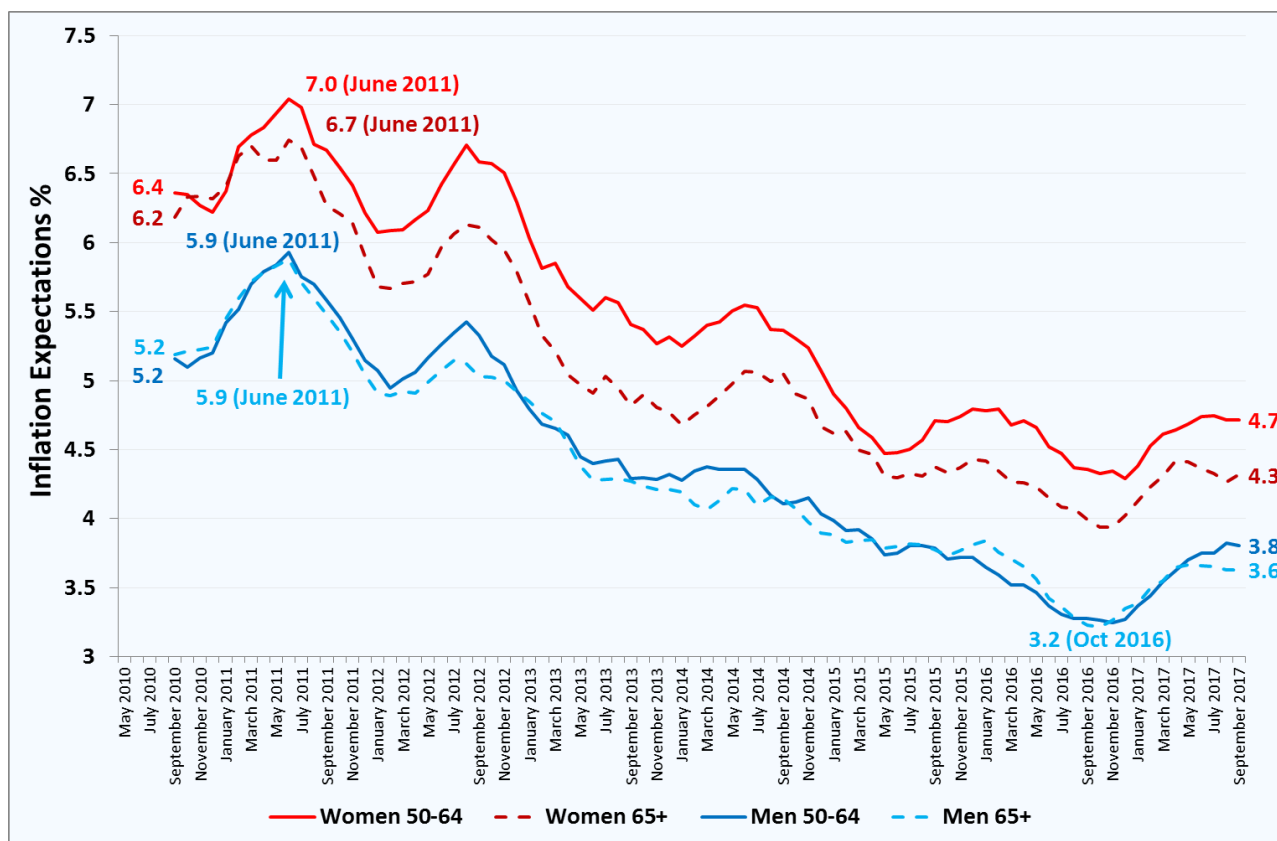
Women aged 50-64 had the highest Inflation Expectations of any Gender and Age group measured back in 2011 – peaking at an average of 7.0% in June 2011. Although Inflation Expectations for this group have fallen a significant 2.3% over the past six years this group still has the second highest Inflation Expectations of any group measured – now at an average of 4.7% for the past six months.

Men aged 50-64 have one of the lower Inflation Expectations for any Gender & Age group – above only their male counterparts aged 35-49 or 65+. Although Inflation Expectations for this group are now at an average of 3.8% for the past six months, this is up significantly over the past year since bottoming at a low of 3.2% in October 2016.

Older Women aged 65+ have the lowest Inflation Expectations of any female age group at an average of 4.3% for the past six months. However, despite falling by a greater amount than for any other Gender and Age group measured since peaking at an average of 6.7% in June 2011 (a fall of 2.4%), Inflation Expectations for this age group are still higher than for any male age group measured.

Older Men aged 65+ are now the equal lowest of any group measured at an average of only 3.6% for the past six months. Inflation Expectations for this age group have very closely tracked men aged 50-64 throughout this survey over the last seven years – and this includes a significant increase over the past year since bottoming at an average of 3.2% in October 2016.

Inflation Expectations by Gender & Age (50-64 & 65+)



Source: Roy Morgan Single Source: Interviews with an average of 4,000 Australians aged 14+ (April 2010 – September 2017). Graph is based on a 6 month moving average for each Gender & Age group measured comprising an average of about 3,000 respondents for each Gender & Age group.

Michele Levine, CEO, Roy Morgan says:

“Roy Morgan Inflation Expectations Index fell 0.1% to 4.4% in September although Inflation Expectations are still up 0.3% from a year ago in September 2016 (4.1%).”

“Inflation Expectations are highest in the island State of Tasmania (5.4%) and neighbour Victoria (4.7%) while other States cluster around the national average – NSW (4.3%), Queensland (4.3%) and Western Australia (4.2%) although significantly lower than elsewhere in South Australia (3.8%).

“Analysing Inflation Expectations by Gender & Age groups reveals a consistent theme across all age groups – Women have higher Inflation Expectations than Men in all age groups measured (14-34, 35-49, 50-64 and 65+).

“It is young women aged 14-34 that have the highest Inflation Expectations of any Gender and Age group at an average of 5.3% for the last six months this is significantly higher than for any other group. Next highest is Women aged 50-64 with Inflation Expectations at an average of 4.7% for the last six months.

“At the other end of the scale it is Men of all ‘older’ age groups that have the lowest Inflation Expectations. Men aged 35-49 and 65+ have Inflation Expectations of 3.6% over the past six months while men aged 50-64 are only slightly higher at 3.8%.

“The question of why women have consistently higher Inflation Expectations than men across all age groups clearly requires deeper investigation however there are similar trends across other key indicators like Consumer Confidence which show men consistently have a higher Consumer Confidence than women of about 5-6%.”

This face-to-face Morgan Poll on Australian inflation expectations was conducted during the month of September 2017 with an Australia-wide cross-section of 4,325 Australians aged 14+.

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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	4.3	4.5	4.4				4.4
Monthly Average	5.1	5.0	5.1	5.1	5.1	5.1	5.1	5.0	5.0	5.0	5.0	5.0	5.0

Overall Roy Morgan Inflation Expectations Average: 5.0

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.

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